

Health Administration Corporation (HAC)

Financial Statements

for the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT

Health Administration Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Health Administration Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and service group statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation and the consolidated entity as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Corporation and the consolidated entity in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 2(w). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Corporation. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Corporation's financial statements present adjusted budget information.

Secretary's Responsibility for the Financial Statements

The Secretary is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary must assess the ability of the Corporation and the consolidated entity to continue as a going concern unless operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Corporation or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Chris Clayton
Director, Financial Audit Services

26 September 2016
SYDNEY

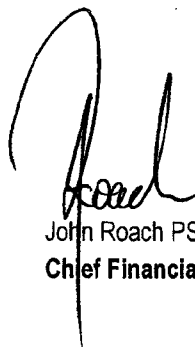
**Health Administration Corporation
Certification of financial statements
for the year ended 30 June 2016**

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that:

- 1) the accompanying financial statements in respect of the year ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards which include Australian Accounting Interpretations, the requirements of the *Public Finance and Audit Act 1983*, applicable clauses of the *Public Finance and Audit Regulation 2015*, the Treasurer's Directions and the financial reporting code for NSW General Government Sector Agencies.
- 2) the financial statements exhibit a true and fair view of the financial position for the Health Administration Corporation as at 30 June 2016 and the financial performance for the year then ended, and
- 3) there are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Elizabeth Koff
Secretary, NSW Health
23 September 2016



John Roach PSM
Chief Financial Officer & Deputy Secretary, Finance

Health Administration Corporation
Statement of Comprehensive Income for the year ended 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY					
Actual	Adjusted Budget Unaudited	Actual		Notes	Actual	Adjusted Budget Unaudited	Actual	
2016	2016	2015			2016	2016	2015	
\$'000	\$'000	\$'000			\$'000	\$'000	\$'000	
			Expenses excluding losses					
			Operating expenses					
-	-	-	Employee related	3	1,560,372	1,518,820	1,445,941	
1,458,568	1,417,041	1,358,410	Personnel services	4	-	-	-	
278	309	641	Visiting medical officers		278	309	641	
1,170,601	1,184,038	1,075,245	Other expenses	5	1,170,601	1,184,038	1,075,245	
95,780	97,194	84,375	Depreciation and amortisation	6	95,780	97,194	84,375	
66,363	27,427	27,402	Grants and subsidies	7	66,363	27,427	27,402	
77	16	44	Finance costs	8	77	16	44	
2,791,667	2,726,025	2,546,117	Total expenses excluding losses		2,893,471	2,827,804	2,633,648	
			Revenue					
726,710	686,181	749,164	Recurrent allocation from NSW Ministry of Health		726,710	686,181	749,164	
162,216	170,847	143,239	Capital allocation from NSW Ministry of Health		162,216	170,847	143,239	
-	-	-	Acceptance by the Crown Entity of employee benefits	12	101,804	101,779	87,531	
1,839,858	1,859,063	1,702,230	Sale of goods and services	9	1,839,858	1,859,063	1,702,230	
4,890	3,137	10,468	Investment revenue	10	4,890	3,137	10,468	
9,992	5,789	9,365	Grants and contributions	11	9,992	5,789	9,365	
22,519	17,906	29,075	Other revenue	13	22,519	17,906	29,075	
2,766,185	2,742,923	2,643,541	Total revenue		2,867,989	2,844,702	2,731,072	
(1,716)	220	(5,424)	Gain / (Loss) on disposal	14	(1,716)	220	(5,424)	
(8,585)	(14,326)	(30,087)	Other losses	18	(8,585)	(14,326)	(30,087)	
(35,783)	2,792	61,913	Net result	33	(35,783)	2,792	61,913	
			Other Comprehensive Income					
			<i>Items that will not be reclassified to net result</i>					
(2,450)	-	44,189	Net increase / (decrease) in property, plant and equipment revaluation surplus	21	(2,450)	-	44,189	
(2,450)	-	44,189	Total other comprehensive income		(2,450)	-	44,189	
(38,233)	2,792	106,102	TOTAL COMPREHENSIVE INCOME		(38,233)	2,792	106,102	

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Financial Position as at 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY			
Actual	Adjusted Budget Unaudited	Actual		Actual	Adjusted Budget Unaudited	Actual
2016	2016	2015	Notes	2016	2016	2015
\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
ASSETS						
Current assets						
259,092	241,036	351,108		259,092	241,036	351,108
244,270	255,039	223,022	17	244,270	255,039	223,022
38,381	32,298	32,290	18	38,381	32,298	32,290
-	122	217	19	-	122	217
541,743	528,495	606,637	20	541,743	528,495	606,637
69	836	836		69	836	836
541,812	529,331	607,473		541,812	529,331	607,473
Non-current assets						
5,636	1,034	1,034		5,636	1,034	1,034
365,851	367,978	346,386	18	365,851	367,978	346,386
217,825	221,792	196,087	21	217,825	221,792	196,087
149	7,154	170		149	7,154	170
11,781	9,158	10,651		11,781	9,158	10,651
595,606	606,082	553,294		595,606	606,082	553,294
545,967	550,741	508,799	22	545,967	550,741	508,799
1,147,209	1,157,857	1,063,127		1,147,209	1,157,857	1,063,127
1,689,021	1,687,188	1,670,600		1,689,021	1,687,188	1,670,600
LIABILITIES						
Current liabilities						
353,490	323,666	312,498		353,490	323,666	312,498
50	48	48	26	50	48	48
235,718	225,957	223,547	27	235,718	225,957	223,547
1,652	826	872	28	1,652	826	872
590,910	550,497	536,965	29	590,910	550,497	536,965
Non-current liabilities						
133	87	183		133	87	183
21,118	18,078	17,726	27	21,118	18,078	17,726
73	119	119	28	73	119	119
21,324	18,284	18,028	29	21,324	18,284	18,028
612,234	568,781	554,993		612,234	568,781	554,993
1,076,787	1,118,407	1,115,607		1,076,787	1,118,407	1,115,607
EQUITY						
176,783	179,101	179,003		176,783	179,101	179,003
900,004	939,306	936,604		900,004	939,306	936,604
1,076,787	1,118,407	1,115,607		1,076,787	1,118,407	1,115,607

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Cash Flows for the year ended 30 June 2016

PARENT ENTITY

CONSOLIDATED ENTITY

Actual	Adjusted Budget		Actual	Notes	Actual	Adjusted Budget		Actual
	Unaudited	2016				Unaudited	2016	
2016	2016	2015	2015		2016	2016	2015	2015
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES								
Payments								
-	-	-	-		(1,506,229)	(1,481,271)	(1,368,033)	
(72,694)	(33,759)	(30,228)	(30,228)		(72,694)	(33,759)	(30,228)	
(8)	(11)	(10)	(10)		(8)	(11)	(10)	
(2,783,609)	(2,763,542)	(2,679,461)	(2,679,461)		(1,277,380)	(1,282,271)	(1,311,428)	
<u>(2,856,311)</u>	<u>(2,797,312)</u>	<u>(2,709,699)</u>	<u>(2,709,699)</u>		<u>(2,856,311)</u>	<u>(2,797,312)</u>	<u>(2,709,699)</u>	
Receipts								
726,710	686,181	749,164	749,164		726,710	686,181	749,164	
162,216	170,847	143,239	143,239		162,216	170,847	143,239	
27,542	27,542	25,068	25,068		27,542	27,542	25,068	
1,990,393	1,970,685	1,875,847	1,875,847		1,990,393	1,970,685	1,875,847	
4,883	3,105	10,449	10,449		4,883	3,105	10,449	
10,587	6,237	9,831	9,831		10,587	6,237	9,831	
21,094	14,408	57,500	57,500		21,094	14,408	57,500	
<u>2,943,425</u>	<u>2,879,005</u>	<u>2,871,098</u>	<u>2,871,098</u>		<u>2,943,425</u>	<u>2,879,005</u>	<u>2,871,098</u>	
<u>87,114</u>	<u>81,693</u>	<u>161,399</u>	<u>161,399</u>		<u>87,114</u>	<u>81,693</u>	<u>161,399</u>	
NET CASH FLOWS FROM OPERATING ACTIVITIES								
CASH FLOWS FROM INVESTING ACTIVITIES								
2,644	(1,638)	3,326	3,326		2,644	(1,638)	3,326	
(181,871)	(190,121)	(181,661)	(181,661)		(181,871)	(190,121)	(181,661)	
(2)	-	562	562		(2)	-	562	
<u>(179,229)</u>	<u>(191,759)</u>	<u>(177,773)</u>	<u>(177,773)</u>		<u>(179,229)</u>	<u>(191,759)</u>	<u>(177,773)</u>	
NET CASH FLOWS FROM INVESTING ACTIVITIES								
CASH FLOWS FROM FINANCING ACTIVITIES								
216	95	-	-		216	95	-	
(117)	(101)	(16,545)	(16,545)		(117)	(101)	(16,545)	
<u>99</u>	<u>(6)</u>	<u>(16,545)</u>	<u>(16,545)</u>		<u>99</u>	<u>(6)</u>	<u>(16,545)</u>	
NET CASH FLOWS FROM FINANCING ACTIVITIES								
NET DECREASE IN CASH								
(92,016)	(110,072)	(32,919)	(32,919)		(92,016)	(110,072)	(32,919)	
351,108	351,108	384,027	384,027		351,108	351,108	384,027	
<u>259,092</u>	<u>241,036</u>	<u>351,108</u>	<u>351,108</u>		<u>259,092</u>	<u>241,036</u>	<u>351,108</u>	
CLOSING CASH AND CASH EQUIVALENTS								

The accompanying notes form part of these financial statements.

Health Administration Corporation
Statement of Changes in Equity for the year ended 30 June 2016

PARENT AND CONSOLIDATED ENTITY

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2015		936,604	179,003	1,115,607
Comprehensive Income				
Net result for the Year		(35,783)	-	(35,783)
Other comprehensive income				
Net decrease in property, plant & equipment	21	-	(2,450)	(2,450)
Total comprehensive income for the year		(35,783)	(2,450)	(38,233)
Transfers between equity items				
Transfers from reserves to retained earnings		(230)	230	-
Transactions With Owners In Their Capacity As Owners				
Decrease in Net Assets From Equity Transfers	36	(587)	-	(587)
Balance at 30 June 2016		900,004	176,783	1,076,787
Balance at 1 July 2014		872,980	136,525	1,009,505
Comprehensive Income				
Net result for the year		61,913	-	61,913
Other comprehensive income				
Net increase in property, plant & equipment	21	-	44,189	44,189
Total comprehensive income for the year		61,913	44,189	106,102
Transfers between equity items				
Transfers from reserves to retained earnings		1,711	(1,711)	-
Balance at 30 June 2015		936,604	179,003	1,115,607

The accompanying notes form part of these financial statements.

Health Administration Corporation
Service group statements
for the year ended 30 June 2016

	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Not Attributable		Total		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Expenses excluding losses																							
Operating expenses																							
Employee related	10,347	6,412	3,591	552	86,609	124,423	728,128	642,702	487,783	448,888	62,860	59,654	95,481	91,783	59,491	48,724	26,083	22,803	-	-	1,560,372	1,445,941	
Visiting medical officers	-	16	-	1	30	67	91	160	144	213	5	39	8	113	-	16	-	16	-	-	278	641	
Other operating expenses	23,398	26,403	6,196	1,941	103,296	111,867	286,678	269,600	402,871	356,481	70,692	65,378	209,248	190,561	29,449	26,902	38,773	26,112	-	-	1,170,601	1,075,245	
Depreciation and amortisation	1,555	842	96	67	12,907	11,495	28,771	25,536	35,379	32,314	4,074	3,723	6,324	5,473	4,714	3,744	1,960	1,181	-	-	95,780	84,375	
Grants and subsidies	1,806	15,363	103	475	56,505	514	1,707	1,772	1,145	654	753	1,878	199	2,765	1,292	1,390	2,853	2,591	-	-	66,363	27,402	
Finance costs	1	-	1	1	8	3	15	33	38	1	5	6	8	-	-	-	1	-	-	-	77	44	
Total Expenses Excluding Losses	37,107	49,036	9,987	3,037	259,355	248,369	1,045,390	939,803	927,360	838,551	138,389	130,678	311,268	290,695	94,946	80,776	69,670	52,703	-	-	2,893,471	2,633,648	
Revenue																							
Recurrent allocations from the NSW Ministry of Health**																				726,710	749,164	726,710	749,164
Capital allocations from the NSW Ministry of Health**																				162,216	143,239	162,216	143,239
Acceptance by the Crown Entity of employee benefits	893	543	90	40	7,297	9,163	46,247	38,179	30,392	26,046	3,840	3,258	6,329	5,115	3,550	2,961	3,166	2,226	-	-	101,804	87,531	
Sale of goods and services	26,821	35,965	3,478	1,957	191,808	206,786	383,094	334,419	797,521	736,208	116,570	111,493	225,688	208,249	41,081	32,690	53,797	34,463	-	-	1,839,858	1,702,230	
Investment revenue	61	179	43	26	234	556	904	3,166	676	1,954	69	425	67	585	85	142	2,751	3,435	-	-	4,890	10,468	
Grants and contributions	190	161	90	8	433	972	3,395	1,493	1,738	2,614	75	287	322	460	491	825	3,259	2,545	-	-	9,992	9,365	
Other revenue	309	68	56	21	1,722	491	11,152	22,833	5,952	1,050	829	211	1,429	3,781	397	125	671	495	-	-	22,519	29,075	
Total Revenue	28,274	36,916	3,757	2,052	201,494	217,968	444,792	400,090	836,279	767,872	121,383	115,674	233,835	218,190	45,604	36,743	63,644	43,164	888,926	892,403	2,867,989	2,731,072	
Gain / (loss) on disposal	8	(55)	-	(6)	(71)	(955)	(1,259)	(838)	(277)	(2,453)	(11)	(269)	(8)	(407)	(75)	(274)	(23)	(167)	-	-	(1,716)	(5,424)	
Other gains / (losses)	(1)	(55)	-	(1)	(9)	(7,091)	(8,529)	(6,221)	(32)	(11,717)	(2)	(419)	(4)	(632)	(5)	(2,507)	(3)	(1,444)	-	-	(8,585)	(30,087)	
Net result	(8,826)	(12,230)	(6,230)	(992)	(57,941)	(38,447)	(610,386)	(546,772)	(91,390)	(84,849)	(17,019)	(15,692)	(77,445)	(73,544)	(49,422)	(46,814)	(6,052)	(11,150)	888,926	892,403	(35,783)	61,913	
Other Comprehensive Income																							
Increase / (decrease) in revaluation surplus	-	92	-	5	-	208	(2,450)	143	-	828	-	194	-	316	-	42,366	-	37	-	-	(2,450)	44,189	
Total Other Comprehensive Income	-	92	-	5	-	208	(2,450)	143	-	828	-	194	-	316	-	42,366	-	37	-	-	(2,450)	44,189	
Total Comprehensive Income	(8,826)	(12,138)	(6,230)	(987)	(57,941)	(38,239)	(612,836)	(546,629)	(91,390)	(84,021)	(17,019)	(15,498)	(77,445)	(73,228)	(49,422)	(4,448)	(6,052)	(11,113)	888,926	892,403	(38,233)	106,102	

* The name and purpose of each service group is summarised in Note 16

** Allocations are made on an entity basis and not to individual Service Groups. Consequently, allocations must be included in "Not Attributable" column.

Health Administration Corporation
Service group statements (continued)
for the year ended 30 June 2016

	Service Group 1.1 * Primary And Community Based Services		Service Group 1.2 * Aboriginal Health Services		Service Group 1.3 * Outpatient Services		Service Group 2.1 * Emergency Services		Service Group 2.2 * Inpatient Hospital Services		Service Group 3.1 * Mental Health Services		Service Group 4.1 * Rehabilitation And Extended Care Services		Service Group 5.1 * Population Health Services		Service Group 6.1 * Teaching And Research		Total			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS																						
Current assets																						
Cash and cash equivalents	4,507	6,537	2,488	405	31,624	33,112	76,233	125,292	98,582	111,792	9,201	17,421	13,046	38,754	16,089	10,769	7,322	7,026	259,092	351,108		
Receivables	10,053	4,712	5,177	256	33,615	27,093	45,540	43,815	94,343	96,456	17,896	14,608	25,002	27,284	5,789	4,283	6,856	4,515	244,270	223,022		
Inventories	698	793	51	58	4,621	3,359	6,008	8,096	17,091	10,705	2,277	1,963	4,603	5,723	1,441	808	1,591	784	38,381	32,290		
Financial assets at fair value	-	4	-	-	-	20	-	78	-	69	-	11	-	24	-	7	-	4	-	217		
Non-current assets held for sale	-	8	-	1	-	114	68	253	-	320	-	37	-	54	-	37	1	12	69	836		
Total current assets	15,258	12,054	7,716	720	69,860	63,698	127,849	177,534	210,016	219,342	29,374	34,040	42,651	71,839	23,319	15,904	15,770	12,341	541,812	607,473		
Non-current assets																						
Receivables	179	22	14	1	684	126	699	203	2,386	447	503	68	887	126	94	20	190	21	5,636	1,034		
Property, plant and equipment																						
- Land and buildings	777	3,458	47	273	6,228	47,190	301,751	104,832	30,545	132,660	3,245	15,285	4,942	22,470	13,527	15,369	4,789	4,849	365,851	346,386		
- Plant and equipment	2,657	1,958	198	155	15,222	26,714	76,937	59,344	72,384	75,098	10,764	8,653	16,857	12,720	19,437	8,700	3,369	2,745	217,825	196,087		
- Infrastructure systems	2	2	(2)	-	14	23	20	51	71	65	9	8	14	11	20	8	1	2	149	170		
- Leasehold improvements	216	106	17	8	978	1,451	763	3,224	4,704	4,079	991	470	3,417	691	448	473	247	149	11,781	10,651		
Intangible assets	19,188	5,080	1,347	401	73,250	69,317	40,871	153,983	236,728	194,862	51,868	22,452	91,838	33,006	10,334	22,575	20,543	7,123	545,967	508,799		
Total non-current assets	23,019	10,626	1,621	838	96,376	144,821	421,041	321,637	346,818	407,211	67,380	46,936	117,955	69,024	43,860	47,145	29,139	14,889	1,147,209	1,063,127		
TOTAL ASSETS	38,277	22,680	9,337	1,558	166,236	208,519	548,890	499,171	556,834	626,553	96,754	80,976	160,606	140,863	67,179	63,049	44,909	27,230	1,689,021	1,670,600		
LIABILITIES																						
Current liabilities																						
Payables	14,053	7,674	8,191	564	45,245	32,512	85,142	78,353	121,046	103,604	22,772	19,001	35,241	55,383	10,790	7,818	11,010	7,589	353,490	312,498		
Borrowings	-	1	-	-	-	5	44	18	4	15	-	2	1	5	-	1	1	1	50	48		
Provisions	1,823	991	290	85	13,569	19,236	120,492	99,365	65,427	69,399	7,929	9,223	13,241	14,190	8,444	7,533	4,504	3,525	235,718	223,547		
Other	68	16	36	1	205	82	730	312	510	278	96	43	(82)	96	38	27	51	17	1,652	872		
Total current liabilities	15,944	8,682	8,517	650	59,019	51,835	206,408	178,048	186,987	173,296	30,797	28,269	48,401	69,674	19,272	15,379	15,566	11,132	590,910	536,965		
Non-current liabilities																						
Borrowings	-	3	-	-	-	17	120	66	9	58	1	9	1	20	-	6	2	4	133	183		
Provisions	145	79	9	7	590	1,525	15,434	7,879	3,153	5,503	411	731	776	1,125	190	597	410	280	21,118	17,726		
Other	-	2	-	-	8	11	19	43	34	38	1	6	2	13	7	4	2	2	73	119		
Total non-current liabilities	145	84	9	7	598	1,553	15,573	7,988	3,196	5,599	413	746	779	1,158	197	607	414	286	21,324	18,028		
TOTAL LIABILITIES	16,089	8,766	8,526	657	59,617	53,388	221,981	186,036	190,183	178,895	31,210	29,015	49,180	70,832	19,469	15,986	15,980	11,418	612,234	554,993		
NET ASSETS	22,188	13,914	811	901	106,619	155,131	326,909	313,135	366,651	447,658	65,544	51,961	111,426	70,031	47,710	47,063	28,929	15,812	1,076,787	1,115,607		

* The name and purpose of each service group is summarised in Note 16

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. The reporting entity

The Health Administration Corporation (the Corporation) is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts.

The Corporation is established under the *Health Administration Act 1982*. The Secretary is responsible for establishing shared business services across NSW Health. The following Administrative Divisions have been established to undertake these services:

- Public Health System Support (PHSS) which has three main groups comprising:
 - Health System Support Group (HSSG) which undertakes functions including Activity Based Funding Taskforce; the Program Management Office; the Performance Support Office and the Health Protection Service, NSW. On 1 October 2015 an Administrative Restructure resulted in the transfer of NSW Kids and Families to HSSG.
 - HealthShare NSW which provides financial, payroll, linen, food and other shared statewide services to NSW Health.
 - eHealth NSW which delivers information and communications technology services to NSW Health.
- Health Infrastructure which delivers and manages major NSW Health capital works projects across NSW Health.
- NSW Ambulance which provides clinical and health related transport services across the State.
- NSW Health Pathology which provides public pathology, forensic and analytical services on behalf of NSW Health.

Each Administrative Division is supported by special purpose Employment Divisions established under the *Health Services Act 1997*. The Employment Division assumes the responsibility for the employees and employee related liabilities. These Divisions are regarded as special purpose entities as they were established specifically to provide personnel services to the respective Administrative Divisions. Accordingly, the Employment Divisions are reporting entities controlled by the Corporation and are consolidated into the financial statements of the Corporation.

These financial statements for the year ended 30 June 2016 were authorised for issue by the Secretary, NSW Health on 23 September 2016.

2. Summary of significant accounting policies

a) Basis of Preparation

The Corporation's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Health Services Act 1997* and its regulations (including observation of the *Accounts and Audit Determination for Public Health Organisations*), the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015* and the Treasurer's Directions. Apart from the basis for the Corporation's budget figures, the financial statements comply with the Financial Reporting Code for NSW General Government Sector Entities.

Further information on the adjusted budget figures can be found at Note 2(w).

The financial statements of the Corporation have been prepared on a going concern basis.

Property, plant and equipment, assets held for sale and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

b) Principles of Consolidation

The consolidated financial statements include the financial statements of the parent and its subsidiaries at 30 June 2016 and the net result of the parent and its subsidiaries for the year ended 30 June 2016.

Subsidiaries are all those entities which the parent has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred.

Where necessary the accounting policies have been changed to ensure consistency with the policies adopted by the parent. Intra-entity balances and transactions and any unrealised income and expenses arising from intra-entity transactions, are eliminated in preparing the consolidated financial statements.

c) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

d) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

e) Employee benefits and other provisions

i) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 15.3% to 20.6% are applied to the value of leave payable at 30 June 2016 (2015: 15.3% to 21.2%). The Corporation has assessed the actuarial advice based on the Corporation's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is improbable that sick leave taken in the future will be greater than the benefits accrued in the future.

ii) Long service leave and superannuation

The Corporation's liability for long service leave and defined benefit superannuation are assumed by the Crown Entity.

The Corporation accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'.

Long service leave is measured at present value in accordance with AASB 119, *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value. Specific on-costs relating to long service leave that are assumed by the Crown Entity are payable by the Corporation as shown in Note 28.

The superannuation expense for the reporting period is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of workers' compensation insurance premiums and fringe benefits tax.

iv) Other provisions

Other provisions exist when the Corporation has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Where the time value of money is material, provisions are discounted to their present value using a pre tax rate that reflects the current market assessments of the time value of money and risks specific to the liability.

f) Insurance

The Corporation's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

g) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to NSW not-for-profit general government sector entities.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

h) Revenue Recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of revenue are discussed below.

Sale of goods

Revenue from the sale of goods is recognised as revenue when control of the goods of the Corporation transfers the significant risks and rewards of ownership of the assets.

Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Motor Accident Authority Third Party

A bulk billing agreement exists whereby motor vehicle insurers pay NSW Health directly for the hospital costs of persons receiving inpatient treatment resulting from motor vehicle accidents. The Corporation recognises the revenue on an accruals basis from the time the patient is first treated or admitted to hospital.

Department of Veterans' Affairs

An agreement is in place with the Commonwealth Department of Veterans' Affairs, where direct funding is provided for the provision of health services to entitled veterans. Revenue is recognised on an accrual basis.

Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139, *Financial Instruments: Recognition and Measurement*.

Use of hospital facilities

Doctors with rights of private practice are subject to an infrastructure charge for the use of the facility at rates determined by NSW Ministry of Health. The rate includes a monthly charge, paid by the Doctor to the Corporation, based on percentage of receipts generated and a residual of the Private Practice Trust Fund which is credited to the Corporation for its own agreed use at the end of each financial year.

Use of outside facilities

The Corporation operates a number of facilities that are owned and maintained by local authorities to deliver community health services for which no charges are payable to the Authority.

Where material, the cost method of accounting is used for the initial recording of all such services. Cost is determined as the fair value of the services given the amount is recognised as revenue with matching expense.

Grants and contributions

Grants and contributions are recognised as revenues when the Corporation obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Ministry of Health allocations

Payments are made by the NSW Ministry of Health on the basis of the allocation for the Corporation as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the statement of comprehensive income before arriving at the "Net result" on the basis that the allocation is earned in return for the health services provided on behalf of the NSW Ministry of Health. Allocations are normally recognised upon the receipt of cash.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

h) Revenue Recognition (continued)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

i) Property, plant and equipment

(i) Acquisition of Assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer Note 2(t)).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

(ii) Capitalisation thresholds

Property, plant and equipment costing \$10,000 and above are capitalised.

(iii) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation. Land is not a depreciable asset. All material identifiable components of assets are depreciated over their useful lives.

Details of depreciation rates initially applied for major asset categories are as follows:

Buildings	2.5%
Electro medical equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer equipment	20.0%
Infrastructure systems	2.5%
Motor vehicle sedans	12.5%
Motor vehicles, trucks & vans	20.0%
Office equipment	10.0%
Plant and machinery	10.0%
Linen	25.0%
Furniture, fittings and furnishings	5.0%

"Infrastructure systems" includes public facilities which provide essential services such as roads, water infrastructure and distribution works, sewerage treatment plants and water reticulation systems.

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

i) Property, plant and equipment (continued)

(iv) Revaluation of non-current assets

Physical non-current assets are valued in accordance with the *'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01)*. This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach and cost approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 25 for further information regarding fair value.

The Corporation revalues its Land and Building and Infrastructure at minimum every three years by an independent valuer. To ensure that the carrying amount for each asset does not differ materially from its fair value at reporting date, indices are sourced. The indices reflect an assessment of movements made in the period between revaluations.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result for the year, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

(v) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(vi) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

vii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

j) Fair value hierarchy

A number of the Corporation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 *Fair Value Measurement*, the Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- **Level 1** - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- **Level 2** – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- **Level 3** – inputs that are not based on observable market data (unobservable inputs).

The Corporation recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 25 for further disclosures regarding fair value measurements of financial and non-financial assets.

k) Non-current assets held for sale

The Corporation has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs of disposal. These assets are not depreciated while they are classified as held for sale.

l) Intangible assets

The Corporation recognises intangible assets only if it is probable that future economic benefits will flow to the Corporation and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Corporation's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Computer software developed or acquired by the Corporation are amortised over five to ten years using the straight line method.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

m) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risk and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

n) Inventories

Inventories are stated at the lower of cost and net realisable value, adjusted when applicable, for any loss of service potential. Costs are assigned to individual items of stock mainly on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

Obsolete items are disposed of in accordance with instructions issued by the NSW Ministry of Health.

o) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

p) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Corporation will not be able to collect all amounts due. Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence.

q) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Corporation transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Corporation has not transferred substantially all the risks and rewards, if the Corporation has not retained control.

Where the Corporation has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Corporation's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

r) Payables

These amounts represent liabilities for goods and services provided to the Corporation and other amounts whether or not billed. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

s) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on derecognition. Finance lease liabilities are determined in accordance with *AASB 117 Leases*.

t) Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities are designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004, *Contributions* and Australian Interpretation 1038, *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the Corporation recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Corporation does not recognise that asset.

u) Equity and reserves

(i) Accumulated funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(ii) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Corporation's policy on the revaluation of property, plant and equipment as discussed in Note 2i)(iv).

v) Trust Funds

The Corporation receives monies in a trustee capacity for various trusts as set out in Note 31.

As the Corporation performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Corporation's own objectives, these funds are not recognised in the financial statements.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

w) **Budgeted Amounts**

The Corporation's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The Corporation's budget within the consolidated accounts for Health are not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable to the Corporation. The budgeted amounts are drawn from the initial Service Agreements between the Corporation and the NSW Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit review and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

x) **Service group statements**

The Corporation discloses financial information about service costs and achievements on an activity basis using statistical data from the previous financial reporting year adjusted for material changes in service delivery in the current reporting year.

y) **Changes in accounting policy, including new or revised Australian Accounting Standards**

(i) **Effective for the first time in 2015-16**

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The early adoption of AASB 2015-7, *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. The standard allows for exemption from making certain Level 3 'Fair Value Measurement' disclosures held primarily for current service potential rather than the generation of future net cash inflows.

(ii) **Issued but not yet effective**

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to NSW Health, have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

- AASB 16, *Leases* will have application from 1 January 2019. The standard introduces a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. We believe that the application of this standard will likely have a significant transitional impact as a result of all leases, except short term (<12 months) and low value, brought on balance sheet.
- AASB 15, AASB 2014-5, AASB 2015-8 and AASB 2016-3, *Revenue from Contracts with Customers*, has application from 1 January 2018. We believe this standard will impact on the timing recognition of certain revenues given the core principle of the new standard requires revenue to be recognised when the goods or services are transferred to the customer at the transaction price (as opposed to stage of completion of the transaction). The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
- AASB 2015-6, *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* [AASB 10, AASB 124 & AASB 1049], has application from 1 July 2016. Based on preliminary evaluation, this standard is likely to increase disclosures to the financial statements relating to related party transactions, outstanding balances and Key Management Personnel remuneration.
- AASB 2014-7, *Amendments to various Australian Accounting Standards* as a result of the changes from AASB 9 (December 2014) and will have application from 1 January 2018 and comprises changes to improve and simplify the approach for classification and measurement of financial assets. The new AASB 9 includes revised guidance on the classification and measurement of financial assets and supersedes AASB 9 (December 2009) and AASB 9 (December 2010). The change is not expected to materially impact the financial statements.
- AASB 2016-2, *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*, will apply from 1 January 2017. The standard amends AASB 107 to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY

CONSOLIDATED ENTITY

2016
\$'000

2015
\$'000

2016
\$'000

2015
\$'000

3. Employee related

-	-	Salaries and wages (including annual leave)	1,231,736	1,171,260
-	-	Superannuation - defined benefit plans	22,170	22,602
-	-	Superannuation - defined contribution plans	95,692	89,444
-	-	Long service leave	83,643	69,355
-	-	Redundancies	7,497	4,132
-	-	Workers' compensation insurance	73,495	47,766
-	-	Fringe benefits tax	268	441
-	-	Other employee related expenses	45,871	40,941
<u>-</u>	<u>-</u>		<u>1,560,372</u>	<u>1,445,941</u>

The following employee related costs have been capitalised in particular fixed asset accounts and therefore excluded from the above:

-	-	Employee related expenses capitalised - land and buildings	7,645	5,756
-	-	Employee related expenses capitalised - plant and equipment	342	-
-	-	Employee related expenses capitalised - intangibles	8,238	6,798

4. Personnel services

1,231,736	1,171,260	Salaries and wages (including annual leave)	-	-
446	-	Superannuation - defined benefit plans	-	-
95,692	89,444	Superannuation - defined contribution plans	-	-
3,563	4,426	Long service leave	-	-
7,497	4,132	Redundancies	-	-
73,495	47,766	Workers' compensation insurance	-	-
268	441	Fringe benefits tax	-	-
45,871	40,941	Other employee related expenses	-	-
<u>1,458,568</u>	<u>1,358,410</u>		<u>-</u>	<u>-</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY	
2016	2015		2016	2015
\$'000	\$'000		\$'000	\$'000
5. Other expenses				
860	643	Advertising	860	643
529	862	Auditor's remuneration - audit of financial statements	529	862
162	160	Blood and blood products	162	160
2,654	3,735	Consultants	2,654	3,735
53,996	103,135	Contractors	53,996	103,135
25,166	24,871	Domestic supplies and services	25,166	24,871
7,643	7,377	Drug supplies	7,643	7,377
76,161	74,670	Food supplies	76,161	74,670
10,573	11,687	Energy	10,573	11,687
1,232	1,013	Ambulance transport costs	1,232	1,013
142,565	173,541	Information management	142,565	173,541
4,272	4,910	Insurance	4,272	4,910
106,213	99,572	Maintenance (see 5(b) below)	106,213	99,572
34,188	33,116	Medical and surgical supplies	34,188	33,116
14,429	15,811	Motor vehicle expenses	14,429	15,811
10,867	8,940	Postage and telephone costs	10,867	8,940
5,519	5,419	Printing and stationery	5,519	5,419
2,873	2,862	Rates and charges	2,873	2,862
22,332	25,555	Rental	22,332	25,555
1,674	3,860	Hosted services purchased from other NSW Health entities	1,674	3,860
120,796	120,395	Special service departments	120,796	120,395
17,714	16,005	Staff related costs	17,714	16,005
13,303	10,899	Travel	13,303	10,899
494,880	326,207	Other (see 5(a) below)	494,880	326,207
<u>1,170,601</u>	<u>1,075,245</u>		<u>1,170,601</u>	<u>1,075,245</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY	
2016	2015		2016	2015
\$'000	\$'000		\$'000	\$'000
5. Other expenses				
a) Other				
90,054	85,348	Aircraft expenses (NSW Ambulance)	90,054	85,348
329	378	Contract for patient services	329	378
309,641	161,884	Corporate support services	309,641	161,884
6,032	6,183	Courier and freight	6,032	6,183
1,084	1,333	Legal services	1,084	1,333
2,294	1,902	Membership / professional fees	2,294	1,902
26,431	25,529	Motor vehicle operating lease expense - minimum lease payments	26,431	25,529
487	829	Other operating lease expense - minimum lease payments	487	829
3,642	3,375	Quality assurance / accreditation	3,642	3,375
715	842	Security	715	842
54,171	38,604	Other	54,171	38,604
<u>494,880</u>	<u>326,207</u>		<u>494,880</u>	<u>326,207</u>
b) Reconciliation of total maintenance				
28,614	25,653	Maintenance contracts	28,614	25,653
60,023	60,034	New / replacement equipment under \$10,000	60,023	60,034
17,106	13,591	Repairs maintenance / non contract	17,106	13,591
470	294	Other	470	294
<u>106,213</u>	<u>99,572</u>		<u>106,213</u>	<u>99,572</u>
5,009	5,057	Employee related/personnel services maintenance expense included in Notes 3 and 4	5,009	5,057
<u>111,222</u>	<u>104,629</u>	Total maintenance expenses	<u>111,222</u>	<u>104,629</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY	
2016	2015		2016	2015
\$'000	\$'000		\$'000	\$'000
6. Depreciation and amortisation				
11,110	10,562	Depreciation - buildings	11,110	10,562
44,160	39,358	Depreciation - plant and equipment	44,160	39,358
21	20	Depreciation - infrastructure systems	21	20
1,621	1,516	Depreciation - leasehold improvements	1,621	1,516
38,868	32,919	Amortisation - intangible assets	38,868	32,919
<u>95,780</u>	<u>84,375</u>		<u>95,780</u>	<u>84,375</u>
7. Grants and subsidies				
4,367	1,715	Grants to Non-Government organisations	4,367	1,715
23,191	19,477	Community grants	23,191	19,477
1,240	436	Research grants	1,240	436
28,248	5,589	Grants to other NSW Health entities	28,248	5,589
9,317	185	Other grants and subsidies	9,317	185
<u>66,363</u>	<u>27,402</u>		<u>66,363</u>	<u>27,402</u>
8. Finance costs				
8	10	Interest expense from financial liabilities	8	10
69	34	Other interest charges	69	34
<u>77</u>	<u>44</u>		<u>77</u>	<u>44</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY	
2016	2015		2016	2015
\$'000	\$'000		\$'000	\$'000
9. Sale of goods and services				
6,934	7,740	Cafeteria /Kiosk	6,934	7,740
95	185	Car parking	95	185
18,685	18,619	Clinical services (excluding clinical drug trials)	18,685	18,619
384,161	381,950	Commercial activities	384,161	381,950
24,794	25,659	Department of Veterans' Affairs	24,794	25,659
256	219	Fees for medical records	256	219
13,916	22,969	Infrastructure fees - Annual charge	13,916	22,969
126,644	122,864	Infrastructure fees - Monthly facility charge	126,644	122,864
5,859	6,707	Linen services - non Health Services	5,859	6,707
84,512	83,187	Linen services - Health Services	84,512	83,187
541	663	Meals on Wheels	541	663
37,778	34,297	Motor Accident Authority Third Party	37,778	34,297
745	408	Other services provided to non Health services	745	408
1,584	523	Patient co-payments - appliance program for people with a disability	1,584	523
144,594	158,328	Patient transport fees	144,594	158,328
401	369	Private use of motor vehicles	401	369
1,181	1,440	Salary packaging fee	1,181	1,440
968,406	818,703	Shared corporate services	968,406	818,703
23	14	Staff meals and accommodation	23	14
5,944	4,789	Use of Ambulance facilities	5,944	4,789
12,805	12,597	Other	12,805	12,597
<u>1,839,858</u>	<u>1,702,230</u>		<u>1,839,858</u>	<u>1,702,230</u>
10. Investment revenue				
4,883	10,445	Interest revenue	4,883	10,445
-	3	T-Corp Hour Glass -Fair value through profit or loss	-	3
7	20	Other	7	20
<u>4,890</u>	<u>10,468</u>		<u>4,890</u>	<u>10,468</u>
11. Grants and contributions				
530	582	Clinical drug trials	530	582
248	1,768	Commonwealth Government grants	248	1,768
307	589	Industry contributions and donations	307	589
2,572	599	NSW Government grants	2,572	599
3,904	3,760	Grants from other NSW Health entities	3,904	3,760
361	166	Research grants	361	166
2,070	1,901	Other grants	2,070	1,901
<u>9,992</u>	<u>9,365</u>		<u>9,992</u>	<u>9,365</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY	
2016 \$'000	2015 \$'000		2016 \$'000	2015 \$'000
12. Acceptance by the Crown Entity of employee benefits				
The following liabilities and expenses have been assumed by the Crown Entity:				
-	-	Superannuation - defined benefit	21,724	22,602
-	-	Long service leave	80,080	64,929
-	-		101,804	87,531
13. Other revenue				
5,323	5,126	Ambulance death and disability	5,323	5,126
65	16	Bad debts recovered	65	16
94	162	Commissions	94	162
622	625	Conference and training fees	622	625
660	568	Discounts	660	568
351	311	Insurance refunds	351	311
638	672	Lease and rental income	638	672
19	144	Assets recognised at fair value	19	144
251	78	Sale of merchandise, old wares and books	251	78
249	149	Sponsorship income	249	149
12,230	2,181	Treasury managed fund hindsight adjustment	12,230	2,181
10	7	Unclaimed deposits	10	7
2,007	19,036	Other	2,007	19,036
22,519	29,075		22,519	29,075
14. Gain / (Loss) on disposal				
a) Property, plant and equipment				
3,594	7,454	Written down value of property, plant and equipment	3,594	7,454
2,645	2,496	Proceeds from disposal	2,645	2,496
(949)	(4,958)	Gain / (loss) on disposal of property, plant and equipment	(949)	(4,958)
b) Non-current assets held for sale				
767	1,296	Non current assets held for sale	767	1,296
-	830	Proceeds from disposal	-	830
(767)	(466)	Gain / (loss) on disposal of non-current assets held for sale	(767)	(466)
(1,716)	(5,424)	Total gain / (loss) on disposal of non financial assets	(1,716)	(5,424)

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATED ENTITY

15. Conditions on contributions

Year ended 30 June 2016	Purchase of Assets \$'000	Health Promotion, Education and Research \$'000	Other \$'000	Total \$'000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not been incurred at reporting date	4,252	19,188	2,021	25,461
Contributions recognised in previous years which were not incurred in the current reporting period	3,748	105,408	9,099	118,255
Total amount of unexpended contributions at reporting date	8,000	124,596	11,120	143,716

Year ended 30 June 2015	Purchase of Assets \$'000	Health Promotion, Education and Research \$'000	Other \$'000	Total \$'000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not been incurred at reporting date	796	48,612	12,151	61,559
Contributions recognised in previous years which were not incurred in the current reporting period	6,693	77,478	5,128	89,299
Total amount of unexpended contributions at reporting date	7,489	126,090	17,279	150,858

Further breakdown of restricted assets appears in Note 24.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

16. Service Groups of the Corporation

Service Group 1.1 - Primary and Community Based Services

Service Description: This service group covers the provision of health services for persons attending community health centres or in the home, including health promotion activities, women's health, dental, drug and alcohol and HIV/AIDS services. It also covers co-ordination of domestic violence and sexual assault prevention. Grants to non-Government organisations are also included.

Objective: This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and over.

Service Group 1.2 - Aboriginal Health Services

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. This program excludes most services for Aboriginal people provided directly by Local Health Districts and other general health services that are used by all members of the community.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

Service Group 1.3 - Outpatient Services

Service Description: This service group covers the provision of services in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

Service Group 2.1 - Emergency Services

Service Description: This service group covers the provision of emergency road and air ambulance services and treatment of patients in emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

16. Service Groups of the Corporation

Service Group 2.2 - Inpatient Hospital Services

Service Description: This service group covers the provision of health care to patients admitted to hospitals, including elective surgery and maternity services.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

Service Group 3.1 - Mental Health Services

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Local Health Districts and community based organisations for people seriously affected by mental illnesses and mental health problems. It also covers the development of preventative programs that meet the needs of specific client groups.

Objective: This service group contributes to strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improving the health, wellbeing and social functioning of people with disabling mental disorders and
- reducing the incidence of suicide, mental health problems and mental disorders in the community.

Service Group 4.1 - Rehabilitation and Extended Care Services

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Ministry's services for the aged and disabled, with those provided by other agencies and individuals.

Objective: This service group contributes to strengthening primary health and continuing care in the community and creating better experiences for people using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of people with disabilities or chronic conditions, the frail and terminally ill.

Service Group 5.1 - Population Health Services

Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

Service Group 6.1 - Teaching and Research

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY	
2016 \$'000	2015 \$'000		2016 \$'000	2015 \$'000
17. Cash and cash equivalents				
115,705	208,792	Cash at bank and on hand	115,705	208,792
143,387	142,316	Short term deposits	143,387	142,316
<u>259,092</u>	<u>351,108</u>		<u>259,092</u>	<u>351,108</u>
<p>For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</p> <p>Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:</p>				
<u>259,092</u>	<u>351,108</u>	Cash and cash equivalents (per statement of financial position)	<u>259,092</u>	<u>351,108</u>
<u>259,092</u>	<u>351,108</u>	Closing cash and cash equivalents (per statement of cash flows)	<u>259,092</u>	<u>351,108</u>

Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY	
2016 \$'000	2015 \$'000		2016 \$'000	2015 \$'000
18. Receivables				
Current				
45,090	74,608	Sale of goods and services	45,090	74,608
132,627	135,826	Intra health receivables	132,627	135,826
17,319	14,640	Goods and Services Tax receivable from the Australian Tax Office	17,319	14,640
28,970	16,474	Other debtors	28,970	16,474
<u>224,006</u>	<u>241,548</u>	Sub Total	<u>224,006</u>	<u>241,548</u>
(17,698)	(47,908)	Less Allowance for impairment	(17,698)	(47,908)
<u>206,308</u>	<u>193,640</u>	Sub total	<u>206,308</u>	<u>193,640</u>
37,962	29,382	Prepayments	37,962	29,382
<u>244,270</u>	<u>223,022</u>		<u>244,270</u>	<u>223,022</u>
The current sale of goods and services balances above include the following:				
34,753	50,111	Patient fees - inpatient & other	34,753	50,111
<u>34,753</u>	<u>50,111</u>		<u>34,753</u>	<u>50,111</u>
Movement in the allowance for impairment				
(47,908)	(86,445)	Balance at 1 July	(47,908)	(86,445)
38,795	68,624	Amounts written off during the year	38,795	68,624
(8,585)	(30,087)	Decrease in allowance recognised in the net result	(8,585)	(30,087)
<u>(17,698)</u>	<u>(47,908)</u>	Balance at 30 June	<u>(17,698)</u>	<u>(47,908)</u>
Non-current				
5,636	1,034	Prepayments	5,636	1,034
<u>5,636</u>	<u>1,034</u>		<u>5,636</u>	<u>1,034</u>
The current sale of goods and services balances above include the following:				
34,753	50,111	Patient fees - inpatient & other	34,753	50,111
<u>34,753</u>	<u>50,111</u>		<u>34,753</u>	<u>50,111</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 37.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY			CONSOLIDATED ENTITY	
2016 \$'000	2015 \$'000		2016 \$'000	2015 \$'000
19. Inventories				
37,287	32,169	Medical and surgical supplies	37,287	32,169
1,091	121	Food and hotel supplies	1,091	121
3	-	Other	3	-
<u>38,381</u>	<u>32,290</u>		<u>38,381</u>	<u>32,290</u>
20. Financial assets at fair value				
Current				
-	217	Loan receivable	-	217
<u>-</u>	<u>217</u>		<u>-</u>	<u>217</u>
Refer to Note 37 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.				
21. Property, plant and equipment				
Land and buildings - fair value				
645,815	600,351	Gross carrying amount	645,815	600,351
279,964	253,965	Less: Accumulated depreciation	279,964	253,965
<u>365,851</u>	<u>346,386</u>	Net carrying amount	<u>365,851</u>	<u>346,386</u>
Plant and equipment - fair value				
414,483	383,386	Gross carrying amount	414,483	383,386
196,658	187,299	Less: Accumulated depreciation	196,658	187,299
<u>217,825</u>	<u>196,087</u>	Net carrying amount	<u>217,825</u>	<u>196,087</u>
Infrastructure systems - fair value				
824	824	Gross carrying amount	824	824
675	654	Less: Accumulated depreciation	675	654
<u>149</u>	<u>170</u>	Net carrying amount	<u>149</u>	<u>170</u>
Leasehold improvements - fair value				
17,556	14,948	Gross carrying amount	17,556	14,948
5,775	4,297	Less: Accumulated depreciation	5,775	4,297
<u>11,781</u>	<u>10,651</u>	Net carrying amount	<u>11,781</u>	<u>10,651</u>
<u>595,606</u>	<u>553,294</u>	Total property, plant and equipment	<u>595,606</u>	<u>553,294</u>
		Net carrying amount	<u>595,606</u>	<u>553,294</u>

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATED ENTITY

21. Property, plant and equipment - reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting year is set out below:

Year ended 30 June 2016	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Leasehold improvements \$'000	Total \$'000
Net carrying amount at start of year	157,207	189,179	196,087	170	10,651	553,294
Additions	-	33,382	70,871	-	2,476	106,729
Reclassification to intangibles	-	-	(19)	-	-	(19)
Disposals	-	(1)	(3,288)	-	(305)	(3,594)
Transfers within NSW Health entities through statement of comprehensive income	-	-	(1,442)	-	-	(1,442)
Net Revaluation increment less revaluation decrements	-	(2,450)	-	-	-	(2,450)
Depreciation expense	-	(11,110)	(44,160)	(21)	(1,621)	(56,912)
Other reclassifications	-	(356)	(224)	-	580	-
Net carrying amount at end of year	157,207	208,644	217,825	149	11,781	595,606
Year ended 30 June 2015	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Leasehold improvements \$'000	Total \$'000
Net carrying amount at start of year	147,226	152,726	167,796	206	11,488	479,442
Additions	505	14,929	72,699	-	859	88,992
Reclassification to intangibles	-	-	(310)	-	-	(310)
Assets held for sale	(30)	(79)	-	-	-	(109)
Disposals	(2,350)	(10)	(4,889)	-	(205)	(7,454)
Net revaluation increment less revaluation decrements	11,856	32,260	-	73	-	44,189
Depreciation expense	-	(10,562)	(39,358)	(20)	(1,516)	(51,456)
Other reclassifications	-	(85)	149	(89)	25	-
Net carrying amount at end of year	157,207	189,179	196,087	170	10,651	553,294

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 25.

Health Administration Corporation
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT ENTITY

CONSOLIDATED ENTITY

2016
\$'000

2015
\$'000

2016
\$'000

2015
\$'000

22. Intangible assets

		Intangibles		
756,637	690,043	Cost (gross carrying amount)	756,637	690,043
210,670	181,244	Less: Accumulated amortisation	210,670	181,244
<u>545,967</u>	<u>508,799</u>	Net carrying amount	<u>545,967</u>	<u>508,799</u>

PARENT & CONSOLIDATED ENTITY

	Intangibles \$'000	Total \$'000
Year ended 30 June 2016		
Net carrying amount at start of year	508,799	508,799
Additions	76,016	76,016
Reclassifications from plant and equipment	20	20
Amortisation (recognised in depreciation and amortisation)	(38,868)	(38,868)
Net carrying amount at end of year	545,967	545,967

	Intangibles \$'000	Total \$'000
Year ended 30 June 2015		
Net carrying amount at start of year	448,503	448,503
Additions	92,905	92,905
Reclassifications from plant and equipment	310	310
Amortisation (recognised in depreciation and amortisation)	(32,919)	(32,919)
Net carrying amount at end of year	508,799	508,799

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PARENT ENTITY

CONSOLIDATED ENTITY

2016	2015		2016	2015
\$'000	\$'000		\$'000	\$'000
23. Non-current assets (or disposal groups) held for sale				
Assets held for sale				
69	836	Land and buildings	69	836
<u>69</u>	<u>836</u>		<u>69</u>	<u>836</u>

Non-current assets held for sale constitute assets that are surplus to the Corporation's requirements and are actively marketed within a sale program which has been initiated and is expected to locate a buyer and complete the sale within twelve months from reporting date.

Further details regarding fair value measurement are disclosed in Note 25.

24. Restricted assets

As at 30 June 2016, the corporation controls the following restricted assets:

Category				
9,768	9,662	Specific purpose funds	9,768	9,662
5,629	5,256	Research grants	5,629	5,256
117,971	119,150	Private practice funds	117,971	119,150
10,348	16,790	Death and disability award (Ambulance)	10,348	16,790
<u>143,716</u>	<u>150,858</u>		<u>143,716</u>	<u>150,858</u>

The assets are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

The restricted assets are included in cash and cash equivalents in Note 17.

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PARENT & CONSOLIDATED ENTITY

25. Fair value measurement of non-financial assets

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels:

a) Fair value hierarchy

Year ended 30 June 2016	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment					
- Land and buildings	21	-	282,911	41,847	324,758
- Infrastructure systems		-	-	149	149
Non-current assets (or disposal groups) held for sale	23	-	69	-	69
		<u>-</u>	<u>282,980</u>	<u>41,996</u>	<u>324,976</u>

Year ended 30 June 2015		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment					
- Land and buildings	21	-	321,611	12,727	334,338
- Infrastructure systems		-	-	170	170
Non-current assets (or disposal groups) held for sale	23	-	836	-	836
		<u>-</u>	<u>322,447</u>	<u>12,897</u>	<u>335,344</u>

There were no transfers between level 1 and 2 during the current or previous reporting years.

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PARENT & CONSOLIDATED ENTITY

25. Fair value measurement of non-financial assets

b) Valuation techniques, inputs and processes

For land, buildings and infrastructure systems the Corporation and its controlled entities obtain external valuations by independent valuers every three years. The valuer used by each controlled entity is an independent person and is not an employee of the respective entity.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices, refer note 21 reconciliation.

In accordance with AASB 13 Fair Value Measurement, no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The non-current assets categorised in a) above have been measured as either Level 2 or Level 3 based on the following valuation techniques and inputs:

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre.

All commercial and non-restricted land is included in Level 2 as these land valuations have a high level of observable inputs, although these lands are not identical.

The majority of the restricted land has been classified as Level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions and values are adjusted accordingly.

For buildings and infrastructure systems, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs. However, residential and commercial properties are valued on a market approach and included in level 2.

Non-Current Assets Held for Sale is a non-recurring item that is measured at the lesser of its carrying amount or fair value less cost to sell. These assets are categorised in Level 2 except when an asset was a Level 3 asset prior to transfer to Non-Current Assets Held for Sale, and continues to be recognised as a Level 3 asset where the carrying amount is less than the fair value (less cost) to sell.

b) Valuation techniques, inputs and processes

The fair value of buildings computed by suitably qualified independent valuers using a methodology known as the depreciated replacement cost valuation technique. The following table highlights the key unobservable (Level 3) inputs assessed during the valuation process, the relationship to the estimated fair value and the sensitivity to changes in unobservable inputs.

Class	Valuation Technique	Key Inputs
Land under specialised building(s)	Market approach: this valuation method involves comparing the subject property to comparable sale prices in similar location on a rate per square metre basis, adjusted for restrictions specific for the property (e.g. mandated use and/or zoning).	<ul style="list-style-type: none"> ▪ Rate per square metre ▪ Discount rate ▪ Provision for remediation
Specialised Buildings	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life.	<ul style="list-style-type: none"> ▪ Useful life assessment ▪ Replacement cost per square metre
Non - Specialised Buildings	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of buildings on a rate per square metre basis; depreciated to reflect the building's remaining useful life.	<ul style="list-style-type: none"> ▪ Useful life assessment ▪ Replacement cost per square metre
Infrastructure systems	Depreciated replacement cost approach: this valuation method involves establishing the current replacement cost of the modern equivalent infrastructure asset on a rate per square metre basis; depreciated to reflect the assets remaining useful life.	<ul style="list-style-type: none"> ▪ Useful life assessment ▪ Replacement cost per square metre

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PARENT & CONSOLIDATED ENTITY

25. Fair value measurement of non-financial assets (continued)

c) Reconciliation of recurring level 3 fair value measurements

Year ended 30 June 2016	Land and Buildings \$'000	Infrastructure Systems \$'000	Total Level 3 Recurring \$'000
Fair value as at 1 July 2015	12,727	170	12,897
Depreciation	(1,458)	(21)	(1,479)
Fair value as at 30 June 2016	11,269	149	11,418

Year ended 30 June 2015	Land and Buildings \$'000	Infrastructure Systems \$'000	Total Level 3 Recurring \$'000
Fair value as at 1 July 2014	23,788	206	23,994
Revaluation increments recognised in other comprehensive income	6,012	73	6,085
Transfers from Level 2	5,997	-	5,997
Transfers to Level 2	(21,658)	-	(21,658)
Depreciation	(1,412)	(20)	(1,432)
Reclassification	-	(89)	(89)
Fair value as at 30 June 2015	12,727	170	12,897

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PARENT ENTITY			CONSOLIDATED ENTITY	
2016	2015		2016	2015
\$'000	\$'000		\$'000	\$'000
		26. Payables		
		Current		
-	-	Accrued salaries, wages and on-costs	22,089	46,923
-	-	Taxation and payroll deductions	6,116	4,466
28,205	51,389	Accrued personnel services expense	-	-
82,679	75,634	Creditors	82,679	75,634
		Accrued expenses		
102,158	3,867	- Capital works	102,158	3,867
66,782	46,996	- Intra Health liability	66,782	46,996
73,666	134,612	- Other	73,666	134,612
<u>353,490</u>	<u>312,498</u>		<u>353,490</u>	<u>312,498</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 37.

		27. Borrowings		
		Current		
<u>50</u>	<u>48</u>	Loans and deposits	<u>50</u>	<u>48</u>
<u>50</u>	<u>48</u>		<u>50</u>	<u>48</u>
		Non-Current		
<u>133</u>	<u>183</u>	Loans and deposits	<u>133</u>	<u>183</u>
<u>133</u>	<u>183</u>		<u>133</u>	<u>183</u>

No assets have been pledged as security or collateral for liabilities. There are no restrictions on any title to property controlled by the corporation or its controlled entities.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 37.

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PARENT ENTITY			CONSOLIDATED ENTITY	
2016 \$'000	2015 \$'000		2016 \$'000	2015 \$'000
28. Provisions				
Current				
-	-	Annual leave - short term benefit	125,089	105,829
-	-	Annual leave - long term benefit	56,861	76,934
-	-	Sick leave	41	39
-	-	Long service leave consequential on-costs	36,768	32,590
-	-	Ambulance death and disability	16,600	7,777
359	378	Other	359	378
235,359	223,169	Provision for personnel services liability	-	-
<u>235,718</u>	<u>223,547</u>		<u>235,718</u>	<u>223,547</u>
Non-Current				
-	-	Long service leave consequential on-costs	3,197	2,834
-	-	Ambulance death and disability	14,600	11,986
3,321	2,906	Other	3,321	2,906
17,797	14,820	Provision for personnel services liability	-	-
<u>21,118</u>	<u>17,726</u>		<u>21,118</u>	<u>17,726</u>
Aggregate Employee Benefits and Related On-Costs				
-	-	Provisions - current	235,359	223,169
-	-	Provisions - non-current	17,797	14,820
-	-	Accrued salaries, wages and on-costs (Note 26)	28,205	51,389
281,361	289,378	Accrued personnel services expense	-	-
<u>281,361</u>	<u>289,378</u>		<u>281,361</u>	<u>289,378</u>
29. Other liabilities				
Current				
1,652	872	Unearned revenue	1,652	872
<u>1,652</u>	<u>872</u>		<u>1,652</u>	<u>872</u>
Non-Current				
73	119	Unearned revenue	73	119
<u>73</u>	<u>119</u>		<u>73</u>	<u>119</u>

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PARENT ENTITY

CONSOLIDATED ENTITY

2016	2015	30. Commitments for expenditure	2016	2015
\$'000	\$'000		\$'000	\$'000

a) Capital commitments

Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems and intangible assets, contracted for at balance date and not provided for:

55,344	106,328	Not later than one year	55,344	106,328
2	-	Later than one year and not later than five years	2	-
55,346	106,328	Total (including GST)	55,346	106,328

Of the commitments reported at 30 June 2016 it is expected that \$9.054M will be generated locally. Of that, \$1.906M will be sourced from external parties.

b) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

145,958	110,059	Not later than one year	145,958	110,059
573,738	179,215	Later than one year and not later than five years	573,738	179,215
722,986	51,563	Later than five years	722,986	51,563
1,442,682	340,837	Total (including GST)	1,442,682	340,837

Operating lease commitments are for motor vehicles, information technology, equipment including personal computers, medical equipment and other miscellaneous equipment.

The amount of tax recoverable from the Australian Tax Office in regards to total commitments at 30 June 2016 is \$137.5M (2015: \$40.7M).

* The significant increase in current year commitments compared to last year relates to the signing of aeromedical contracts for helicopter services at NSW Ambulance.

Health Administration Corporation
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PARENT & CONSOLIDATED ENTITY

31. Trust funds

The Corporation holds money in a Private Practice Trust Fund which is used in accordance with conditions specified in the Staff Specialists Determination made by the Secretary. As the Corporation performs only a custodial role in respect of trust monies, they are excluded from the financial statements as the Corporation cannot use them for the achievement of its own objectives. The following is a summary of the transactions in the trust account:

	Private Practice Trust Funds		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance at the beginning of the financial year	-	1,369	-	1,369
Revenue	178,945	180,650	178,945	180,650
Expenses	(178,945)	(182,019)	(178,945)	(182,019)
Balance at the end of the financial year	-	-	-	-

32. Contingent liabilities and assets

- a) Treasury Managed Fund workers compensation insurance hindsight adjustments are calculated 3 years (interim) and 5 years (final) after the start of each policy year. Hindsight (payments/refunds) adjust insurance contributions paid to reflect actual claims experience. iCare Self Insurance (manager of the Treasury Managed Fund) calculates hindsight adjustments after the 'hindsight date' has past. At 30 June 2016, hindsight adjustments were due for the 2011/12 (final) and 2013/14 (interim) policy years. Adjustments for the 30 June 2016 'hindsight date' have not been provided by the Treasury Managed Fund. It is not possible for HAC to reliably quantify the hindsight benefit to be received or amount payable.

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PARENT ENTITY			CONSOLIDATED ENTITY	
2016 \$'000	2015 \$'000		2016 \$'000	2015 \$'000
		33. Reconciliation of cash flows from operating activities to the net result		
87,114	161,399	Net cash flows from operating activities	87,114	161,399
(95,780)	(84,375)	Depreciation and amortisation	(95,780)	(84,375)
(8,585)	(30,087)	Allowance for impairment	(8,585)	(30,087)
(734)	7,224	(Increase) / decrease unearned revenue	(734)	7,224
(15,563)	(17,542)	(Increase) / decrease in provisions	(15,563)	(17,542)
28,341	(27,354)	Increase / (decrease) in prepayments and other assets	28,341	(27,354)
(28,879)	57,830	(Increase) / decrease in payables from operating activities	(28,879)	57,830
(1,716)	(5,424)	Net loss on sale of property, plant and equipment	(1,716)	(5,424)
19	242	Assets donated or brought to account for the first time	19	242
<u>(35,783)</u>	<u>61,913</u>	Net result	<u>(35,783)</u>	<u>61,913</u>
		34. Non-cash financing and investing activities		
<u>19</u>	<u>242</u>	Assets received by donation	<u>19</u>	<u>242</u>
<u>19</u>	<u>242</u>		<u>19</u>	<u>242</u>

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PARENT & CONSOLIDATED ENTITY

35. Adjusted budget review - parent and consolidated

Material variance between budget and actual figures is as a result of increased employment related costs.

Net Result

The actual Net Result was lower than adjusted budget by \$39.0 million, primarily due to increased employment related expenses. The budget did not account for adjustment of LSL and higher redundancies arising from staff transition and conversion of agency contractors to permanent employees.

Assets and Liabilities

A decrease in Infrastructure Assets primarily as a result of an unexpected revaluation decrement due to changes in infrastructure values during the year and also due to planned additions not been made during the year.

Cash Flows

The actual Net Cash Flows from Operating Activities varied from the budget by \$5.4 million. This is primarily due to greater than expected revenue gained from sale of food services, clinical equipment and warehouse inventory by HealthShare. Grants and subsidies received also exceeded budget following an increase in asset transfers between the Local Health Districts and eHealth.

The actual Net Cash Flows from Investing Activities is lower than budget by \$12.5 million. This is primarily attributable to a lower spend on Property, Plant and Equipment (\$181.0 million) when compared to budgeted (\$191.0 million).

36. Increase / (decrease) in net assets from equity transfers

Nil equity transfers were effected in 2014/15.

It is noted that an internal restructure took place during the financial year between HealthShare and eHealth (both are part of the HAC entity).

Equity transfers effected in the 2015/2016 year comprised the following:

On 1 October 2015, NSW Kids and Families was abolished and transferred to Health System Support Group. \$0.587 million in equity was transferred which was mostly made up of employee annual leave entitlements.

Health Administration Corporation
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37. Financial instruments

The Corporation's principal financial instruments are outlined below. These financial instruments arise directly from the Corporation's operations or are required to finance its operations. The Corporation does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporation's main risks arising from financial instruments are outlined below, together with the Corporation's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary, NSW Health has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the Corporation, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the local Audit & Risk Management Committees and the internal auditors on a regular basis.

(a) Financial instrument categories

PARENT AND CONSOLIDATED ENTITY

			Carrying Amount	Carrying Amount
			2016	2015
Financial assets	Note	Category	\$'000	\$'000
Cash and cash equivalents	17	N/A	259,092	351,108
Receivables*	18	Loans and receivables (at amortised cost)	188,989	179,000
Financial assets at fair value	20	At fair value through profit or loss (designated as such upon initial recognition)	-	217
Financial liabilities				
Borrowings	27	Financial liabilities (at amortised cost)	183	231
Payables**	26	Financial liabilities (at amortised cost)	347,374	308,032

* Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

**Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from financial assets of the Corporation, including cash, receivables and authority deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Health Administration Corporation
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37. Financial instruments (continued)

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (T-Corp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the *NSW Ministry of Health Accounting Manual for Public Health Organisations* and *Fee Procedures Manual* are followed to recover outstanding amounts, including Letters of Demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Corporation will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Corporation and controlled entities are not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016: \$168.5M; 2015: \$151.1M) and not more than 3 months past due (2016: \$14.2M; 2015: \$6.4M) are not considered impaired and together these represent 91% of the total trade debtors. In addition, Patient Fees Compensables are often settled later than 6 months from the date of the service due to the time it takes to settle legal claims. Most of the Corporation's debtors are health insurance companies or compensation insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired relate to 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the statement of financial position. Patient fees ineligible represent the majority of financial assets that are past due or impaired.

	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}	Total ^{1,2}
	\$'000	\$'000	\$'000
Year ended 30 June 2016			
<3 months overdue	14,154	7,194	21,348
3 months - 6 months overdue	240	9,335	9,575
> 6 months overdue	292	1,169	1,461
Year ended 30 June 2015			
<3 months overdue	6,448	2,543	8,991
3 months - 6 months overdue	7,605	5,928	13,533
> 6 months overdue	13,876	39,437	53,313

Notes

¹ Each column in the table reports 'gross receivables'.

² The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

Health Administration Corporation
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37. Financial instruments (continued)

Authority deposits

There are no deposits held with TCorp as at 30 June 2016. As at 30 June 2015, the Corporation had placed funds on deposit with TCorp, which had been rated 'AAA' by Standard and Poor's. The deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at 30 June 2015 were earning an average interest rate of 3.4%, while over the year the weighted average interest rate was 3.5% on a weighted average balance during the year of \$14.0M.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

The Corporation has negotiated no loan outside of arrangements with the NSW Ministry of Health or Treasury.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral.

The Corporation has exposure to liquidity risk. However, the risk is minimised by the service agreement with the NSW Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Corporation fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For other suppliers, where settlement cannot be effected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

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37. Financial instruments (continued)

The table below summarises the maturity profile of the Corporation's financial liabilities together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

CONSOLIDATED ENTITY	\$000 Interest rate exposure			\$000 Maturity dates		
	Nominal amount ¹	Fixed interest rate	Non-interest bearing	< 1 Yr	1-5 Yr	> 5Yr
Year ended 30 June 2016						
<i>Payables:</i>						
- Creditors	325,285	-	325,285	325,285	-	-
<i>Borrowings:</i>						
- Loans and deposits	183	183	-	50	133	-
	325,468	183	325,285	325,335	133	-
Year ended 30 June 2015						
<i>Payables:</i>						
- Creditors	261,109	-	261,109	261,109	-	-
<i>Borrowings:</i>						
- Loans and deposits	231	231	-	48	183	-
	261,340	231	261,109	261,157	183	-

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

Health Administration Corporation
Notes to and forming part of the Financial Statements
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37. Financial instruments (continued)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through interest rate risk with the movement in the unit price of the Hour-Glass Investment facilities. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Corporation's interest bearing liabilities. However, the Corporation is not permitted to borrow external to the NSW Ministry of Health (except energy loans which are negotiated through NSW Treasury). Both NSW Treasury and NSW Ministry of Health loans are set at fixed rates and so generally not impacted by fluctuations in market rates. A reasonably possible change of +/-1% is used consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis is reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Corporation's exposure to interest rate risk is set out below.

	Carrying Amount \$000	-1% Net Result	Equity	+1% Net Result	Equity
Year ended 30 June 2016					
Financial assets					
Cash and cash equivalents	259,092	(2,591)	(2,591)	2,591	2,591
Receivables	188,989	-	-	-	-
Financial liabilities					
Payables	347,374	-	-	-	-
Borrowings	183	-	-	-	-
Year ended 30 June 2015					
Financial assets					
Cash and cash equivalents	351,108	(3,511)	(3,511)	3,511	3,511
Receivables	179,000	-	-	-	-
Financial assets at fair value	217	(2)	(2)	2	2
Financial liabilities					
Payables	308,032	-	-	-	-
Borrowings	231	-	-	-	-

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37. Financial instruments (continued)

Other price risk - TCorp Hour-Glass Investment facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The Corporation has no direct equity investments. The Corporation holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2016 \$'000	2015 \$'000
Cash facility	Cash and money market instruments	Up to 1.5 years	-	217

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW Treasury Corporation as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, NSW Treasury Corporation has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. NSW Treasury Corporation has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the NSW Treasury Corporation's Hour-Glass facilities limits the Corporation's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW Treasury Corporation provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The NSW Treasury Corporation Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (as advised by the NSW Treasury Corporation) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

Impact on net result	Change in unit price	2016 \$'000	2015 \$'000
Hour-Glass Investment - Cash facility	+1%	-	2
	-1%	-	(2)

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37. Financial instruments (continued)

(e) Fair value measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the NSW Treasury Corporation Hour-Glass facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short term nature of many of the financial instruments.

(ii) Fair value recognised in the statement of financial position

Year ended 30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Hour-Glass investment facility	-	-	-	-

Year ended 30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Hour-Glass investment facility	-	217	-	217

(The table above only includes financial assets as no financial liabilities were measured at fair value in the statement of financial position.)

There were no transfers between level 1 and 2 during the periods.

As discussed, the value of the NSW Treasury Corporation Hour-Glass Investments is based on the Corporation's share of the value of the underlying assets of the facility, based on the market value. All of the NSW Treasury Corporation Hour-Glass facilities are valued using 'redemption' pricing.

38. Events after the reporting period

In July 2016, iCare Self Insurance advised the Corporation of the Treasury Managed Fund workers compensation insurance hindsight adjustment calculations for the 2010/11 and 2012/13 policy years. This has resulted in a net hindsight payable (expense) of \$4.5M.

On 1 September 2016, the Office of Kids and Families was formally transferred from HSSG to the Strategy and Resources Division in the Ministry of Health.

There are no other matters arising subsequent to balance date requiring these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS