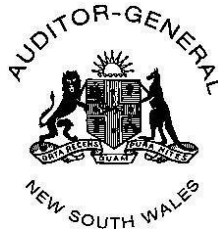


# **Health Education & Training Institute (HETI)**

## **Financial Statements**

for the year ended 30 June 2017



## 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 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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 2017, 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 *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 the standards are 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 requirements of the:

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

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing 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 – Presentation of Budget Information**

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.

## **The Chief Executive's Responsibility for the Financial Statements**

The Chief Executive is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of financial statements that 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 except where operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must, disclose, as applicable, matters related to going concern and the appropriateness of 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 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/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). 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
- about any other information which may have been hyperlinked to/from the financial statements.



Chris Clayton  
Director, Financial Audit Services

25 September 2017  
SYDNEY

**Health Education and Training Institute  
Certification of the Financial Statements  
for the year ended 30 June 2017**

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 2017 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 Regulation 2015 (the Act); and
  - c) Financial Reporting Directions issued by the Treasurer under the Act.
- 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 2017



**Health Education and Training Institute**  
**Statement of Financial Position as at 30 June 2017**

PARENT							CONSOLIDATION		
Actual	Adjusted Budget Unaudited	Actual		Notes	Actual	Adjusted Budget Unaudited	Actual		
2017 \$000	2017 \$000	2016 \$000			2017 \$000	2017 \$000	2016 \$000		
			<b>ASSETS</b>						
			<b>Current Assets</b>						
5,012	1,662	1,662			5,012	1,662	1,662		
1,633	1,391	1,392		13	1,633	1,391	1,392		
<u>6,645</u>	<u>3,053</u>	<u>3,054</u>			<u>6,645</u>	<u>3,053</u>	<u>3,054</u>		
<b>6,645</b>	<b>3,053</b>	<b>3,054</b>			<b>6,645</b>	<b>3,053</b>	<b>3,054</b>		
			<b>Total Current Assets</b>						
			<b>Non-Current Assets</b>						
1,267	218	562			1,267	218	562		
383	411	411		15	383	411	411		
1,650	629	973		16	1,650	629	973		
111	256	256		17	111	256	256		
<u>1,761</u>	<u>885</u>	<u>1,229</u>			<u>1,761</u>	<u>885</u>	<u>1,229</u>		
<b>8,406</b>	<b>3,938</b>	<b>4,283</b>			<b>8,406</b>	<b>3,938</b>	<b>4,283</b>		
			<b>LIABILITIES</b>						
			<b>Current Liabilities</b>						
3,512	5,039	4,988			3,512	5,039	4,988		
2,102	1,929	1,893		19	2,102	1,929	1,893		
386	449	449		20	386	449	449		
<u>6,000</u>	<u>7,417</u>	<u>7,330</u>		21	<u>6,000</u>	<u>7,417</u>	<u>7,330</u>		
			<b>Total Current Liabilities</b>						
			<b>Non-Current Liabilities</b>						
23	24	25			23	24	25		
<u>23</u>	<u>24</u>	<u>25</u>		20	<u>23</u>	<u>24</u>	<u>25</u>		
<b>6,023</b>	<b>7,441</b>	<b>7,355</b>			<b>6,023</b>	<b>7,441</b>	<b>7,355</b>		
			<b>Total Liabilities</b>						
			<b>Net Assets</b>						
<u>2,383</u>	<u>(3,503)</u>	<u>(3,072)</u>			<u>2,383</u>	<u>(3,503)</u>	<u>(3,072)</u>		
			<b>EQUITY</b>						
2,383	(3,503)	(3,072)			2,383	(3,503)	(3,072)		
<u>2,383</u>	<u>(3,503)</u>	<u>(3,072)</u>			<u>2,383</u>	<u>(3,503)</u>	<u>(3,072)</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 2017**

PARENT AND CONSOLIDATION	Notes	Accumulated Funds	Total
		\$000	\$000
Balance at 1 July 2016		(3,072)	(3,072)
Total Equity at 1 July 2016		<u>(3,072)</u>	<u>(3,072)</u>
Net Result for the year		1,401	1,401
Total Other Comprehensive Income		-----	-----
Total Comprehensive Income for the year		<u>1,401</u>	<u>1,401</u>
<b>Transactions With Owners In Their Capacity As Owners</b>			
Increase/(Decrease) in Net Assets From Equity Transfers	25	4,054	4,054
Balance at 30 June 2017		<u><u>2,383</u></u>	<u><u>2,383</u></u>
Balance at 1 July 2015		5,844	5,844
Total Equity at 1 July 2015		<u>5,844</u>	<u>5,844</u>
Net Result for the year		(8,916)	(8,916)
Total Other Comprehensive Income		-----	-----
Total Comprehensive Income for the year		<u>(8,916)</u>	<u>(8,916)</u>
Balance at 30 June 2016		<u><u>(3,072)</u></u>	<u><u>(3,072)</u></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 2017

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2017 \$000	2017 \$000	2016 \$000		2017 \$000	2017 \$000	2016 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
----	----	----	Employee Related	(18,356)	(15,816)	(17,671)
(12,897)	(15,018)	(11,590)	Grants and Subsidies	(12,897)	(15,018)	(11,590)
(35,882)	(33,216)	(28,539)	Other	(17,526)	(17,400)	(10,868)
<u>(48,779)</u>	<u>(48,234)</u>	<u>(40,129)</u>	<b>Total Payments</b>	<u>(48,779)</u>	<u>(48,234)</u>	<u>(40,129)</u>
<b>Receipts</b>						
37,845	40,511	23,035	NSW Ministry of Health Recurrent Allocations	37,845	40,511	23,035
----	77	77	NSW Ministry of Health Capital Allocations	----	77	77
151	151	278	Reimbursements from the Crown Entity	151	151	278
4,942	2,421	3,726	Sale of Goods and Services	4,942	2,421	3,726
----	----	4	Interest Received	----	----	4
3,785	3,441	4,339	Grants and Contributions	3,785	3,441	4,339
1,739	1,710	883	Other	1,739	1,710	883
<u>48,462</u>	<u>48,311</u>	<u>32,342</u>	<b>Total Receipts</b>	<u>48,462</u>	<u>48,311</u>	<u>32,342</u>
<u>(317)</u>	<u>77</u>	<u>(7,787)</u>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>(317)</u>	<u>77</u>	<u>(7,787)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
----	----	17	Proceeds from Sale of Property, Plant & Equipment and Intangibles	----	----	17
(85)	(77)	(200)	Purchases of Property, Plant & Equipment and Intangibles	(85)	(77)	(200)
<u>(85)</u>	<u>(77)</u>	<u>(183)</u>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(85)</u>	<u>(77)</u>	<u>(183)</u>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>						
----	----	----	<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(402)	----	(7,970)
(402)	----	(7,970)	Opening Cash and Cash Equivalents	1,662	1,662	9,632
1,662	1,662	9,632	Cash Transferred In/(Out) as a Result of Administrative Restructuring	3,752	----	----
3,752	----	----		----	----	----
<u>5,012</u>	<u>1,662</u>	<u>1,662</u>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>5,012</u>	<u>1,662</u>	<u>1,662</u>

The accompanying notes form part of these financial statements.



Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2017

**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 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 Institute is a NSW Government entity and is controlled by the NSW Ministry of Health, which is the immediate parent. The Institute is also controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent. The Institute is a not-for-profit entity (as profit is not its principal objective).

The Health Legislation Amendment Bill 2016 (the Bill) passed by NSW parliament on 21 September 2016 facilitated the transfer of assets, rights and liabilities of New South Wales Institute of Psychiatry (NSWIOP) to the Institute effective 1 January 2017. Further information on the transfer is disclosed in Note 25.

These consolidated financial statements for the year ended 30 June 2017 have been authorised for issue by the Chief Executive on 22 September 2017.

**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 (the Act), and the Financial Reporting Directions issued by the Treasurer under the Act. The financial statements comply with the NSW Treasury mandates Circular 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, have agreed to 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 assumption 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.

**d) Statement of Compliance**

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

**1. Summary of Significant Accounting Policies**

**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 NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance 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 15.8% are applied to the value of leave payable at 30 June 2017 (comparable on-costs for 30 June 2016 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, which is a controlled entity of the ultimate parent.

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 employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's 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 (TMF) Scheme of self insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare), a controlled entity of the ultimate parent.

**g) Finance Costs**

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

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2017

**1. Summary of Significant Accounting Policies**

**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.

*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, the immediate parent, 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.

Most assets are acquired from Health Administration Corporation, a controlled entity of the immediate parent.

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.

Refer to Note 1(w) for assets transferred as a result of equity transfer.

Land and buildings are owned by the Health Administration Corporation, an entity controlled by the immediate parent. Land and buildings which are operated/occupied by the Institute are deemed to be controlled by the Institute and are reflected as such in the financial statements.

**k) Capitalisation Thresholds**

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

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2017

**1. Summary of Significant Accounting Policies**

**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:

	<b>2017</b>	<b>2016</b>
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	10.0%	20.0%

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

**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.

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.

Computer software developed or acquired by the Institute are recognised as intangible assets and are amortised over seven years using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. Most computer software is acquired from the Health Administration Corporation, a controlled entity of the parent.

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.

**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.

**1. Summary of Significant Accounting Policies**

**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.

**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.

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2017

**1. Summary of Significant Accounting Policies**

**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 entities controlled by the ultimate parent 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.

**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) Changes in Accounting Policy, including new or revised Australian Accounting Standards**

**(i) Effective for the first time in 2016-17**

The accounting policies applied in 2016-17 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:

*AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* extends the scope of AASB 124 *Related Party Disclosures* to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2017

**1. Summary of Significant Accounting Policies**

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

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW 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 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* applies to annual periods beginning on or after 1 January 2017. The standard amends AASB 107 *Statement of Cash Flows* to require additional disclosures regarding financing activities in the Statement of Cash Flows. The change is not expected to materially impact the financial statements.

*AASB 9 Financial Instruments* and *AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9* are applicable for reporting period on or after 1 January 2018. AASB 9 will replace AASB 139 *Financial Instruments: Recognition and Measurement* and establishes new principles for the financial reporting of financial assets, financial liabilities and hedge accounting. AASB 9 also introduces a forward-looking 'expected credit losses' impairment model, which may significantly impact the timing and amount of impairment recognition.

*AASB 16 Leases* applies to annual periods beginning on or after 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. The application of this standard will likely have a significant transitional impact as all leases, except short term (<12 months) and low value leases, brought on balance sheet.

*AASB 15 Revenue from Contracts with Customers* (and associated amending standards AASB 2014-5, AASB 2015-8, AASB 2016-3, AASB 2016-7 and AASB 2016-8) applies to annual periods beginning on or after 1 January 2019 for not-for-profit entities. AASB 15 establishes a contract-based five-step analysis of transactions to determine the nature, amount and timing of revenue arising from contracts with customers. This new standard requires revenue to be recognised when control of the goods or services are transferred to the customer at the transaction price. This may impact the timing of recognising certain revenue currently recognised by reference to the stage of completion of the transaction.

*AASB 1058 Income of Not-for-Profit Entities* applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

AASB 1058 also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 *Contributions* and is not expected to materially impact the financial statements.

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
<b>2. Employee Related</b>				
----	----	Salaries and Wages (including annual leave)	16,492	15,659
----	----	Superannuation - Defined Benefit Plans	73	77
----	----	Superannuation - Defined Contribution Plans	1,367	1,279
----	----	Long Service Leave	61	1,394
----	----	Redundancies	313	322
----	----	Workers' Compensation Insurance	47	51
<u>----</u>	<u>----</u>		<u>18,353</u>	<u>18,782</u>
<b>3. Personnel Services</b>				
16,492	15,659	Salaries and Wages	----	----
----	----	Superannuation - Defined Benefit Plans	----	----
1,367	1,279	Superannuation - Defined Contribution Plans	----	----
(7)	91	Long Service Leave	----	----
313	322	Redundancies	----	----
47	51	Workers' Compensation Insurance	----	----
<u>18,212</u>	<u>17,402</u>		<u>----</u>	<u>----</u>
<b>4. Other Operating Expenses</b>				
42	26	Advertising	42	26
50	41	Auditor's Remuneration - Audit of Financial Statements	50	41
636	818	Consultancies	636	818
2,814	2,558	Contractors (including Higher Education)	2,814	2,558
69	54	Domestic Supplies and Services	69	54
113	102	Food Supplies	113	102
24	----	Fuel, Light and Power	24	----
1,377	1,069	Information Management Expenses	1,377	1,069
8	8	Insurance	8	8
191	104	Maintenance (See 4(b) below)	191	104
53	72	Motor Vehicle Expenses	53	72
127	83	Postal and Telephone Costs	127	83
309	335	Printing and Stationery	309	335
13	27	Rates and Charges	13	27
413	420	Rental	413	420
670	217	Staff Related Costs	670	217
2,341	2,627	Training Expenses	2,341	2,627
1,182	1,097	Travel Related Costs	1,182	1,097
3,831	1,952	Other (See 4(a) below)	3,831	1,952
<u>14,263</u>	<u>11,610</u>		<u>14,263</u>	<u>11,610</u>



Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
<b>4. Other Operating Expenses</b>				
<b>a) Other Includes:</b>				
214	212	Corporate Support Services	214	212
7	6	Courier and Freight	7	6
3	61	Legal Services	3	61
89	31	Membership/Professional Fees	89	31
24	110	Quality Assurance/Accreditation	24	110
1	4	Security Services	1	4
813	313	Audiovisual	813	313
1,890	620	Other Management Services	1,890	620
790	595	Other Miscellaneous	790	595
<u>3,831</u>	<u>1,952</u>		<u>3,831</u>	<u>1,952</u>
<b>b) Reconciliation of Total Maintenance</b>				
24	16	Maintenance Contracts	24	16
155	79	New/Replacement Equipment under \$10,000	155	79
11	8	Repairs Maintenance/Non Contract	11	8
1	1	Other	1	1
<u>191</u>	<u>104</u>	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	<u>191</u>	<u>104</u>
<u>191</u>	<u>104</u>		<u>191</u>	<u>104</u>

Auditor's Remuneration was paid to The Audit Office of New South Wales, an entity controlled by the ultimate parent.

Corporate Support Services were paid to Health Administration Corporation, an entity controlled by the immediate parent.

Some Rental, Staff Related Costs and Training Expenses were paid to entities controlled by the immediate parent.

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
<b>5. Depreciation and Amortisation</b>				
217	271	Depreciation - Plant and Equipment	217	271
51	50	Depreciation - Leasehold Improvements	51	50
152	236	Amortisation - Intangible Assets	152	236
<b>420</b>	<b>557</b>		<b>420</b>	<b>557</b>
<b>6. Grants and Subsidies</b>				
39	----	Grants to Research Organisations	39	----
3,235	2,726	Grants paid to entities controlled by the immediate parent	3,235	2,726
1,228	983	Leadership Program	1,228	983
3,357	2,736	Scholarships & Sponsorships	3,357	2,736
1,942	4,168	NSW Nursing & Midwifery Education Contract	1,942	4,168
2,212	397	Other Grants	2,212	397
<b>12,013</b>	<b>11,010</b>		<b>12,013</b>	<b>11,010</b>

The majority of grants paid to entities controlled by the immediate parent were paid to:

- Sydney Local Health District
- Hunter New England Local Health District
- South Western Sydney Local Health District.

The majority of Leadership Program grants were paid to The Sydney Children's Hospitals Network, an entity controlled by the immediate parent.

The majority of Other Grants were paid to the former NSW Institute of Psychiatry (NSWIOP), an entity controlled by the ultimate parent.

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
<b>7. Sale of Goods and Services</b>				
560	245	Conference and Training Fees	560	245
2	----	Commercial Activities	2	----
13	9	Private Use of Motor Vehicles	13	9
1,722	3,044	NSW Institute of Psychiatry Agreement	1,722	3,044
487	----	Higher Education Course Fees	487	----
1,873	738	Other	1,873	738
<b>4,657</b>	<b>4,036</b>		<b>4,657</b>	<b>4,036</b>
<p>NSW Institute of Psychiatry (NSWIOP) Agreement revenue was earned from an entity controlled by the ultimate parent.</p> <p>The majority of Other revenue related to the development of learning modules and participant training fees; was earned from entities controlled by the immediate parent.</p>				
<b>8. Investment Revenue</b>				
----	4	Interest	----	4
6	----	Royalties	6	----
<b>6</b>	<b>4</b>		<b>6</b>	<b>4</b>

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
<b>9. Grants and Contributions</b>				
323	1,502	Commonwealth Government Grants	323	1,502
120	123	Cancer Institute Grants	120	123
3,235	2,629	Grants received from entities controlled by the immediate parent	3,235	2,629
79	85	Other Grants	79	85
<u>3,757</u>	<u>4,339</u>		<u>3,757</u>	<u>4,339</u>

The Cancer Institute is an entity controlled by the immediate parent.

The majority of Commonwealth Government grants that were received from entities controlled by the ultimate parent, were received from Department of Premier and Cabinet.

The majority of grants that were received from entities controlled by the immediate parent were received from South Eastern Sydney Local Health District.

**10. Acceptance by the Crown Entity of Employee Benefits**

The following liabilities and expenses have been assumed by the Crown Entity:

----	----	Superannuation-defined benefit	73	77
----	----	Long Service Leave	68	1,303
<u>-----</u>	<u>-----</u>		<u>141</u>	<u>1,380</u>

**11. Other Revenue**

Other Revenue comprises the following:-

1	----	Bad Debts Recovered	1	----
5	----	Lease and Rental*	5	----
----	1	Sale of Merchandise, Old Wares and Books	----	1
19	14	Sponsorship	19	14
26	210	Other	26	210
<u>51</u>	<u>225</u>		<u>51</u>	<u>225</u>

\*Some 'Lease and Rental' revenue was received from entities controlled by the immediate parent.

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		<b>12. Gain / (Loss) on Disposal</b>		
----	109	Property, Plant and Equipment	----	109
----	(39)	Accumulated Depreciation	----	(39)
-----	-----		-----	-----
-----	70	<b>Written Down Value</b>	-----	70
-----	17	Proceeds from Disposal	-----	17
-----	-----		-----	-----
-----	<b>(53)</b>	<b>Gain/(Loss) on Disposal of Property, Plant and Equipment</b>	-----	<b>(53)</b>
-----	-----		-----	-----
-----	-----	<b>Gain/(Loss) on Disposal of Financial Assets at Fair Value</b>	-----	-----
-----	-----		-----	-----
7	-----	Intangible Assets	7	-----
<b>(7)</b>	-----	<b>Gain/(Loss) on Disposal of Intangible Assets</b>	<b>(7)</b>	-----
-----	-----		-----	-----
-----	-----	<b>Gain/(Loss) on Disposal of Assets Held for Sale</b>	-----	-----
-----	-----		-----	-----
<b>(7)</b>	<b>(53)</b>	<b>Total Gain/(Loss) on Disposal</b>	<b>(7)</b>	<b>(53)</b>

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
<b>13. Cash and Cash Equivalents</b>				
5,012	1,662	Cash at Bank and On Hand	5,012	1,662
<u>5,012</u>	<u>1,662</u>		<u>5,012</u>	<u>1,662</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 &amp; 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>				
5,012	1,662	Cash and Cash Equivalents (per Statement of Financial Position)	5,012	1,662
<u>5,012</u>	<u>1,662</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>5,012</u>	<u>1,662</u>

*Refer to Note 26 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 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		<b>14. Receivables</b>		
		<b>Current</b>		
474	377	Sale of Goods and Services	474	377
290	382	Intra Health Receivables	290	382
366	218	Goods and Services Tax	366	218
11	230	Other Debtors	11	230
1,141	1,207	<b>Sub Total</b>	1,141	1,207
492	185	Prepayments	492	185
<b>1,633</b>	<b>1,392</b>		<b>1,633</b>	<b>1,392</b>

Majority of the Sale of Goods and Services include amounts receivable from entities controlled by the ultimate parent.

Intra Health Receivables include amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from:

- Agency for Clinical Innovation
- Western Sydney Local Health District

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 26.

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
<b>15. Property, Plant and Equipment</b>				
<b>Plant and Equipment - Fair Value*</b>				
2,562	1,637	Gross Carrying Amount	2,562	1,637
1,295	1,075	Less: Accumulated Depreciation and Impairment	1,295	1,075
<u>1,267</u>	<u>562</u>	Net Carrying Amount	<u>1,267</u>	<u>562</u>
<b>Leasehold Improvements - Fair Value*</b>				
709	689	Gross Carrying Amount	709	689
326	278	Less: Accumulated Depreciation and Impairment	326	278
<u>383</u>	<u>411</u>	Net Carrying Amount	<u>383</u>	<u>411</u>
<u>1,650</u>	<u>973</u>	<b>Total Property, Plant and Equipment At Net Carrying Amount</b>	<u>1,650</u>	<u>973</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  
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**PARENT & CONSOLIDATION**

**16. Property, Plant and Equipment - Reconciliation**

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	<b>Plant and Equipment \$000</b>	<b>Leasehold Improvements \$000</b>	<b>Total \$000</b>
<b>2017</b>			
Net carrying amount at start of year	562	411	973
Additions	65	20	85
Administrative Restructures - Transfers In/(Out)	860	----	860
Depreciation Expense	(217)	(51)	(268)
Reclassifications	(3)	3	----
Net carrying amount at end of year	<b>1,267</b>	<b>383</b>	<b>1,650</b>

	<b>Plant and Equipment \$000</b>	<b>Leasehold Improvements \$000</b>	<b>Total \$000</b>
<b>2016</b>			
Net carrying amount at start of year	813	352	1,165
Additions	122	109	231
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	<b>562</b>	<b>411</b>	<b>973</b>

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2017

PARENT			CONSOLIDATION	
2017	2016		2017	2016
\$000	\$000		\$000	\$000
<b>17. Intangible Assets</b>				
		<b>Intangibles</b>		
1,180	1,180	Cost (Gross Carrying Amount)	1,180	1,180
1,069	924	Less Accumulated Amortisation and Impairment	1,069	924
<u>111</u>	<u>256</u>	<b>Net Carrying Amount</b>	<u>111</u>	<u>256</u>
<u>111</u>	<u>256</u>	<b>Total Intangible Assets at Net Carrying Amount</b>	<u>111</u>	<u>256</u>

**PARENT & CONSOLIDATION**

**18. Intangible Assets - Reconciliation**

	Intangibles \$000	Total \$000
<b>2017</b>		
Net carrying amount at start of year	256	256
Disposals	(7)	(7)
Amortisation (Recognised in Depreciation and Amortisation)	(152)	(152)
Transfer from the NSW Institute of Psychiatry (NSWIOP)	14	14
<b>Net carrying amount at end of year</b>	<b>111</b>	<b>111</b>

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

Health Education and Training Institute  
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
		<b>19. Payables</b>		
		<b>Current</b>		
----	----	Accrued Salaries, Wages and On-Costs	202	150
----	----	Taxation and Payroll Deductions	204	179
406	329	Accrued Liability - Purchase of Personnel Services	----	----
638	1,033	Creditors	638	1,033
		Other Creditors		
1,996	1,558	- Payables to entities controlled by the immediate parent	1,996	1,558
----	----	- Goods and Services Tax	----	----
472	2,068	- Other	472	2,068
<b>3,512</b>	<b>4,988</b>		<b>3,512</b>	<b>4,988</b>

The majority of 'Payables to entities controlled by the immediate parent' relate to balances payable to the:

- Health Administration Corporation
- South Western Sydney Local Health District
- Sydney Local Health District

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 26.

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
<b>20. Provisions</b>				
<b>Current</b>				
----	----	Annual Leave - Short Term Benefit	1,415	1,242
----	----	Annual Leave - Long Term Benefit	373	366
----	----	Long Service Leave Consequential On-Costs	279	285
2,067	1,893	Provision for Personnel Services Liability	----	----
35	----	Other	35	----
<b>2,102</b>	<b>1,893</b>		<b>2,102</b>	<b>1,893</b>
<b>Non-Current</b>				
----	----	Long Service Leave Consequential On-Costs	23	25
23	25	Provision for Personnel Services Liability	----	----
<b>23</b>	<b>25</b>		<b>23</b>	<b>25</b>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
----	----	Provisions - Current	2,067	1,893
----	----	Provisions - Non-Current	23	25
----	----	Accrued Salaries, Wages and On-Costs (Note 19)	406	329
2,531	2,247	Liability - Purchase of Personnel Services	----	----
<b>2,531</b>	<b>2,247</b>		<b>2,496</b>	<b>2,247</b>
<b>21. Other Liabilities</b>				
<b>Current</b>				
386	449	Income in Advance	386	449
<b>386</b>	<b>449</b>		<b>386</b>	<b>449</b>

Most of the Income in Advance balance is made up of amounts received in advance from the Department of Education, which is an entity controlled by the ultimate parent.

Health Education and Training Institute  
Notes to and forming part of the Financial Statements  
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PARENT		CONSOLIDATION	
2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>22. Commitments for Expenditure</b>			
Future non-cancellable operating lease rentals not provided for and payable:			
-----	-----	-----	-----
<b>Total Operating Lease Commitments (Including GST)</b>			

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

The Health Administration Corporation entered into a Relocation Deed with UrbanGrowth NSW and Western Sydney Local Health District for the land and buildings at North Parramatta.

The Relocation Deed refers to the Institute as a Health Party of the Health Administration Corporation and is licensed to utilise the buildings at North Parramatta (Buildings 101, 102, 103) for the duration of the ten year licence term.

The Health Administration Corporation is responsible for the operating costs of the use of the buildings. Actual operating costs are not currently quantifiable with only estimates available.

The Institute is expected to receive funding to cover reasonable operating costs when incurred from the Ministry of Health on behalf of the Health Administration Corporation.

Health Education and Training Institute  
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PARENT			CONSOLIDATION	
2017 \$000	2016 \$000		2017 \$000	2016 \$000
<b>23. Reconciliation of Cash Flows from Operating Activities to Net Result</b>				
(317)	(7,787)	Net Cash Flows from Operating Activities	(317)	(7,787)
(420)	(557)	Depreciation and Amortisation	(420)	(557)
174	478	(Increase)/ Decrease Income in Advance	174	478
(14)	(285)	(Increase)/ Decrease in Provisions	(14)	(285)
181	579	Increase / (Decrease) in Prepayments and Other Assets	181	579
1,804	(1,291)	(Increase)/ Decrease in Payables from Operating Activities	1,804	(1,291)
(7)	(53)	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	(7)	(53)
<u>1,401</u>	<u>(8,916)</u>	<b>Net Result</b>	<u>1,401</u>	<u>(8,916)</u>

**PARENT AND CONSOLIDATION**

**24. Adjusted Budget Review - Parent and Consolidated**

**Net Result**

The actual Net Result was higher than adjusted budget by \$2 million, primarily due to:

The Ministry of Health's action to pay the Institute \$2.7 million less cash than the budgeted NSW Ministry of Health Recurrent Allocation, resulting in a total cash payment of \$37.8 million compared to a budget of \$40.5 million.

The Institute's ability to provide services and manage liquidity in 2016-17 was not impacted by the lesser amount of Recurrent Allocation provided.

This \$2.7 million was offset by expense favourabilities (\$1.7m), and additional revenues received (\$2.8m) across various programs.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 15 July 2016 are as follows:

	<b>\$000</b>
Initial Allocation	29,645
NSW Institute of Psychiatry (NSWIOP) Mental Health Education and Training Programs	3,329
Nursing & Midwifery Scholarships	2,000
College of Nursing Contract	1,904
People Management Skills Program (PMSP)	1,885
Financial Management Essentials (FME)	1,079
NSW Institute of Psychiatry (NSWIOP) Projects	563
Training and Support Unit for Aboriginal Mothers, Babies and Children (TSU)	750
Emergency Department Violence Prevention Management (EDVPM)	420
Nursing & Midwifery Enrolled Nursing (EN) Scholarships	211
Voluntary Redundancy Adjustment	205
Hospital Skills Program (HSP) Education Support	86
Nursing & Midwifery Short Courses	83
NSW Child and Adolescent Family Psychiatry (CAFP) Training	50
Discharge of the Well Neonate - Learning Module	49
Underdrawn Cash Adjustment	(2,666)
Rural Generalist / General Practitioner Procedural Training Programs' (RG/GPPTPs), budget transfer to other health entities	(1,748)
Balance as per Statement of Comprehensive Income	<b>37,845</b>

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**25. Increase/(Decrease) in Net Assets from Equity Transfers**

Nil equity transfers were effected in 2015/16.

The Health Legislation Amendment Bill 2016 (the Bill) was passed by NSW parliament on 21 September 2016, which includes provisions to repeal the NSW Institute of Psychiatry Act 1964 and abolish the NSWIOP. On 1 January 2017, proclamation of the repeal provisions came into effect and as a consequence, the NSWIOP has been dissolved and all assets, rights and liabilities were transferred to the Institute.

This was an administrative restructure, which has been treated as a contribution by owners and recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. The carrying value of assets and liabilities held by the NSWIOP as at 1 January 2017 approximated the fair value transferred to the Institute.

As required under Section 8.1 of TPP09-3 'Contributions by owners made to wholly-owned Public Sector Entities', an income statement for NSWIOP is disclosed below for the period up to 1 January 2017, including full prior year comparatives. The Institute did not recognise these revenues and expenses of those activities prior to the transfer.

<u>Income Statement</u>	<b>6 Months to 1 January 2017</b>	<b>12 Months to 30 June 2016</b>
	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>		
Grants and Contributions	1,664	3,283
Acceptance by the Crown Entity of Employee Benefits and Other Liabilities	-	6
Sales of Goods and Services	1,072	2,769
Investment Revenue	33	99
Other Revenue	6	22
	<u>2,775</u>	<u>6,179</u>
<b>Expenses excluding losses</b>		
Operating Expenses		
Personnel Services	130	365
Other Operating Expenses	3,305	5,447
Depreciation and Amortisation	49	93
	<u>3,484</u>	<u>5,905</u>
<b>Net Result</b>	<u>(709)</u>	<u>274</u>

**1 January 2017  
\$000**

**Assets and Liabilities transferred are as follows:**

**Assets**

Cash and Cash Equivalents	3,752
Receivables	33
Property, Plant and Equipment	860
Intangibles	14

**Liabilities**

Payables	(412)
Provisions	(193)

Net Assets	<u><u>4,054</u></u>
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Net assets transferred from NSWIOP to the Institute on 1 January 2017 as a result of this restructure is \$4.054 million.



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**26. 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 risks faced by the Institute, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

**(a) Financial Instrument Categories**

**PARENT AND CONSOLIDATION**

Financial Assets Class:	Category	Carrying Amount 2017 \$000	Carrying Amount 2016 \$000
Cash and Cash Equivalents (note 13)	N/A	5,012	1,662
Receivables (note 14)*	Loans and receivables (at amortised cost)	775	989
		<u>5,787</u>	<u>2,651</u>
<b>Financial Liabilities</b>			
Payables (note 19)**	Financial liabilities measured at amortised cost	3,106	4,659
		<u>3,106</u>	<u>4,659</u>

Notes

\* Excludes statutory receivables and prepayments (i.e. not within scope of AASB7 Financial Instruments Disclosures)

\*\*Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments Disclosures). In addition Accrued Salaries, Wages and On-Costs have been excluded as not within the scope of AASB7. Prior year comparatives have been restated as a result.

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**26. 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 2.0% in 2016/17 compared to 3.0% 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 (2017: \$0.350 million; 2016: \$0.455 million) and not more than 3 months past due (2017: \$0.2 million; 2016: \$Nil) are not considered impaired.

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 <sup>1,2</sup>	Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
	\$000	\$000	\$000
<b>2017</b>			
<3 months overdue	200	200	----
3 months - 6 months overdue	----	----	----
> 6 months overdue	1	1	----
<b>2016</b>			
<3 months overdue	----	----	----
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 AASB7 Financial Instruments Disclosures 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.

## 26. 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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**26. 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*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2017</b>							
Payables:							
- Creditors	3,106	----	----	3,106	3,106	----	----
	3,106	----	----	3,106	3,106	----	----
<b>2016</b>							
Payables:							
- Creditors	4,659	----	----	4,659	4,659	----	----
	4,659	----	----	4,659	4,659	----	----

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.

2 Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB 7 Financial Instruments: Disclosures. Prior year comparatives have been restated as a result.

## 26. 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 borrowings. The Institute has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result 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 2016. 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 net result 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	-1% Net Result	Equity	+1% Net Result	Equity
	\$000	\$000	\$000	\$000	\$000
<b>2017</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	5,012	(50)	(50)	50	50
Receivables	775	----	----	----	----
<b>Financial Liabilities</b>					
Payables*	3,106	----	----	----	----
<b>2016</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,662	(17)	(17)	17	17
Receivables	989	----	----	----	----
<b>Financial Liabilities</b>					
Payables*	4,659	----	----	----	----

\*Accrued Salaries Wages, On-Costs and Payroll Deductions have been excluded from payables as not within the scope of AASB7 Financial Instruments Disclosures. Prior year comparatives have been restated as a result.

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**27. Related Party Transactions**

**PARENT AND CONSOLIDATION**

During the financial year, Health Education and Training Institute obtained key management personnel services from the immediate parent and incurred \$352,488 for these services. \$352,488 is for short-term employee benefits.

Apart from the \$352,488 incurred, there were no other transactions with key management personnel and their close family members during the financial year.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the Ministry of Health and its controlled entities. Accordingly no such amounts are disclosed in this note.

Remuneration for the Secretary and Deputy Secretaries are paid by the Ministry of Health and is not reimbursed by the health entities. Accordingly no such amounts are disclosed in this note.

A one-off bank transfer of \$154,798 was made to the Crown Finance Entity (CFE), an entity controlled by the ultimate parent. This transfer was to recognise the acceptance of long service leave liabilities by the CFE after the abolishment of the NSWIOP and transfer of personnel from the NSWIOP to the Institute.

There were no other transactions with the ultimate parent during the financial year.

**28. Events After the Reporting Period**

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**