

Health Education & Training Institute (HETI)

Financial Statements

for the year ended 30 June 2016



INDEPENDENT AUDITOR'S REPORT

Health Education and Training Institute

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Health Education and Training Institute (the Institute), 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 statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Institute and the consolidated entity. The consolidated entity comprises the Institute 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 Institute 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 Institute 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 1(y). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Institute. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Institute's financial statements present adjusted budget information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive 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 Chief Executive 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 Chief Executive must assess the ability of the Institute 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 of 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 Institute 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

23 September 2016
SYDNEY

**Health Education and Training Institute
Certification of the Financial Statements
for the year ended 30 June 2016**

I state, pursuant to section 45F of the *Public Finance and Audit Act 1983*:

- 1) The financial statements of the Health Education and Training Institute for the year ended 30 June 2016 have been prepared in accordance with:
 - a) Australian Accounting Standards (which include Australian Accounting Interpretations);
 - b) the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulations 2015* and the Treasurer's Directions;
 - c) the Financial Reporting Code for NSW General Government Sector Entities.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of the Health Education and Training Institute; and
- 3) I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Adjunct Professor Annette Solman

Chief Executive

22 September 2016

Health Education and Training Institute
Statement of Financial Position as at 30 June 2016

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2016 \$000	2016 \$000	2015 \$000		2016 \$000	2016 \$000	2015 \$000
ASSETS						
Current Assets						
1,662	4,432	9,632		1,662	4,432	9,632
1,392	846	847	14	1,392	846	847
<u>3,054</u>	<u>5,278</u>	<u>10,479</u>		<u>3,054</u>	<u>5,278</u>	<u>10,479</u>
Non-Current Assets						
Property, Plant & Equipment						
562	328	812		562	328	812
411	462	352	17	411	462	352
973	790	1,164		973	790	1,164
256	492	492	17	256	492	492
<u>1,229</u>	<u>1,282</u>	<u>1,656</u>		<u>1,229</u>	<u>1,282</u>	<u>1,656</u>
<u>4,283</u>	<u>6,560</u>	<u>12,135</u>		<u>4,283</u>	<u>6,560</u>	<u>12,135</u>
Intangible Assets						
Total Non-Current Assets						
Total Assets						
LIABILITIES						
Current Liabilities						
4,988	3,447	3,731		4,988	3,447	3,731
1,893	1,700	1,616	20	1,893	1,700	1,616
449	926	926	21	449	926	926
7,330	6,073	6,273	22	7,330	6,073	6,273
Total Current Liabilities						
Non-Current Liabilities						
Provisions						
25	25	18		25	25	18
<u>25</u>	<u>25</u>	<u>18</u>	21	<u>25</u>	<u>25</u>	<u>18</u>
<u>7,355</u>	<u>6,098</u>	<u>6,291</u>		<u>7,355</u>	<u>6,098</u>	<u>6,291</u>
<u>(3,072)</u>	<u>462</u>	<u>5,844</u>		<u>(3,072)</u>	<u>462</u>	<u>5,844</u>
Total Liabilities						
Net Assets						
EQUITY						
Accumulated Funds						
(3,072)	462	5,844		(3,072)	462	5,844
<u>(3,072)</u>	<u>462</u>	<u>5,844</u>		<u>(3,072)</u>	<u>462</u>	<u>5,844</u>

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Cash Flows for the year ended 30 June 2016

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited 2016 \$000	Actual 2015 \$000	Notes	Actual 2016 \$000	Adjusted Budget Unaudited 2016 \$000	Actual 2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
---	---	---				
(11,590)	(12,533)	(11,105)		(17,671)	(18,100)	(16,356)
(28,539)	(32,822)	(31,584)		(11,590)	(12,533)	(11,105)
				(10,868)	(14,722)	(15,228)
<u>(40,129)</u>	<u>(45,355)</u>	<u>(42,689)</u>		<u>(40,129)</u>	<u>(45,355)</u>	<u>(42,689)</u>
Receipts						
23,035	31,380	35,110		23,035	31,380	35,110
77	77	77		77	77	77
278	278	354		278	278	354
3,726	3,363	4,919		3,726	3,363	4,919
4	---	215		4	---	215
4,339	4,052	2,901		4,339	4,052	2,901
883	1,225	1,551		883	1,225	1,551
<u>32,342</u>	<u>40,375</u>	<u>45,127</u>		<u>32,342</u>	<u>40,375</u>	<u>45,127</u>
<u>(7,787)</u>	<u>(4,980)</u>	<u>2,438</u>		<u>(7,787)</u>	<u>(4,980)</u>	<u>2,438</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
17	---	24		17	---	24
(200)	(220)	(193)		(200)	(220)	(193)
<u>(183)</u>	<u>(220)</u>	<u>(169)</u>		<u>(183)</u>	<u>(220)</u>	<u>(169)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES						
			25	<u>(7,787)</u>	<u>(4,980)</u>	<u>2,438</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES						
				----	----	----
(7,970)	(5,200)	2,269		(7,970)	(5,200)	2,269
9,632	9,632	7,363		9,632	9,632	7,363
<u>1,662</u>	<u>4,432</u>	<u>9,632</u>		<u>1,662</u>	<u>4,432</u>	<u>9,632</u>
CLOSING CASH AND CASH EQUIVALENTS						
			14	<u>1,662</u>	<u>4,432</u>	<u>9,632</u>

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Changes in Equity for the year ended 30 June 2016

PARENT AND CONSOLIDATION	Accumulated Funds	Total
	\$000	\$000
Balance at 1 July 2015	5,844	5,844
Total Equity at 1 July 2015	5,844	5,844
Net Result for the year	(8,916)	(8,916)
Total Other Comprehensive Income	-----	-----
Total Comprehensive Income for the year	(8,916)	(8,916)
Balance at 30 June 2016	(3,072)	(3,072)
Balance at 1 July 2014	1,078	1,078
Total Equity at 1 July 2014	1,078	1,078
Net Result for the year	4,766	4,766
Total Other Comprehensive Income	-----	-----
Total Comprehensive Income for the year	4,766	4,766
Balance at 30 June 2015	5,844	5,844

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Service Group Statements
for the year ended 30 June 2016

	Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000
Expenses Excluding Losses						
Operating Expenses						
Employee Related	18,782	17,345	—	—	18,782	17,345
Other Operating Expenses	11,610	11,761	—	—	11,610	11,761
Depreciation and Amortisation	557	623	—	—	557	623
Grants and Subsidies	11,010	10,267	—	—	11,010	10,267
Total Expenses Excluding Losses	41,959	39,996	—	—	41,959	39,996
Revenue						
NSW Ministry of Health Recurrent Allocations **			23,035	35,110	23,035	35,110
NSW Ministry of Health Capital Allocations **			77	77	77	77
Acceptance by the Crown Entity of Employee Benefits	1,380	1,243	—	—	1,380	1,243
Sale of Goods and Services	4,036	2,795	—	—	4,036	2,795
Investment Revenue	4	215	—	—	4	215
Grants and Contributions	4,339	5,295	—	—	4,339	5,295
Other Revenue	225	36	—	—	225	36
Total Revenue	9,984	9,584	23,112	35,187	33,096	44,771
Gain / (Loss) on Disposal	(53)	(9)	—	—	(53)	(9)
Net Result	(32,028)	(30,421)	23,112	35,187	(8,916)	4,766
Total Other Comprehensive Income	—	—	—	—	—	—
Total Comprehensive Income	(32,028)	(30,421)	23,112	35,187	(8,916)	4,766

* The name and purpose of each service group is summarised in Note 13

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

Health Education and Training Institute
Service Group Statements (Continued)
for the year ended 30 June 2016

	Service Group 6.1 * Teaching And Research		Not Attributable		Total	
	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS						
Current Assets						
Cash and Cash Equivalents	1,662	9,632	---	---	1,662	9,632
Receivables	1,392	847	---	---	1,392	847
Total Current Assets	3,054	10,479	---	---	3,054	10,479
Non-Current Assets						
Property, Plant and Equipment						
- Plant and Equipment	562	812	---	---	562	812
- Leasehold Improvements	411	352	---	---	411	352
Intangible Assets	256	492	---	---	256	492
Total Non-Current Assets	1,229	1,656	---	---	1,229	1,656
TOTAL ASSETS	4,283	12,135	---	---	4,283	12,135
LIABILITIES						
Current Liabilities						
Payables	4,988	3,731	---	---	4,988	3,731
Provisions	1,893	1,616	---	---	1,893	1,616
Other	449	926	---	---	449	926
Total Current Liabilities	7,330	6,273	---	---	7,330	6,273
Non-Current Liabilities						
Provisions	25	18	---	---	25	18
Total Non-Current Liabilities	25	18	---	---	25	18
TOTAL LIABILITIES	7,355	6,291	---	---	7,355	6,291
NET ASSETS	(3,072)	5,844	---	---	(3,072)	5,844

* The name and purpose of each service group is summarised in Note 13

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

a) The Reporting Entity

The Health Education and Training Institute (the Institute) was established under the provisions of the Health Services Act 1997 with effect from 2 April 2012.

The Institute as a reporting entity, comprises all the entities under its control, namely:

- * The parent entity, comprises all the operating activities of the Health Education and Training Institute.
- * The Health Education and Training Institute Special Purpose Service Entity which was established as a Division of the Institute on 2 April 2012 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the Institute to exercise its functions.

As a consequence the values in the annual financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

The reporting entity is a NSW Government entity which is consolidated as part of the NSW Ministry of Health and NSW Total State Sector Accounts. The Institute is a not-for-profit entity (as profit is not its principal objective).

These consolidated financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive on 22 September 2016.

b) Basis of Preparation

The Institute'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 and Public Finance and Audit Regulation 2015, and the Treasurer's Directions. 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 1(y).

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

The Secretary of Health and the Chief Executive, expect to have a signed service agreement in the first half of the forward financial year. The agreement will contain details of service and funding levels for the forward financial year.

The service agreement sets out the level of financial resources for public health services under the Institute's control and the source of these funds. By agreement, the service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Institute fails to meet service agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the Ministry.

Other mitigating circumstances why the going concern is appropriate include:

- * Allocated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- * The Institute has the capacity to review timing of subsidy cashflows to ensure that they can pay debts as and when they become due and payable.

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale 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.

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. The comparative period is a twelve month period.

1. Summary of Significant Accounting Policies

d) Statement of Compliance

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

e) Employee Benefits and Other Provisions

i) Salaries & 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 annual leave on annual leave liability can be used to approximate the present value of the annual leave liability. On-costs of 15.3% are applied to the value of leave payable at 30 June 2016 (comparable on-costs for 30 June 2015 were 15.3%). The Institute has assessed the actuarial advice based on the Institute'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 not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

ii) Long Service Leave and Superannuation

The Institute's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity.

The Institute 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 NSW Treasury Circular 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.

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 Institute 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.

f) Insurance

The Institute'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 not-for-profit general government sector entities.

h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional 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 the Institute 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).

Investment Revenue

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

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

Debt Forgiveness

Debts are accounted for as extinguished when and only when settlement occurs through repayment or replacement by another liability.

Grants and Contributions

Grants and contributions are recognised as revenues when the Institute 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 Institute 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 Ministry. Allocations are normally recognised upon the receipt of cash.

i) Accounting for the Goods & Services Tax (GST)

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

- * amount of GST incurred by the Institute 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.

j) 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 1(w)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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.

k) Capitalisation Thresholds

Individual items of Property, Plant & Equipment and Intangibles are capitalised where their cost is \$10,000 or above.

l) 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 Institute. Land is not a depreciable asset. All material separately identifiable components of assets are depreciated over their shorter useful lives.

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

	2016	2015
Buildings	2.5%	2.5%
Computer Equipment	20.0%	20.0%
Motor Vehicle Sedans	12.5%	12.5%
Motor Vehicles, Trucks & Vans	20.0%	20.0%
Office Equipment	10.0%	10.0%
Plant and Machinery	10.0%	10.0%
Furniture, Fittings and Furnishings	5.0%	5.0%
Leasehold Improvements	20.0%	20.0%

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

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

m) 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 and AASB 140 Investment Property.

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

n) 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.

o) 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.

p) Intangible Assets

The Institute recognises intangible assets only if it is probable that future economic benefits will flow to the Institute 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.

Computer software developed or acquired by the Institute are recognised as intangible assets and are amortised over four years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions.

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

q) 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.

r) 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, usually based on the transaction cost or face 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.

1. Summary of Significant Accounting Policies

s) 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 entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale", must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

t) 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 Institute transfers the financial asset:

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

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

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

u) Payables

These amounts represent liabilities for goods and services provided to the Institute and other amounts. 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.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Institute.

v) Fair Value Hierarchy

A number of the Institute'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.

For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values for Plant & Equipment and Leasehold Improvements are not required to be reported under the fair value hierarchy.

w) Equity Transfers

The transfer of net assets between entity is as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities is 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 Accounting 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 asset was 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 agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

1. Summary of Significant Accounting Policies

x) Equity and Reserves

(i) Accumulated Funds

The category "accumulated funds" includes all current and prior period retained funds.

y) Adjusted Budgeted Amounts

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The Institute's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Institute's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the Institute 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 and, accordingly, the relevant column entries in the financial statements are denoted as "Unaudited".

z) Service Group Statements Allocation Methodology

All Health Education and Training Institute activities relate to the Service Group 'Teaching and Research'. 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.

aa) 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.

(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 Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		2. Employee Related		
----	----	Salaries and Wages (including annual leave)	15,659	14,545
----	----	Superannuation - Defined Benefit Plans	77	57
----	----	Superannuation - Defined Contribution Plans	1,279	1,148
----	----	Long Service Leave	1,394	1,262
----	----	Redundancies	322	286
----	----	Workers' Compensation Insurance	51	47
----	----		18,782	17,345
		3. Personnel Services		
15,659	14,545	Salaries and Wages	----	----
----	----	Superannuation - Defined Benefit Plans	----	----
1,279	1,148	Superannuation - Defined Contribution Plans	----	----
91	76	Long Service Leave	----	----
322	286	Redundancies	----	----
51	47	Workers' Compensation Insurance	----	----
17,402	16,102		----	----
		4. Other Operating Expenses		
26	28	Advertising	26	28
41	60	Auditor's Remuneration - Audit of Financial Statements	41	60
818	771	Consultancies	818	771
54	53	Domestic Supplies and Services	54	53
102	133	Food Supplies	102	133
1,069	834	Information Management Expenses	1,069	834
8	9	Insurance	8	9
104	189	Maintenance (See 4(b) below)	104	189
72	78	Motor Vehicle Expenses	72	78
83	65	Postal and Telephone Costs	83	65
335	320	Printing and Stationery	335	320
27	----	Rates and Charges	27	----
420	488	Rental	420	488
2,775	3,005	Staff Related Costs	2,775	3,005
2,627	2,484	Training Expenses	2,627	2,484
1,097	924	Travel Related Costs	1,097	924
1,952	2,320	Other (See 4(a) below)	1,952	2,320
11,610	11,761		11,610	11,761

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
4. Other Operating Expenses				
a) Other Includes:				
313	795	Audiovisual	313	795
212	210	Corporate Support Services	212	210
6	12	Courier and Freight	6	12
61	60	Legal Services	61	60
31	88	Membership/Professional Fees	31	88
110	30	Quality Assurance/Accreditation	110	30
4	1	Security Services	4	1
1,215	1,124	Other Miscellaneous	1,215	1,124
1,952	2,320		1,952	2,320
b) Reconciliation of Total Maintenance				
16	28	Maintenance Contracts	16	28
79	149	New/Replacement Equipment under \$10,000	79	149
8	11	Repairs Maintenance/Non Contract	8	11
1	1	Other	1	1
104	189	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	104	189
104	189		104	189

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
		5. Depreciation and Amortisation		
271	289	Depreciation - Plant and Equipment	271	289
50	98	Amortisation - Leasehold Improvements	50	98
236	236	Amortisation - Intangible Assets	236	236
557	623		557	623
		6. Grants and Subsidies		
983	871	Leadership Program	983	871
2,726	4,824	Grants to Other NSW Health Entities	2,726	4,824
2,736	3,283	Scholarships & Sponsorships	2,736	3,283
4,168	----	NSW Nursing & Midwifery Education Contract	4,168	----
397	1,289	Other Grants	397	1,289
11,010	10,267		11,010	10,267

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		7. Sale of Goods and Services		
—	50	Commercial Activities	—	50
245	381	Conference and Training Fees	245	381
9	—	Private Use of Motor Vehicles	9	—
3,044	1,635	NSW Institute of Psychiatry Agreement	3,044	1,635
738	729	Other	738	729
<u>4,036</u>	<u>2,795</u>		<u>4,036</u>	<u>2,795</u>
		8. Investment Revenue		
<u>4</u>	<u>215</u>	Interest	<u>4</u>	<u>215</u>
<u>4</u>	<u>215</u>		<u>4</u>	<u>215</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		9. Grants and Contributions		
1,502	2,704	Commonwealth Government Grants	1,502	2,704
123	120	Cancer Institute Grants	123	120
----	4	NSW Government Grants	----	4
2,629	2,403	District HETI Operational Model*	2,629	2,403
85	64	Other Grants	85	64
4,339	5,295		4,339	5,295
		*Previously disclosed under Sale of Goods and Services in 2014/15		
		10. Acceptance by the Crown Entity of Employee Benefits		
		The following liabilities and expenses have been assumed by the Crown Entity:		
----	----	Superannuation-defined benefit	77	57
----	----	Long Service Leave	1,303	1,186
----	----		1,380	1,243
		11. Other Revenue		
		Other Revenue comprises the following:-		
1	3	Sale of Merchandise, Old Wares and Books	1	3
14	2	Sponsorship	14	2
----	11	Unclaimed Deposits	----	11
210	20	Other	210	20
225	36		225	36

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
12. Gain / (Loss) on Disposal				
109	51	Property, Plant and Equipment	109	51
(39)	(18)	Accumulated Depreciation	(39)	(18)
70	33	Written Down Value	70	33
17	24	Proceeds from Disposal	17	24
(53)	(9)	Gain/(Loss) on Disposal of Property, Plant and Equipment	(53)	(9)
-----	-----	Gain/(Loss) on Disposal of Financial Assets at Fair Value	-----	-----
-----	-----	Gain/(Loss) on Disposal of Intangible Assets	-----	-----
-----	-----	Gain/(Loss) on Disposal of Assets Held for Sale	-----	-----
(53)	(9)	Total Gain/(Loss) on Disposal	(53)	(9)

13. Service Groups of the Institute

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 Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
14. Cash and Cash Equivalents				
1,662	9,632	Cash at Bank and On Hand	1,662	9,632
1,662	9,632		1,662	9,632
<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 & 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>				
1,662	9,632	Cash and Cash Equivalents (per Statement of Financial Position)	1,662	9,632
1,662	9,632	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	1,662	9,632

Refer to Note 27 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		15. Receivables		
		Current		
377	266	Sale of Goods and Services	377	266
382	276	Intra Health Receivables	382	276
218	305	Goods and Services Tax	218	305
230	---	Other Debtors	230	---
1,207	847	Sub Total	1,207	847
---	---	Less Allowance for Impairment	---	---
1,207	847	Sub Total	1,207	847
185	---	Prepayments	185	---
1,392	847		1,392	847

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 27.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
16. Property, Plant and Equipment				
Plant and Equipment - Fair Value*				
1,637	1,671	Gross Carrying Amount	1,637	1,671
1,075	859	Less: Accumulated Depreciation and Impairment	1,075	859
<u>562</u>	<u>812</u>	Net Carrying Amount	<u>562</u>	<u>812</u>
Leasehold Improvements - Fair Value*				
689	580	Gross Carrying Amount	689	580
278	228	Less: Accumulated Depreciation and Impairment	278	228
<u>411</u>	<u>352</u>	Net Carrying Amount	<u>411</u>	<u>352</u>
<u>973</u>	<u>1,164</u>	Total Property, Plant and Equipment At Net Carrying Amount	<u>973</u>	<u>1,164</u>

* For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

17. 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 period is set out below:

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2016			
Net carrying amount at start of year	812	352	1,164
Additions	123	109	232
Disposals	(70)	----	(70)
Transfers within NSW Health Entities through Statement of Comprehensive Income	(32)	----	(32)
Depreciation Expense	(271)	(50)	(321)
Net carrying amount at end of year	562	411	973

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2015			
Net carrying amount at start of year	1,148	243	1,391
Additions	29	164	193
Disposals	(33)	----	(33)
Depreciation Expense	(289)	(98)	(387)
Reclassifications	(43)	43	----
Net carrying amount at end of year	812	352	1,164

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
		18. Intangible Assets		
		Intangibles		
1,180	1,180	Cost (Gross Carrying Amount)	1,180	1,180
<u>924</u>	<u>688</u>	Less Accumulated Amortisation and Impairment	<u>924</u>	<u>688</u>
<u>256</u>	<u>492</u>	Net Carrying Amount	<u>256</u>	<u>492</u>
<u>256</u>	<u>492</u>	Total Intangible Assets at Net Carrying Amount	<u>256</u>	<u>492</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT & CONSOLIDATION

19. Intangibles - Reconciliation

	Intangibles \$000	Total \$000
2016		
Net carrying amount at start of year	492	492
Amortisation (Recognised in Depreciation and Amortisation)	(236)	(236)
Net carrying amount at end of year	256	256

	Intangibles \$000	Total \$000
2015		
Net carrying amount at start of year	728	728
Amortisation (Recognised in Depreciation and Amortisation)	(236)	(236)
Net carrying amount at end of year	492	492

Health Education and Training Institute
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for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
		20. Payables		
		Current		
----	----	Accrued Salaries, Wages and On-Costs	150	507
----	----	Taxation and Payroll Deductions	179	19
329	526	Accrued Liability - Purchase of Personnel Services	----	----
1,033	536	Creditors	1,033	536
		Other Creditors		
		- Intra Health Liability	1,558	2,000
1,558	2,000	- Other	2,068	669
2,068	669	- Goods and Services Tax	----	----
----	----		----	----
4,988	3,731		4,988	3,731

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 27.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016 \$000	2015 \$000		2016 \$000	2015 \$000
21. Provisions				
Current				
----	----	Annual Leave - Short Term Benefit	1,242	910
----	----	Annual Leave - Long Term Benefit	366	504
----	----	Long Service Leave Consequential On-Costs	285	202
1,893	1,616	Provision for Personnel Services Liability	----	----
1,893	1,616		1,893	1,616
Non-Current				
----	----	Long Service Leave Consequential On-Costs	25	18
25	18	Provision for Personnel Services Liability	----	----
25	18		25	18
Aggregate Employee Benefits and Related On-Costs				
----	----	Provisions - Current	1,893	1,616
----	----	Provisions - Non-Current	25	18
----	----	Accrued Salaries, Wages and On-Costs (Note 20)	329	526
2,247	2,160	Liability - Purchase of Personnel Services	----	----
2,247	2,160		2,247	2,160
22. Other Liabilities				
Current				
449	926	Income in Advance	449	926
449	926		449	926

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT		CONSOLIDATION	
2016 \$000	2015 \$000	2016 \$000	2015 \$000
23. Commitments for Expenditure			
Future non-cancellable operating lease rentals not provided for and payable:			
-----	-----	-----	-----
Total Operating Lease Commitments (Including GST)			
=====	=====	=====	=====

HETI has entered into cancellable building leases with the Ministry of Health for Buildings 7, 8, 12 and 13 at Gladesville Hospital

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24. Contingent Liabilities and Assets

Workers Compensation Hindsight Adjustment

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 the Institute to reliably quantify the hindsight benefit to be received or amount payable.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

PARENT			CONSOLIDATION	
2016	2015		2016	2015
\$000	\$000		\$000	\$000
25. Reconciliation of Cash Flows from Operating Activities to Net Result				
(7,787)	2,438	Net Cash Flows from Operating Activities	(7,787)	2,438
(557)	(623)	Depreciation and Amortisation	(557)	(623)
478	545	(Increase)/ Decrease Income in Advance	478	545
(285)	(197)	(Increase)/ Decrease in Provisions	(285)	(197)
579	(43)	Increase / (Decrease) in Prepayments and Other Assets	579	(43)
(1,291)	2,655	(Increase)/ Decrease in Payables from Operating Activities	(1,291)	2,655
(53)	(9)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(53)	(9)
<u>(8,916)</u>	<u>4,766</u>	Net Result	<u>(8,916)</u>	<u>4,766</u>

Health Education and Training Institute
Notes to and forming part of the Financial Statements
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PARENT AND CONSOLIDATION

26. Adjusted Budget Review - Parent and Consolidated

Net Result

The actual Net Result was lower than adjusted budget by \$4 million, primarily due to:

The Ministry of Health's action to pay the Institute \$8.4 million less cash than the budgeted NSW Ministry of Health Recurrent Allocation, resulting in a total cash payment of \$23.0 million compared to a budget of \$31.4 million.

The Institute's ability to provide services and manage liquidity in 2015-16 was not impacted by the lesser amount of Recurrent Allocation provided.

This \$8.4 million was offset by expense favourabilities achieved across various HETI programs (\$3.7m), and additional revenues received under the NSW Institute of Psychiatry Agreement (\$1.0m).

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 20 July 2015 are as follows:

	\$000
Initial Allocation	25,306
College of Nursing Contract	4,054
Nursing and Midwifery Scholarships	2,000
People Management Skills Program (PMSP)	1,886
Financial Management Essentials (FME)	1,079
Maternal and Child Health Program	500
ClinConnect Program	250
Nursing and Midwifery Short Courses	125
Allied Health Assistant Scholarship Program	40
Workplace Safety for Managers Education Module	35
Director of Advanced Training (Child and Adolescent Psychiatry)	29
Rural Generalist / General Practitioner Procedural Training Programs' (RG/GPPTPs), budget transfer to other health entities	(2,434)
Health Workforce Australia (HWA) Agreement adjustment	(1,484)
Other adjustment	(6)
	31,380
Balance as per Statement of Comprehensive Income	31,380

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2016

27. Financial Instruments

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

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

The Chief Executive 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 Institute, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee and the internal auditors on a regular basis.

(a) Financial Instrument Categories

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Financial Assets Class:	Category	Carrying Amount 2016 \$000	Carrying Amount 2015 \$000
Cash and Cash Equivalents (note 14)	N/A	1,662	9,632
Receivables (note 15)*	Loans and receivables (at amortised cost)	989	542
		2,651	10,174
Financial Liabilities			
Payables (note 20)**	Financial liabilities measured at amortised cost	4,809	3,712
		4,809	3,712

Notes

* 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)

27. Financial Instruments

(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 Institute. 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 Institute, including cash, receivables and authority deposits. No collateral is held by the Institute. The Institute has not granted any financial guarantees.

Credit risk associated with the Institute'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.

Cash

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 3.0% in 2015/16 compared to 3.2% in the previous year.

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 Institute 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 Institute is 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: \$0.455 million; 2015: \$0.408 million) and not more than 3 months past due (2016: \$Nil; 2015: \$0.114 million) are not considered impaired. Together these represent 100% of the total trade debtors.

Financial assets that are past due or impaired could be either 'Sales of Goods and Services' or 'Other Debtors' in the 'Receivables' category of the Statement of Financial Position.

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$000	\$000	\$000
2016			
<3 months overdue	----	----	----
3 months - 6 months overdue	----	----	----
> 6 months overdue	----	----	----
2015			
<3 months overdue	114	114	----
3 months - 6 months overdue	----	----	----
> 6 months overdue	----	----	----

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.

27. Financial Instruments

(c) Liquidity Risk

Liquidity risk is the risk that the Institute will be unable to meet its payment obligations when they fall due. The Institute 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 Institute 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 Institute 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 Institute 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 (refer Note 1).

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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27. Financial Instruments

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

Maturity Analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Interest Rate	Interest Rate Exposure			Maturity Dates		
		Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr
		\$000	\$000	\$000	\$000	\$000	\$000
2016							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		150	----	----	150	150	----
- Creditors		4,659	----	----	4,659	4,659	----
		<u>4,809</u>	----	----	<u>4,809</u>	<u>4,809</u>	----
2015							
Payables:							
- Accrued Salaries Wages, On-Costs and Payroll Deductions		507	----	----	507	507	----
- Creditors		3,205	----	----	3,205	3,205	----
		<u>3,712</u>	----	----	<u>3,712</u>	<u>3,712</u>	----

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 Institute 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.

27. Financial Instruments

(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 Institute's exposures to market risk are primarily through interest rate risk on the Institute's interest bearing liabilities. The Institute 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 Institute 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 Institute's interest bearing liabilities.

However, the Institute 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 therefore are generally not affected by fluctuations in market rates. The Institute does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of interest rates would not affect profit or loss or equity.

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 will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

	Carrying Amount \$000	-1% Net Result	Equity	+1% Net Result	Equity
2016					
Financial Assets					
Cash and Cash Equivalents	1,662	(17)	(17)	17	17
Receivables	989	----	----	----	----
Financial Liabilities					
Payables	4,809	----	----	----	----
2015					
Financial Assets					
Cash and Cash Equivalents	9,632	(96)	(96)	96	96
Receivables	542	----	----	----	----
Financial Liabilities					
Payables	3,712	----	----	----	----

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28. Events after the Reporting Period

In July 2016, iCare Self Insurance advised of the Treasury Managed Fund workers compensation insurance hindsight adjustment calculations for the 2010/11 and 2012/13 policy years. This did not impact on the Institute and as such, the Institute did not recognise a hindsight refund (revenue) as a receivable at 30 June 2016

There has not been any matters arising subsequent to balance date that would require these financial statements to be amended.

END OF AUDITED FINANCIAL STATEMENTS