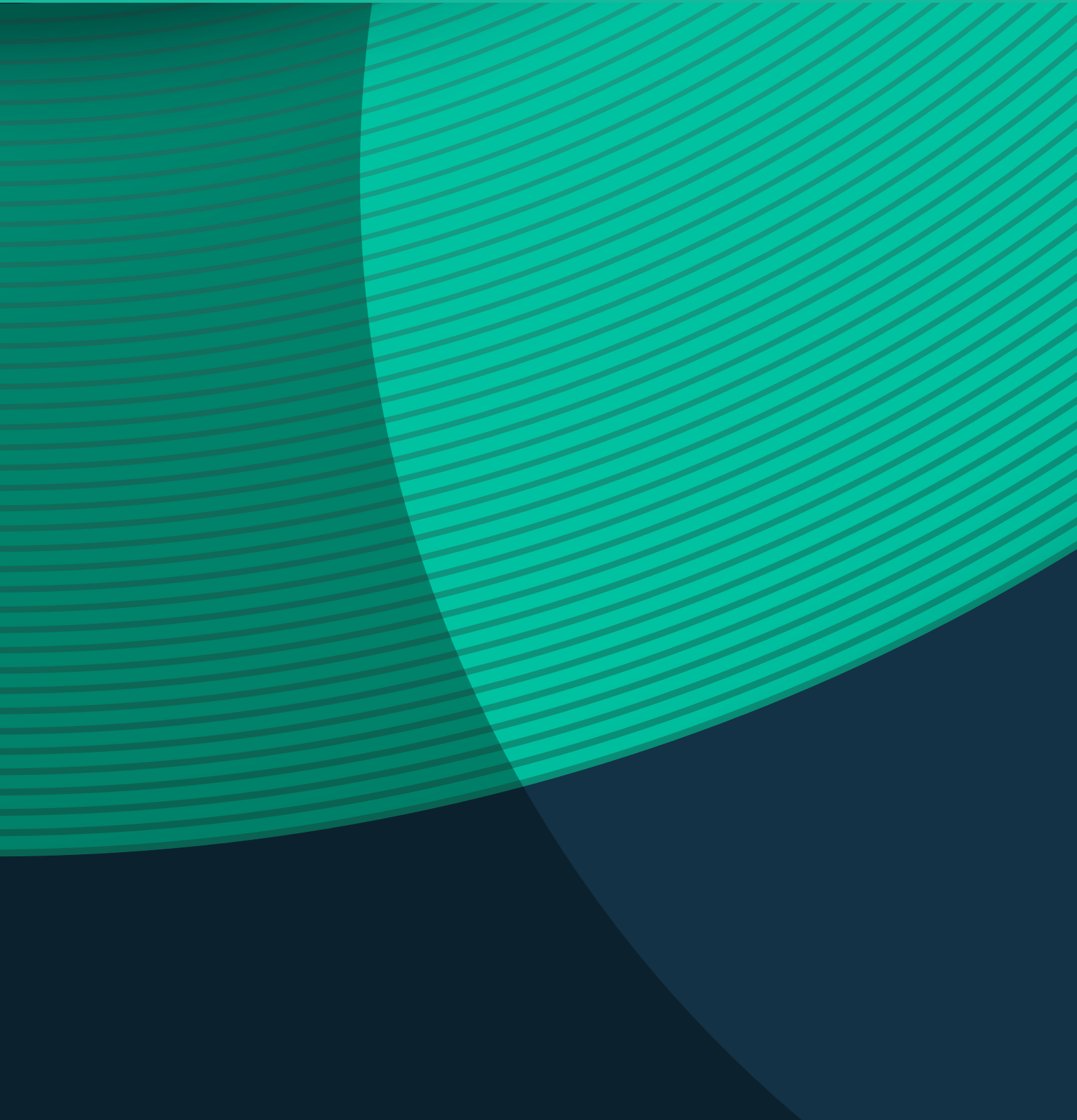


SECTION 5

# FINANCIAL REPORT





## INDEPENDENT AUDITOR'S REPORT

### Ministry of Health

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Ministry of Health (the Ministry), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of significant accounting policies and other explanatory information of the Ministry and the consolidated entity. The consolidated entity comprises the Ministry 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 Ministry and the consolidated entity as at 30 June 2018, 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 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 Ministry 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 fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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.

## Other Information

Other information comprises the information included in the annual report of the Ministry and the consolidated entity for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Secretary of the Ministry is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Certification of Financial Statements by the Secretary of NSW Health.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## Secretary's Responsibilities for the Financial Statements

The Secretary 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 Secretary determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Ministry and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will cease as a result of an administrative restructure.

## Auditor's Responsibilities 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
- 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: [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 Ministry 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.



Margaret Crawford  
Auditor-General of NSW

21 September 2018  
SYDNEY


**Ministry of Health**  
**Certification of Financial Statements**  
**for the year ended 30 June 2018**

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

- 1) The financial statements of the Ministry of Health for the year ended 30 June 2018 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*; and
  - c) Financial Reporting Directions mandated by the Treasurer.
- 2) The financial statements exhibit a true and fair view of the financial position for the Ministry of Health as at 30 June 2018 and the financial performance for the year then ended.
- 3) We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

  
Elizabeth Koff  
Secretary, NSW Health

17 September 2018

  
Daniel Hunter  
Deputy Secretary, Finance and Asset Management and  
Chief Financial Officer, NSW Health

17 September 2018

**Ministry of Health**  
**Statement of Comprehensive Income for the year ended 30 June 2018**

PARENT		CONSOLIDATED				
Actual 2018 \$'000	Actual 2017 \$'000		Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
<b>Expenses excluding losses</b>						
Operating expenses						
144,409	136,195	Employee related expenses	3	13,397,173	12,983,157	12,413,098
840,422	808,146	Other expenses	4	6,355,994	6,379,090	6,211,879
4,780	4,240	Depreciation and amortisation	5	787,086	803,028	751,226
17,857,597	16,667,757	Grants and subsidies	6	1,336,392	1,380,678	1,365,791
-	-	Finance costs	7	103,667	104,904	102,189
<b>18,847,208</b>	<b>17,616,338</b>	<b>Total expenses excluding losses</b>		<b>21,980,312</b>	<b>21,650,857</b>	<b>20,844,183</b>
<b>Revenue</b>						
12,151,989	11,705,694	Appropriations	8	12,151,989	12,179,464	11,705,694
5,080	6,365	Acceptance by the Crown Entity of employee benefits and other liabilities	12	546,253	355,613	311,956
192,020	190,153	Sale of goods and services	9	2,768,614	2,808,290	2,800,830
4,208	4,067	Investment revenue	10	34,721	39,630	36,036
6,261,745	5,840,736	Grants and other contributions	11	6,732,286	6,603,620	6,233,784
44,051	84,516	Other income	13	183,980	173,410	207,292
<b>18,659,093</b>	<b>17,831,531</b>	<b>Total revenue</b>		<b>22,417,843</b>	<b>22,160,027</b>	<b>21,295,592</b>
(6)	(18)	Gain / (loss) on disposal	14	(11,917)	1,800	(8,429)
-	743	Other gains / (losses)	15	(47,913)	(10,283)	(35,592)
<b>(188,121)</b>	<b>215,918</b>	<b>Net result</b>	36	<b>377,701</b>	<b>500,687</b>	<b>407,388</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to net result</b>						
-	-	Changes in revaluation surplus of property, plant and equipment	22	856,040	-	309,065
-	-	Changes in revaluation surplus of other assets	24	157	-	(2,083)
-	-	<b>Total other comprehensive income</b>		<b>856,197</b>	<b>-</b>	<b>306,982</b>
<b>(188,121)</b>	<b>215,918</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,233,898</b>	<b>500,687</b>	<b>714,370</b>

The accompanying notes form part of these financial statements.

**Ministry of Health**  
**Statement of Financial Position as at 30 June 2018**

PARENT		CONSOLIDATED				
Actual 2018 \$'000	Actual 2017 \$'000	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	
<b>ASSETS</b>						
<b>Current assets</b>						
368,065	603,427	17	1,313,267	1,272,934	1,808,201	
237,008	179,026	18	803,005	700,568	679,913	
59,868	59,261	19	206,191	157,888	193,526	
-	-	20	44,448	19,928	24,769	
5,000	6,560	21	314,786	-	-	
<u>669,941</u>	<u>848,274</u>		<u>2,681,697</u>	<u>2,151,318</u>	<u>2,706,409</u>	
-	-	25	40,943	4,290	6,734	
<b>669,941</b>	<b>848,274</b>		<b>2,722,640</b>	<b>2,155,608</b>	<b>2,713,143</b>	
<b>Non-current assets</b>						
-	-	18	11,851	10,707	10,799	
-	-	20	37,044	47,582	54,344	
17,972	21,047	21	-	-	-	
Property, plant and equipment						
123,731	126,442	22	14,918,855	15,102,383	13,547,046	
2,744	2,734	22	1,205,494	1,095,774	1,171,574	
680	740	22	463,618	339,306	403,918	
853	1,639	22	41,510	-	32,589	
<u>128,008</u>	<u>131,555</u>		<u>16,629,477</u>	<u>16,537,463</u>	<u>15,155,127</u>	
825	1,062	23	675,142	669,068	622,937	
-	-	24	62,203	61,937	56,055	
<u>146,805</u>	<u>153,664</u>		<u>17,415,717</u>	<u>17,326,757</u>	<u>15,899,262</u>	
<b>816,746</b>	<b>1,001,938</b>		<b>20,138,357</b>	<b>19,482,365</b>	<b>18,612,405</b>	
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
287,803	284,144	28	1,688,281	1,425,226	1,531,076	
-	-	29	18,591	24,303	21,470	
16,974	14,696	30	2,167,508	1,881,522	2,008,988	
2,427	2,427	31	27,432	39,429	34,546	
<u>307,204</u>	<u>301,267</u>		<u>3,901,812</u>	<u>3,370,480</u>	<u>3,596,080</u>	
<b>Non-current liabilities</b>						
-	-	29	1,101,560	1,052,916	1,096,100	
795	363	30	44,064	46,157	37,941	
46,121	48,548	31	95,581	105,957	120,842	
<u>46,916</u>	<u>48,911</u>		<u>1,241,205</u>	<u>1,205,030</u>	<u>1,254,883</u>	
<u>354,120</u>	<u>350,178</u>		<u>5,143,017</u>	<u>4,575,510</u>	<u>4,850,963</u>	
<b>462,626</b>	<b>651,760</b>		<b>14,995,340</b>	<b>14,906,855</b>	<b>13,761,442</b>	
<b>EQUITY</b>						
121,064	121,064		5,137,130	4,944,620	4,277,084	
341,562	530,696		9,858,210	9,962,235	9,484,358	
<u>462,626</u>	<u>651,760</u>		<u>14,995,340</u>	<u>14,906,855</u>	<u>13,761,442</u>	

The accompanying notes form part of these financial statements.

**Ministry of Health**  
**Statement of Changes in Equity for the year ended 30 June 2018**

PARENT	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$'000	\$'000	\$'000
Balance at 1 July 2017		530,696	121,064	651,760
Net result for the year		(188,121)	-	(188,121)
<b>Total comprehensive income for the year</b>		<b>(188,121)</b>	<b>-</b>	<b>(188,121)</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase/(decrease) in net assets from equity transfers	42	(1,013)	-	(1,013)
<b>Balance at 30 June 2018</b>		<b>341,562</b>	<b>121,064</b>	<b>462,626</b>
<b>Balance at 1 July 2016</b>				
		<b>160,365</b>	<b>121,064</b>	<b>281,429</b>
Net result for the year		215,918	-	215,918
<b>Total comprehensive income for the year</b>		<b>215,918</b>	<b>-</b>	<b>215,918</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase/(decrease) in net assets from equity transfers	42	154,413	-	154,413
<b>Balance at 30 June 2017</b>		<b>530,696</b>	<b>121,064</b>	<b>651,760</b>
<b>CONSOLIDATED</b>				
	Notes	Accumulated Funds	Asset Revaluation Surplus	Total
		\$'000	\$'000	\$'000
Balance at 1 July 2017		9,484,358	4,277,084	13,761,442
Net result for the year		377,701	-	377,701
<b>Other comprehensive income:</b>				
Net change in revaluation surplus of property, plant and equipment	22	-	856,040	856,040
Net change in revaluation surplus of other assets	24	-	157	157
Reclassification of revaluation decrements to accumulated funds on disposal of assets		(3,849)	3,849	-
<b>Total other comprehensive income</b>		<b>(3,849)</b>	<b>860,046</b>	<b>856,197</b>
<b>Total comprehensive income for the year</b>		<b>373,852</b>	<b>860,046</b>	<b>1,233,898</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase/(decrease) in net assets from equity transfers	42	-	-	-
<b>Balance at 30 June 2018</b>		<b>9,858,210</b>	<b>5,137,130</b>	<b>14,995,340</b>
<b>Balance at 1 July 2016</b>				
		<b>8,928,885</b>	<b>4,114,133</b>	<b>13,043,018</b>
Net result for the year		407,388	-	407,388
<b>Other comprehensive income:</b>				
Net change in revaluation surplus of property, plant and equipment	22	-	309,065	309,065
Net change in revaluation surplus of other assets	24	-	(2,083)	(2,083)
Reclassification of revaluation increments to accumulated funds on disposal of assets		144,031	(144,031)	-
<b>Total other comprehensive income</b>		<b>144,031</b>	<b>162,951</b>	<b>306,982</b>
<b>Total comprehensive income for the year</b>		<b>551,419</b>	<b>162,951</b>	<b>714,370</b>
<b>Transactions with owners in their capacity as owners</b>				
Increase/(decrease) in net assets from equity transfers	42	4,054	-	4,054
<b>Balance at 30 June 2017</b>		<b>9,484,358</b>	<b>4,277,084</b>	<b>13,761,442</b>

The accompanying notes form part of these financial statements.



Ministry of Health  
Statement of Cash Flows for the year ended 30 June 2018

PARENT		CONSOLIDATED				
Actual 2018 \$'000	Actual 2017 \$'000	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
(141,545)	(136,888)	Employee related	(12,894,766)	(12,747,059)	(12,135,258)	
(893,361)	(867,518)	Suppliers for goods and services	(7,032,802)	-	(6,829,698)	
(17,937,842)	(16,731,990)	Grants and subsidies	(1,501,995)	(1,380,678)	(1,527,380)	
-	-	Finance costs	(103,667)	(104,904)	(101,854)	
-	-	Other	-	(7,239,145)	-	
<u>(18,972,748)</u>	<u>(17,736,396)</u>	<b>Total payments</b>	<u>(21,533,230)</u>	<u>(21,471,786)</u>	<u>(20,594,190)</u>	
<b>Receipts</b>						
12,151,989	11,705,694	Appropriations	12,151,989	12,179,464	11,705,694	
4,543	6,812	Reimbursements from the Crown Entity	224,038	-	209,708	
40,903	194,651	Sale of goods and services	2,556,501	2,787,590	2,821,701	
4,208	4,067	Interest received	29,411	39,630	29,422	
-	-	Retained taxes, fees and fines	-	(10,283)	-	
6,298,860	5,844,991	Grants and other contributions	7,078,469	6,603,620	6,483,221	
230,313	224,694	Other	833,947	1,273,208	894,932	
<u>18,730,816</u>	<u>17,980,909</u>	<b>Total receipts</b>	<u>22,874,355</u>	<u>22,873,229</u>	<u>22,144,678</u>	
<u>(241,932)</u>	<u>244,513</u>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>1,341,125</u>	<u>1,401,443</u>	<u>1,550,488</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
3,017	155,126	Proceeds from sale of property, plant and equipment and intangibles	15,287	16,800	189,525	
-	-	Proceeds from sale of financial assets	59,115	-	45,900	
(1,085)	(487)	Purchases of property, plant and equipment and intangibles	(1,536,762)	(1,449,981)	(1,330,780)	
-	-	Purchases of financial assets	(376,280)	-	(49,013)	
4,638	4,417	Other	-	(96,218)	-	
<u>6,570</u>	<u>159,056</u>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(1,838,640)</u>	<u>(1,529,399)</u>	<u>(1,144,368)</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
-	-	Proceeds from borrowings and advances	23,410	-	7,588	
-	-	Repayment of borrowings and advances	(20,829)	(19,518)	(5,585)	
<u>-</u>	<u>-</u>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>2,581</u>	<u>(19,518)</u>	<u>2,003</u>	
(235,362)	403,569	<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(494,934)	(147,474)	408,123	
603,427	199,277	Opening cash and cash equivalents	1,808,201	1,420,408	1,396,326	
-	581	Cash transferred in as a result of administrative restructuring	-	-	3,752	
<u>368,065</u>	<u>603,427</u>	<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>1,313,267</u>	<u>1,272,934</u>	<u>1,808,201</u>	

The accompanying notes form part of these financial statements.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**1. The reporting entity**

The Ministry of Health (the Ministry or the parent entity) is a NSW government entity and is controlled by the State of NSW, which is the immediate and ultimate parent. The Ministry is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Ministry of Health, as a reporting entity, comprises all the entities under its control, namely the Local Health Districts ("LHDs") established from 1 January 2011, as well as entities constituted under the *Health Services Act 1997* which includes the following:

- Central Coast Local Health District
- Far West Local Health District
- Hunter New England Local Health District
- Illawarra Shoalhaven Local Health District
- Mid North Coast Local Health District
- Murrumbidgee Local Health District
- Nepean Blue Mountains Local Health District
- Northern NSW Local Health District
- Northern Sydney Local Health District
- South Eastern Sydney Local Health District
- South Western Sydney Local Health District
- Southern NSW Local Health District
- Sydney Local Health District
- The Sydney Children's Hospitals Network
- Western NSW Local Health District
- Western Sydney Local Health District
- Agency for Clinical Innovation
- Bureau of Health Information
- Cancer Institute NSW
- Clinical Excellence Commission
- Justice Health and Forensic Mental Health Network
- Health Education and Training Institute
- Albury Wodonga Health Employment Division
- Graythwaite Trust (per Supreme Court order)
- Albury Base Hospital
- Health Administration Corporation

The Health Administration Corporation includes the operations of the;

- Ambulance Service of NSW
- HealthShare NSW
- Health Infrastructure
- NSW Health Pathology
- eHealth NSW
- Health System Support Group

The Ministry of Health and its controlled entities are collectively referred to as the consolidated entity or NSW Health.

In the process of preparing the consolidated financial statements for the economic entity, 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.

These financial statements for the year ended 30 June 2018 have been authorised for issue by the Secretary on 17 September 2018.

**2. Statement of significant accounting policies**

**a) Basis of preparation**

The consolidated financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and Financial Reporting Directions mandated by the Treasurer.

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

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements. These financial statements are prepared on a going concern basis.

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

**b) Principles of consolidation**

The consolidated financial statements include the financial statements of the parent and its controlled entities at 30 June 2018 and the net result of the parent and its controlled entities for the year ended 30 June 2018.

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

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

**c) Comparative information**

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

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**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 and wages, annual leave, sick leave, allocated days off (ADO) 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 and ADO are 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 (calculated using 7.9% to 13.2% of the nominal value of annual leave (30 June 2017: 7.9% to 13.2%)) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave and ADO are classified as a current liability even where the consolidated entity does not expect to settle the liability within 12 months as the consolidated entity does not have an unconditional right to defer settlement.

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 consolidated entity'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 an entity controlled by the ultimate parent. The consolidated entity 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 and other liabilities'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the consolidated entity as shown in Note 30.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year 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 are recognised when the consolidated entity 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. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

**f) Insurance**

The consolidated entity'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 claim experience. The TMF is managed by Insurance and Care NSW ("iCare"), an entity controlled by the ultimate parent.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**g) Grants and subsidies**

Grants and subsidies expense generally comprise contributions of cash or in kind to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grant and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

**h) Finance costs**

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. 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 NSW General Government Sector entities.

**i) 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 consolidated entity 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).

*Grants and other contributions*

Grants and contributions, comprising mainly cash and in-kind contributions, are recognised as revenues when control passes to the consolidated entity and the contractual obligations have been satisfied. In-kind contributions are measured at fair value on transfer date.

*Patient Fees*

Patient fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the Ministry of Health. Revenue is recognised on an accrual basis, when the service has been provided to the patient.

*Highly specialised drugs*

Revenue for highly specialised drugs is paid by the Commonwealth in accordance with the terms of the Commonwealth agreement through Medicare and reflects the recoupment of costs incurred under Section 100 of the *National Health Act 1953* for highly specialised drugs. The agreement provides for the provision of medicines for the treatment of chronic conditions where specific criteria are met in respect of day admitted patients, non admitted patients or patients on discharge. Revenue is recognised when the drugs have been provided to the patient.

*Motor Accident third party*

A bulk billing agreement exists in which motor vehicle insurers effect payment directly to NSW Health for the hospital costs for those persons hospitalised or attending for inpatient treatment as a result of motor vehicle accidents. The consolidated entity recognises the revenue on an accruals basis from the time the patient is treated or admitted into hospital.

*Department of Veterans' Affairs*

An agreement between the Commonwealth Department of Veterans' Affairs and the Ministry allows for the provision of health services to entitled veterans. Revenue from admitted patients is recognised on an accruals basis by reference to patient admissions, while non-admitted revenues are recognised by way of a block grant received from the Commonwealth.

*Investment revenue*

Interest revenue is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

*Infrastructure fees*

Specialist doctors with rights of private practice are subject to an infrastructure charge including service charges where applicable for the use of hospital facilities at rates determined by the Ministry. Charges consist of two components:

- a monthly charge raised by the Local Health District based on a percentage of receipts generated
- the residual of the Private Practice Trust Fund at the end of each financial year, such sum being credited for consolidated entity use in the advancement of the consolidated entity or individuals within it.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**i) Income recognition (continued)**

*Use of outside facilities*

The consolidated entity uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities.

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

*Appropriations*

Appropriations are received from the Consolidated Fund (within the Crown Entity), an entity controlled by the ultimate parent. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year-end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

*Revenues/expenses of Affiliated Health Organisations*

General operating expenses/revenues of Affiliated Health Organisations have only been included in the Statement of Comprehensive Income prepared to the extent of the cash payments made to the Affiliated Health Organisations concerned. The consolidated entity is not deemed to own or control the various assets/liabilities of the Affiliated Health Organisations and such amounts have been excluded from the Statement of Financial Position. Any exceptions are specifically listed in the notes that follow.

**j) Accounting for Goods & Services Tax ("GST")**

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

- amount of GST incurred by the consolidated entity 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 is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

**k) Interstate patient flows**

Interstate patient flows are funded through the NSW State Pool Account, based on activity and consistent with the price determined in the Service Level Agreement.

The cost of NSW residents treated in other States and Territories is similarly calculated and disclosed in Note 4.

**l) Acquisition of property, plant and equipment**

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

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

Land and buildings which are owned by the Health Administration Corporation, which is a controlled entity, or the State and operated by the Ministry and its controlled entities are deemed to be controlled by the Ministry and its controlled entities and are recognised as such in the financial statements.

**m) Capitalisation thresholds**

Property, plant and equipment and intangible assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**n) Depreciation of property, plant and equipment**

Except for certain non depreciable assets, 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 Ministry and its controlled entities. Land is not a depreciable asset.

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

Artwork	5.0%
Buildings	2.5%
Electro medical equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer equipment	20.0%
Infrastructure systems (i)	2.5%
Leasehold improvements	10%, 11.1% or 33.3%
Motor vehicle sedans	12.5%
Motor vehicles, trucks and vans	20.0%
Office equipment	10.0%
Plant and machinery	10.0%
Linen	25.0%
Furniture, fittings and furnishings	5.0%
PODS (ii)	25.0%

(i) Infrastructure systems comprises public facilities which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems.

(ii) PODS are a detachable or self - contained unit on ambulances used for patient treatment.

Depreciation rates are assessed annually and adjusted if appropriate.

**o) 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 (NSW TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 26 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Comprehensive revaluations are conducted at least every three years on a rotational basis for its land and buildings and infrastructure.

Interim desktop revaluations are conducted between comprehensive revaluations for those assets, land and buildings and infrastructure not subject to comprehensive revaluations. The consolidated entity uses an external professionally qualified valuer to conduct the interim revaluations.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**o) Revaluation of non-current assets (continued)**

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The consolidated entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

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

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

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

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

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

The useful lives of property, plant and equipment are reviewed at each financial year end.

**p) 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.

Since 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. Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13 *Fair Value Measurement*.

**q) Restoration costs**

The present value of the estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, if the recognition criteria for a provision are met.

**r) Non-current assets held for sale**

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

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

**s) Intangible assets**

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

Computer software developed or acquired by the consolidated entity are recognised as intangible assets and are amortised over four years using the straight line method.

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

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**t) 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.

**u) Leased assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

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

Property, plant and equipment acquired under finance leases are depreciated over the asset's useful life. However, if there is no reasonable certainty that the lessee entity will obtain ownership at the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term in the Statement of Comprehensive Income.

*Lease incentives*

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**v) Inventories**

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

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

**w) Loans and receivables**

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

Term deposits which are greater than 90 days are classified as other financial assets. These assets are measured at amortised cost using the effective interest rate method.

**x) Investments**

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The Ministry determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

*Fair value through profit or loss*

The consolidated entity subsequently measures investments classified as 'held for trading' or designated upon initial recognition at fair value through profit or loss at fair value.

Financial assets are classified as 'held for trading' if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

TCorpIM Funds Investment facilities are managed by New South Wales Treasury Corporation, a controlled entity of the ultimate parent. The facilities are designated at fair value through profit or loss as the management and performance of these financial assets is undertaken on a fair value basis, in accordance with a documented risk management strategy. Information about these assets is provided internally to the consolidated entity's key management personnel.

The risk management strategy of the Ministry has been developed consistent with the investment powers granted under the provision of the *Public Authorities (Financial Arrangements) Act 1987*.

TCorpIM Funds Investment facilities are used in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments.

The movement in the fair value of the TCorpIM Funds Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'Investment revenue'.



**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**x) Investments (continued)**

*Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the consolidated entity has the positive intention and ability to hold to maturity are classified as 'held-to-maturity'. These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

*Available-for-sale investments*

Any investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value. Gains or losses on available-for-sale investments are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the consolidated entity commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position date.

**y) 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 certain categories of financial assets, such as trade receivables, the entity first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

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.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. 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 had there not been an impairment loss.

**z) 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 consolidated entity transfers the financial asset:

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

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

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

**aa) Payables**

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**ab) Borrowings**

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

**ac) Fair value hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**ac) Fair value hierarchy (continued)**

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under *AASB 13 Fair Value Measurement*, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

Refer Note 26 and Note 43 for further disclosures regarding fair value measurements of non-financial and financial assets.

**ad) Equity transfers**

The transfer of net assets between entities 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 *AASB 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 consolidated entity does not recognise that asset.

**ae) Equity and Reserves**

**(i) Accumulated funds**

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

**(ii) Revaluation surplus**

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

**af) Trust funds**

The consolidated entity receives monies in a trustee capacity for various trusts as set out in Note 33.

As the consolidated entity performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the consolidated entities own objectives, these funds are not brought to account in the financial statements.

**ag) Budgeted amounts**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament of NSW in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained in Note 41.

**ah) Emerging asset**

The Ministry of Health and its controlled entities' emerging interest in certain assets has been valued in accordance with '*Accounting for Privately Financed Projects*' (NSW TPP06-8). This policy requires the Ministry of Health and its controlled entities to determine the estimated written down replacement cost by reference to the underlying asset's current replacement cost escalated by a construction index and the asset's estimated working life. The estimated written down replacement cost is then allocated on a systematic basis over the concession period using the annuity method and the Government Bond rate at commencement of the concession period.

**ai) Program group statements allocation methodology**

From 2017/18, NSW Budget papers are prepared on an outcome based program basis rather than a service group basis. Budget and performance information for some previous service groups have been amalgamated within new program areas and in the majority of cases, there is no direct correlation or mapping between previously reported service group statements and the new outcome-based program reporting.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**ai) Program group statements allocation methodology (continued)**

Income and expenses are allocated to program groups using prior year statistical data, then adjusted for any material change in program delivery or funding distribution, occurring in the 2017/18 year in determining the Statement of Comprehensive Income fractions.

In respect of assets and liabilities, the consolidated entity allocates them based on related income and expense distribution.

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

**(i) Effective for the first time in 2017/18**

The accounting policies applied in 2017/18 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 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 for financing activities in the Statement of Cash Flows. A reconciliation of liabilities arising from financing activities has been added to Note 38 of these financial statements.

**(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 the consolidated entity, have not been applied and are not yet effective. The possible impact of these Accounting Standards in the period of initial application includes:

*AASB 9 Financial Instruments* applies to annual periods beginning on or after 1 January 2018. *AASB 9 Financial Instruments* 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 Financial Instruments* also introduces a forward-looking 'expected credit losses' impairment model, which may impact the timing and amount of impairment recognition.

*AASB 16 Leases* replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, *AASB 16 Leases* will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below \$10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset rather than operating lease expense.

The lease expense recognition pattern for leases will generally be accelerated as compared to today. Some key balance sheet metrics may also be impacted. Also, the statement of cash flows for lessees will be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117 *Leases*. Lessors will continue to classify all leases using the same classification as in AASB 117 *Leases* and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated modified retrospective application of this accounting standard.

*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 Revenue from Contracts with Customers* 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 Income of Not-for-profit Entities* 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.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**2. Statement of significant accounting policies (continued)**

**aj) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)**

AASB 1059 *Service Concession Arrangements* is applicable to public sector entities only and is effective for annual periods beginning on or after 1 January 2019. It requires the grantor to recognise a service concession asset in a service concession arrangement where it controls the asset. A corresponding financial liability and/or grant of right liability is also recognised depending on the nature of the consideration exchanged. Service concession assets (including those provided by the operator, an upgrade to or a major component replacement of an existing asset of the grantor; and existing assets of the grantor – also applicable to previously unrecognised intangible assets except goodwill) are initially measured at current replacement cost based on AASB 13 *Fair Value Measurement* principles. They are subsequently accounted for under AASB 116 *Property, Plant & Equipment* or AASB 138 *Intangible Assets*. Service concession liabilities are initially measured at the same amount as the service concession asset and subsequently measured using either the “financial liability” model applying AASB 9 *Financial Instruments*, or the grant of right model under AASB 1059 *Service and Concession Arrangements*. AASB 1059 *Service and Concession Arrangements* requires retrospective application.

**Overview of Assessment Activities**

The consolidated entity designed a project roadmap to implement the above five new accounting standards by its application date. The project consists of 4 phases: Scoping, Data gathering, In Depth Analysis and Implementation. Scoping phase was completed and data gathering has begun. An external project consultant and project manager will be appointed, and various steering committees and project teams will be internally formed as part of the implementation project. High level estimates on the impact of the new accounting standards were also calculated and reported to NSW Treasury for budget purposes.

The consolidated entity is continuously analysing and assessing the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

**Potential Impact on the Consolidated Entity's Financial Report**

While the consolidated entity is yet to undertake a detailed assessment of the classification and measurement of all of the accounting standards, the following general impacts are expected from the work conducted so far:

**Leases**

- The total assets and liabilities on the balance sheet will increase. Net total assets are expected to decrease due to a reduction of the capitalised asset being on a straight line basis whilst the liability reduces the principal amount of repayments. Net current assets will also show a decrease due to an element of the liability being disclosed as current liability. Based on high level estimates performed we anticipate \$1.3 billion assets and liabilities to be recorded at the transition date.
- Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the lease life. This effect may be partially mitigated due to the number of leases held in the entity at different stages of their lease terms.
- Depreciation expense will be booked on Right of Use assets, which will be on a straight-line basis.
- Operating cash flows will be higher as repayment of the principle portion of all lease liabilities will be classified as financing activities.

**Revenue and Income of Not-for-Profit Entities**

- The deferral of some revenues of the Ministry of Health and its controlled entities
- Impact on the estimates and judgements involved in the unbilled revenue process.
- Specific quantitative and qualitative disclosures may be required under AASB 15 *Revenue from Contracts with Customers*.

**Financial Instruments**

- The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred impairment losses. This may result in earlier recognition of credit loss provisions.

**Service Concession Arrangements**

- Service Concession assets and liabilities may be brought onto the balance sheet which are currently treated as emerging assets.

**Application Date**

The Ministry plans to adopt the new standards on the required effective date in line with the NSW Treasury's instructions.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>3. Employee related expenses</b>				
117,346	110,138	Salaries and wages (including annual leave and ADO)	11,592,170	10,963,062
1,018	1,227	Superannuation - defined benefit plan	100,453	110,561
9,431	8,662	Superannuation - defined contribution plan	998,988	939,190
4,463	4,947	Long service leave	496,581	200,801
1,387	3,563	Redundancies	33,662	22,734
532	545	Workers' compensation insurance	163,069	167,748
10,232	7,113	Payroll tax and fringe benefits tax	12,250	9,002
<b>144,409</b>	<b>136,195</b>		<b>13,397,173</b>	<b>12,413,098</b>
<p>In 2017/18 and 2016/17 the majority of 'Payroll tax and fringe benefits tax' was paid to the NSW Department of Finance, Services and Innovation, an entity controlled by the ultimate parent.</p> <p>The following employee related costs were capitalised, and therefore excluded from the above:</p>				
-	-	Employee related expenses capitalised - land and buildings	18,923	13,634
-	-	Employee related expenses capitalised - plant and equipment	144	44
-	-	Employee related expenses capitalised - intangibles	14,494	6,859
<b>-</b>	<b>-</b>		<b>33,561</b>	<b>20,536</b>
<b>4. Other expenses</b>				
6,304	6,850	Advertising	26,739	26,061
393	664	Auditor's remuneration	4,158	4,559
19,429	21,577	Blood and blood products	138,187	130,579
1,184	1,770	Consultants	15,465	18,034
679	578	Domestic supplies and services	119,218	114,809
135,372	141,978	Drug supplies	872,281	983,174
1	-	Food supplies	102,507	100,956
502	586	Fuel, light and power	138,881	118,577
-	-	Patient transport costs	12,739	14,932
16,184	18,633	Information management expenses	216,870	223,475
260,558	248,732	Insurance	280,408	269,210
266,546	263,144	Interstate patient outflows	266,546	263,144
8,461	5,303	Maintenance (see Note 4 (b) below)	560,490	549,054
1,198	1,721	Medical and surgical supplies	871,408	838,991
74	137	Motor vehicle expenses	44,718	42,194
2,174	1,837	Postal and telephone costs	50,369	50,854
2,223	2,925	Printing and stationery	48,020	47,371
1,300	1,489	Rates and charges	24,656	25,168
6,921	6,460	Rental	88,074	78,749
-	5	Hosted services purchased from other Local Health Districts	-	-
56	581	Specialised services (Dental, Radiology, Pathology, Allied Health)	399,288	378,611
5,406	8,979	Staff related costs	160,573	150,583
1,672	1,848	Travel related costs	101,517	98,001
-	-	Visiting medical officers	820,651	762,871
103,785	72,349	Other expenses (see Note 4 (a) below)	992,231	921,922
<b>840,422</b>	<b>808,146</b>		<b>6,355,994</b>	<b>6,211,879</b>

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>4. Other expenses (continued)</b>				
<b>(a) Other expenses includes</b>				
-	-	Ambulance fixed wing and rotor wing transport	150,347	107,797
-	-	Contract for patient services	149,733	140,889
2,730	2,805	Courier and freight	23,187	22,466
-	-	Isolated patient travel and accommodation assistance scheme	22,049	20,328
1,713	906	Legal services	12,509	7,622
163	43	Membership/professional fees	10,942	10,313
-	-	Motor vehicle operating lease expense - minimum lease payments	45,801	50,302
-	-	Public private partnership - operating facility payments	55,449	53,080
185	-	Other operating lease expense - minimum lease payments	24,791	22,735
-	-	Quality assurance/accreditation	5,358	5,284
422	353	Security services	19,618	15,718
15,207	16,287	Contract health services	165,328	113,433
51,504	32,791	Other management services	126,814	73,366
14,252	1,644	Goods and services component of capital projects	66,522	84,343
17,609	17,520	Other	113,783	194,246
<b>103,785</b>	<b>72,349</b>		<b>992,231</b>	<b>921,922</b>
<b>(b) Reconciliation of total maintenance</b>				
2,138	1,614	Maintenance contracts	186,713	178,883
4,926	2,700	New/replacement equipment under \$10,000	252,068	248,073
1,388	989	Repairs maintenance/non contract	120,331	121,558
9	-	Other	1,378	540
8,461	5,303	Maintenance expense - contracted labour and other (Non-employee related in Note 4)	560,490	549,054
-	-	Employee related expense included in Note 3	60,129	59,310
<b>8,461</b>	<b>5,303</b>	Total maintenance expenses	<b>620,619</b>	<b>608,364</b>

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**4. Other expenses (continued)**

**Related Parties Disclosures:**

**CONSOLIDATED**

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

Some of 'Information management expenses' were paid to New South Wales Government Telecommunications Authority, an entity controlled by the ultimate parent.

Some of 'Rates and charges' expenses were paid to Sydney Water and Essential Energy, entities controlled by the ultimate parent.

Some of 'Rental' expense were paid to Government Property NSW, an entity controlled by the ultimate parent.

Some of 'Legal services' expenses were paid to Crown Solicitors Office NSW, an entity controlled by the ultimate parent.

**Related party transactions relating to 2016/17 financial year were as follows:**

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

The majority of 'Legal services' expenses were paid to the Crown Solicitors Office NSW, an entity controlled by the ultimate parent.

Some 'Other' expenses were also paid to the Department of Education, an entity controlled by the ultimate parent.

The majority of 'Rental' expense were paid to Government Property NSW, an entity controlled by the ultimate parent.

Some 'Staff related expenses' were also paid to TAFE NSW an entity controlled by the ultimate parent.

**PARENT**

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

The majority of 'Drug supplies' relating to Commonwealth vaccines were paid to the Crown Finance Entity and St Vincents Hospital Sydney, entities controlled by the ultimate parent.

Some of 'Other' expenses were paid to HealthShare NSW, a division of Health Administration Corporation, which is a controlled entity.

The majority of 'Specialised services' expenses were paid to NSW Health Pathology, a division of Health Administration Corporation, which is a controlled

**Related party transactions relating to 2016/17 financial year were as follows:**

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

Some 'Drug supplies' expenses were paid to Justice Health and Forensic Mental Health Network, a controlled entity.

The majority of 'Information management expenses' were paid to the Department of Finance, Services and Innovation, an entity controlled by the ultimate parent. Some expenses were also paid to eHealth NSW, a division of Health Administration Corporation which is a controlled entity.

Some 'Specialised services' expenses were paid to NSW Health Pathology, a division of Health Administration Corporation, which is a controlled entity.

Some 'Staff related expenses' expenses were paid to Health Infrastructure, a division of Health Administration Corporation, which is a controlled entity.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>5. Depreciation and amortisation</b>				
2,751	2,750	Depreciation - buildings	480,895	468,837
550	481	Depreciation - plant and equipment	213,050	201,494
60	60	Depreciation - infrastructure systems	22,626	21,050
1,182	796	Depreciation - leasehold improvements	8,681	7,140
237	153	Amortisation - intangible assets	61,834	52,705
<u>4,780</u>	<u>4,240</u>		<u>787,086</u>	<u>751,226</u>
<b>6. Grants and subsidies</b>				
17,004,638	15,776,919	Payments to entities controlled by the Ministry of Health	-	-
431,970	413,186	Payments to other Affiliated Health Organisations	745,518	722,050
		Grants -		
-	-	Community packages	24,817	22,492
77,454	86,840	Grants to research organisations	116,752	129,201
79,136	77,575	Non-Government organisations	159,227	154,636
-	51,837	Grants paid to entities controlled by the ultimate parent	1,058	51,905
61,828	63,069	Albury Wodonga Health	61,828	63,069
84,746	75,550	Mental health housing accommodation and support initiative	84,746	75,550
117,825	122,781	Other grants	142,446	146,888
<u>17,857,597</u>	<u>16,667,757</u>		<u>1,336,392</u>	<u>1,365,791</u>
<b>CONSOLIDATED</b>				
Some of 'Grants paid to entities controlled by the ultimate parent' were paid to Corrective Services NSW a division of Department of Justice, an entity controlled by the ultimate parent.				
Some of 'Other grants' were paid to the Health Care Complaints Commission and Mental Health Commission of NSW, entities controlled by the ultimate parent.				
<b>Related party transactions relating to 2016/17 financial year were as follows:</b>				
The majority of 'Grants paid to entities controlled by the ultimate parent' were paid to Corrective Services NSW a division of Department of Justice, an entity controlled by the ultimate parent.				
<b>7. Finance costs</b>				
-	-	Finance lease interest charges	102,696	101,669
-	-	Interest on loans	898	335
-	-	Other interest charges	73	185
<u>-</u>	<u>-</u>		<u>103,667</u>	<u>102,189</u>



**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**PARENT AND CONSOLIDATED**

**8. Summary of compliance**

	2018 \$'000	2018 \$'000	2017 \$'000	2017 \$'000
	Appropriations	Expenditure	Appropriations	Expenditure
Original budget per Appropriation Act	12,179,464	12,151,989	11,794,455	11,705,694
Other appropriations / expenditure	-	-	-	-
- Section 24 PFAA – transfers of functions between entities	-	-	(19,320)	-
- Transfers to / from another entity (per Section 27 of the Appropriation Act)	-	-	-	-
<b>Total appropriations / expenditure / net claim on consolidated fund (includes transfer payments)</b>	<b>12,179,464</b>	<b>12,151,989</b>	<b>11,775,135</b>	<b>11,705,694</b>
Appropriation drawn down*		12,151,989		11,705,694
Liability to consolidated fund		-		-
* Comprising :				
Appropriations (per Statement of Comprehensive Income)**		12,151,989		11,705,694
		12,151,989		11,705,694
**Appropriations :				
Recurrent		10,961,359		10,753,049
Capital		1,190,630		952,645
		12,151,989		11,705,694

**Notes :**

1. The summary of compliance is based on the assumption that consolidated fund monies are spent first (except where otherwise identified or prescribed).
2. The "liability to consolidated fund" represents the difference between the "amount drawn down against appropriation" and the "total expenditure / net claim on consolidated fund".

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>9. Sale of goods and services</b>				
(a) Sale of goods comprise the following:-				
-	-	Sale of prosthesis	66,318	66,904
-	-	Pharmacy sales	6,880	5,763
562	540	Other	30,099	14,816
(b) Rendering of services comprise the following:-				
		Patient fees		
-	1,600	- Inpatient fees	831,903	786,577
-	-	- Nursing home fees	18,426	19,040
-	-	- Non inpatient fees	43,342	38,074
77,406	78,211	Department of Veterans' Affairs	298,578	324,432
-	-	Staff meals and accommodation	3,055	3,066
-	-	Infrastructure fees - Monthly facility charge [see note 2(i)]	370,691	350,128
-	-	- Annual charge	89,498	93,818
-	-	Cafeteria/kiosk	7,365	6,429
-	-	Car parking	45,071	40,179
-	-	Child care fees	11,077	11,104
-	-	Clinical services (excluding clinical drug trials)	39,475	51,908
-	-	Commercial activities	25,279	25,502
-	-	Fees for medical records	2,348	2,453
-	-	Highly specialised drugs	395,559	502,906
-	-	Linen service revenue	5,516	5,767
-	-	Meals on Wheels	632	699
5,468	-	Motor Accident Third Party	160,376	151,485
-	-	Disability appliance programs - patient co-payments	666	945
85,732	91,818	Patient inflows from interstate	85,732	91,819
-	-	Patient transport fees	52,705	48,337
-	-	Private use of motor vehicles	2,089	2,331
-	-	Salary packaging fee	4,065	4,959
-	-	Services provided to non NSW Health entities	20,549	22,386
-	-	Use of ambulance facilities	7,459	6,419
22,852	17,984	Other	143,861	122,584
<u>192,020</u>	<u>190,153</u>		<u>2,768,614</u>	<u>2,800,830</u>

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**9. Sale of goods and services (continued)**

**Related Parties Disclosures:**

**CONSOLIDATED**

Some of the 'Pharmacy sales' in 2017/18 and 2016/17 was earned from NSW Self Insurance Corporation, an entity controlled by the ultimate parent.

Some of the 'Clinical services' revenue in 2017/18 and 2016/17 was earned from the NSW Police Force, an entity controlled by the ultimate parent.

The majority of 'Motor Accident Third Party' revenue in 2017/18 and 2016/17 was received from State Insurance Regulatory Authority ("SIRA"), an entity controlled by the ultimate parent.

**PARENT**

Some of the 'Other' revenue was received from the Health Professional Councils Authority Office, an entity controlled by the ultimate parent.

The majority of 'Motor Accident Third Party' revenue was received from State Insurance Regulatory Authority ("SIRA"), an entity controlled by the ultimate parent.

**Related party transactions relating to 2016/17 financial year were as follows:**

Some of the 'Other' revenue from the rendering of services was received from HealthShare NSW, a division of Health Administration Corporation, which is a controlled entity.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT		CONSOLIDATED	
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000
<b>10. Investment revenue</b>			
-	-	2,959	3,429
4,208	4,067	26,452	25,993
-	-	224	239
-	-	5,086	6,375
<u>4,208</u>	<u>4,067</u>	<u>34,721</u>	<u>36,036</u>

**CONSOLIDATED**

'TCorpIM Funds Investment facilities designated at fair value through profit or loss', are managed by New South Wales Treasury Corporation, a controlled entity of the ultimate parent.

**11. Grants and other contributions**

-	-	37,494	33,587
6,068,201	5,730,140	6,068,200	5,730,140
133,739	104,331	276,712	242,975
-	-	81,468	81,112
44,256	200	170,111	59,266
15,008	5,500	-	-
-	-	20,872	22,676
541	565	77,429	64,028
<u>6,261,745</u>	<u>5,840,736</u>	<u>6,732,286</u>	<u>6,233,784</u>

**CONSOLIDATED**

The majority of the 'grants received from entities controlled by the ultimate parent' in 2017/18 and 2016/17 were receivable from:

- The Crown Finance Entity
- Department of Family and Community Services - Ageing Disability & Home Care; and
- Department of Justice

**PARENT**

The majority of 'Grants received from entities controlled by the ultimate parent' were received from the Department of Family and Community Services, an entity controlled by the ultimate parent.

The majority of 'Grants received from entities controlled by the Ministry of Health' were from the Cancer Institute NSW and The Sydney Children's Hospital Network, which are controlled entities.

**Related party transactions relating to 2016/17 financial year were as follows:**

'Grants received from entities controlled by the Ministry of Health' were received from the Cancer Institute NSW, which is a controlled entity.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>12. Acceptance by the Crown Entity of employee benefits and other liabilities</b>				
The following liabilities and expenses have been assumed by the Crown Entity:				
1,018	1,227	Superannuation - defined benefit plan	100,453	110,585
4,007	5,071	Long service leave	445,745	201,304
55	67	Payroll tax	55	67
<u>5,080</u>	<u>6,365</u>		<u>546,253</u>	<u>311,956</u>
<b>13. Other income</b>				
Other income comprises the following:-				
-	-	Ambulance death and disability employee contributions	-	1,037
-	1	Commissions	3,839	4,014
-	-	Conference and training fees	12,596	12,423
1,842	1,843	Discounts	4,800	3,471
-	25	Insurance refunds	4,499	30,389
1,845	2,093	Lease and rental income	34,252	32,880
-	-	Property not previously recognised	-	3,867
-	-	Sale of merchandise, old wares and books	777	796
-	138	Sponsorship income	1,798	2,075
310	1,130	Treasury Managed Fund hindsight adjustment	27,034	62,014
40,054	79,286	Other	94,385	54,326
<u>44,051</u>	<u>84,516</u>		<u>183,980</u>	<u>207,292</u>

**CONSOLIDATED**

Some 'Other' income was received from Government Property NSW, an entity controlled by the ultimate parent.

The majority of 'Insurance refunds' in 2017/18 and 2016/17 were receivable from Insurance and Care NSW, an entity controlled by the ultimate parent.

**Related party transactions relating to 2016/17 financial year were as follows:**

Some 'Lease and rental income' was received from the Mental Health Commission of NSW, an entity controlled by the ultimate parent.

**PARENT**

The majority of 'Lease and rental income' in 2017/18 and 2016/2017 was received from eHealth, a division of the Health Administration Corporation, and Health Education Training Institute which are both controlled entities.

The majority of 'Other' income was received from Government Property NSW, an entity controlled by the ultimate parent.

**Related party transactions relating to 2016/17 financial year were as follows:**

'Other' included an amount of \$60,175,000 payable to Health Infrastructure, a division of the Health Administration Corporation, that was written off during the year, as it was no longer due and payable. It represented balances unpaid relating to subsidy amounts accrued on projects undertaken in the 2011/12 financial year.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>14. Gain / (loss) on disposal</b>				
3,485	155,844	Property, plant and equipment	259,932	389,870
462	525	Less: accumulated depreciation	216,235	203,455
<u>3,023</u>	<u>155,319</u>	<b>Written down value</b>	<u>43,697</u>	<u>186,415</u>
3,017	155,301	Less: proceeds from disposal	11,301	179,421
-	-	Less: proceeds received in advance for disposal	19,690	-
<u>(6)</u>	<u>(18)</u>	<b>Gain/(loss) on disposal of property, plant and equipment</b>	<u>(12,706)</u>	<u>(6,994)</u>
-	-	Intangible assets	-	7
-	-	Less: proceeds from disposal	-	-
<u>-</u>	<u>-</u>	<b>Gain/(loss) on disposal of intangible assets</b>	<u>-</u>	<u>(7)</u>
-	-	Assets held for sale	3,197	6,928
-	-	Less: proceeds from disposal	3,986	5,500
<u>-</u>	<u>-</u>	<b>Gain/(loss) on disposal of assets held for sale</b>	<u>789</u>	<u>(1,428)</u>
<u>(6)</u>	<u>(18)</u>	<b>Total gain/(loss) on disposal</b>	<u>(11,917)</u>	<u>(8,429)</u>
<b>15. Other gains / (losses)</b>				
-	-	Impairment of receivables	(47,913)	(35,005)
-	743	Other	-	(587)
<u>-</u>	<u>743</u>		<u>(47,913)</u>	<u>(35,592)</u>

CONSOLIDATED  
16. Program groups of the Ministry of Health

Ministry of Health  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

(a) Program group statements of the Ministry of Health and its controlled entities

EXPENSES AND INCOME	Program Group 1 * Acute Health Services		Program Group 2 * Sub-Acute Health Services		Program Group 3 * Mental Health Services		Program Group 4 * Small Rural Hospitals and Specialist Hospitals		Program Group 5 * Community Health Care Services		Program Group 6 * Public Health Services		Program Group 7 * Health and Medical Research		Program Group 8 * Ambulance Emergency Services		Program Group 9 * Independent Advisory Bodies		Program Group 10 * Domestic and Family Violence, Sexual Assault Services and Women's Policy**		Total				
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018		
<b>Expenses excluding losses</b>																									
Operating expenses	9,300,168	8,526,253	799,999	742,805	1,354,907	1,265,824	381,371	414,937	575,539	551,635	357,239	329,126	2,446	2,373	625,504	578,399	-	-	-	1,546	-	-	-	-	
Employee related expenses	4,736,076	4,626,449	269,690	269,682	359,745	344,842	167,682	178,496	186,567	213,213	317,470	321,860	13,429	3,473	285,325	251,732	-	-	-	2,132	-	-	-	-	
Other expenses	590,980	583,585	39,919	37,753	59,805	58,664	42,376	40,730	14,190	13,942	16,482	16,250	-	-	23,334	20,312	-	-	-	-	-	-	-	-	
Depreciation and amortisation	922,764	896,271	85,792	80,309	167,121	153,664	2,874	2,445	11,133	13,806	51,790	53,879	66,579	77,349	2,498	1,640	25,841	24,354	-	62,074	-	-	-	-	
Grants and subsidies	91,735	90,431	3,867	3,774	5,822	5,781	14	1	429	431	1,955	1,764	-	-	5	7	-	-	-	-	-	-	-	-	
Finance costs	15,641,723	14,702,989	1,219,267	1,134,323	1,947,400	1,828,765	594,327	636,609	787,858	793,227	744,716	722,879	82,454	83,195	936,666	852,090	25,841	24,354	-	65,752	-	-	-	-	
<b>Total expenses excluding losses</b>																									
<b>Revenue</b>																									
Appropriations **																									
Acceptance by the Crown Entity of employee benefits and other liabilities	388,076	207,381	34,614	18,928	51,130	31,895	9,971	11,325	21,862	19,074	16,329	9,830	72	65	24,199	13,444	-	-	-	14	-	-	-	-	
Sale of goods and services	1,942,347	1,998,331	262,078	257,127	116,151	97,794	216,086	210,145	75,617	85,829	7,105	5,872	-	-	149,230	145,792	-	-	-	-	-	-	-	-	
Investment revenue	24,875	25,310	2,377	2,415	3,138	3,289	1,434	1,480	1,272	2,053	1,127	1,182	-	-	498	307	-	-	-	-	-	-	-	-	
Grants and other contributions	5,183,266	4,804,087	345,672	318,066	471,086	439,259	363,663	317,091	225,408	220,547	142,839	133,113	-	-	352	1,601	-	-	-	-	-	-	-	-	
Other income	125,438	142,659	11,944	13,543	17,060	20,553	9,472	11,108	9,777	9,402	5,754	6,753	2,156	2,156	2,379	3,224	-	-	-	50	-	-	-	-	
<b>Total revenue</b>	<b>7,664,002</b>	<b>7,177,768</b>	<b>656,685</b>	<b>610,099</b>	<b>658,565</b>	<b>592,730</b>	<b>600,626</b>	<b>551,149</b>	<b>333,936</b>	<b>336,905</b>	<b>173,164</b>	<b>156,750</b>	<b>2,228</b>	<b>65</b>	<b>176,658</b>	<b>164,368</b>	-	-	-	<b>64</b>	<b>12,151,989</b>	<b>11,705,694</b>	<b>22,417,843</b>	<b>21,295,892</b>	
Gain / (loss) on disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains / (losses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net result</b>	<b>(7,977,721)</b>	<b>(7,525,221)</b>	<b>(562,582)</b>	<b>(524,224)</b>	<b>(1,288,839)</b>	<b>(1,236,035)</b>	<b>6,299</b>	<b>(85,460)</b>	<b>(453,922)</b>	<b>(456,322)</b>	<b>(571,622)</b>	<b>(566,129)</b>	<b>(80,226)</b>	<b>(83,130)</b>	<b>(760,008)</b>	<b>(687,722)</b>	<b>(25,841)</b>	<b>(24,354)</b>	-	<b>(65,688)</b>	<b>12,092,159</b>	<b>11,661,673</b>	<b>377,001</b>	<b>407,386</b>	
<b>Other comprehensive income</b>																									
Changes in revaluation surplus of property, plant and equipment	642,754	231,866	43,416	15,532	65,044	24,131	46,088	16,757	15,433	5,736	17,926	6,686	-	-	25,379	8,357	-	-	-	-	-	-	-	-	
Changes in revaluation surplus of other assets	111	(1,487)	15	(191)	7	(73)	12	(156)	4	(64)	-	(4)	-	-	8	(108)	-	-	-	-	-	-	-	-	
<b>Total other comprehensive income</b>	<b>642,865</b>	<b>230,379</b>	<b>43,431</b>	<b>15,341</b>	<b>65,051</b>	<b>24,058</b>	<b>46,100</b>	<b>16,601</b>	<b>15,437</b>	<b>5,672</b>	<b>17,926</b>	<b>6,682</b>	-	-	<b>25,387</b>	<b>8,249</b>	-	-	-	-	-	-	-	-	
<b>Total comprehensive income</b>	<b>(7,334,856)</b>	<b>(7,294,842)</b>	<b>(519,151)</b>	<b>(508,893)</b>	<b>(1,223,784)</b>	<b>(1,211,977)</b>	<b>52,399</b>	<b>(68,859)</b>	<b>(438,489)</b>	<b>(450,650)</b>	<b>(553,696)</b>	<b>(559,447)</b>	<b>(80,226)</b>	<b>(83,130)</b>	<b>(734,621)</b>	<b>(679,473)</b>	<b>(25,841)</b>	<b>(24,354)</b>	-	<b>(65,688)</b>	<b>12,092,159</b>	<b>11,661,673</b>	<b>1,233,898</b>	<b>714,370</b>	

\* The name and purpose of each program group is summarised in Note 16 (b).

\*\* On 1 April 2017 Domestic and Family Violence and Sexual Assault Services and Women's Policy was transferred to Family and Community Services via an administrative transfer. Refer to Note 42 (b).

\*\*\* Appropriations are made on an entity basis and not to individual program groups. Consequently, appropriations must be included in the 'Not Attributable' column.

Ministry of Health  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2018

CONSOLIDATED  
16. Program groups of the Ministry of Health (continued)

(a) Program group statements of the Ministry of Health and its controlled entities

ASSETS AND LIABILITIES	Program Group 1*		Program Group 2*		Program Group 3*		Program Group 4*		Program Group 5*		Program Group 6*		Program Group 7*		Program Group 8*		Program Group 9*		Program Group 10*		Not Attributable***		Total						
	Acute Health Services		Sub-Acute Health Services		Mental Health Services		Small Rural Hospitals and Specialist Hospitals		Community Health Care Services		Public Health Services		Health and Medical Research		Ambulance Emergency Services		Independent Advisory Bodies		Domestic and Family Violence, Sexual Assault Services and Women's Policy**										
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018				
<b>ASSETS</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000				
<b>Current assets</b>																													
Cash and cash equivalents	948,124	1,275,461	73,906	98,401	118,042	158,642	36,025	55,225	47,756	68,811	45,445	62,709	1,586	7,217	41,621	73,918	1,062	2,113	-	5,704	-	-	-	-	-	1,313,267	1,808,201		
Receivables	563,356	485,102	76,013	62,419	33,688	23,725	62,673	51,014	21,932	20,935	2,061	1,426	-	-	43,282	35,392	-	-	-	-	-	-	-	-	-	-	803,005	679,913	
Inventories	153,640	144,134	9,398	8,402	11,670	10,743	5,440	5,561	6,052	6,642	10,299	10,027	436	108	9,256	7,843	-	-	-	66	-	-	-	-	-	-	206,191	193,526	
Financial assets at fair value	32,090	17,471	2,501	1,348	3,995	2,173	1,219	756	1,616	943	1,528	859	54	99	1,409	1,013	36	29	-	78	-	-	-	-	-	44,448	24,769		
Other Financial Assets	227,263	-	17,715	-	28,294	-	8,635	-	11,447	-	10,821	-	380	-	9,976	-	255	-	-	-	-	-	-	-	-	-	314,786	-	
Non-current assets held for sale	30,742	5,052	2,077	338	3,111	526	2,204	365	738	125	857	146	-	-	1,214	182	-	-	-	-	-	-	-	-	-	40,943	6,734		
<b>Total current assets</b>	<b>1,955,215</b>	<b>1,927,220</b>	<b>181,610</b>	<b>170,908</b>	<b>198,800</b>	<b>195,809</b>	<b>116,196</b>	<b>112,921</b>	<b>89,541</b>	<b>97,556</b>	<b>70,711</b>	<b>75,167</b>	<b>2,456</b>	<b>7,424</b>	<b>106,758</b>	<b>118,348</b>	<b>1,353</b>	<b>2,142</b>	<b>-</b>	<b>5,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,722,640</b>	<b>2,713,143</b>		
<b>Non-current assets</b>																													
Receivables	8,314	7,705	1,122	991	497	377	925	810	324	331	30	23	-	-	639	562	-	-	-	-	-	-	-	-	-	-	11,851	10,799	
Financial assets at fair value	26,744	38,333	2,085	2,957	3,330	4,768	1,016	1,660	1,347	2,068	1,273	1,885	45	217	1,174	2,222	30	63	-	171	-	-	-	-	-	-	37,044	54,344	
Property, plant and equipment																													
- Land and buildings	11,201,763	10,163,272	756,647	660,805	1,133,577	1,057,722	803,212	734,496	268,959	251,412	312,408	293,043	-	-	442,291	366,296	-	-	-	-	-	-	-	-	-	-	-	14,918,865	13,547,046
- Plant and equipment	905,139	878,938	61,140	58,877	91,597	91,474	64,902	63,521	21,733	21,743	25,244	25,343	-	-	35,739	31,678	-	-	-	-	-	-	-	-	-	-	-	1,205,494	1,171,574
- Infrastructure systems	348,106	303,029	23,514	20,299	35,227	31,537	24,961	21,900	8,358	7,496	9,708	8,737	-	-	13,745	10,921	-	-	-	(1)	-	-	-	-	-	-	-	463,618	403,918
- Leasehold improvements	31,168	24,449	2,105	1,638	3,154	2,544	2,235	1,767	748	605	869	705	-	-	1,231	881	-	-	-	-	-	-	-	-	-	-	-	41,510	32,589
Intangible assets	506,926	467,341	34,242	31,306	51,299	46,637	36,349	33,774	12,172	11,561	14,338	13,475	-	-	20,016	16,843	-	-	-	-	-	-	-	-	-	-	-	675,142	622,937
Other assets	44,909	39,541	3,501	3,050	5,591	4,918	1,706	1,712	2,262	2,133	2,138	1,944	75	224	1,971	2,291	50	65	-	177	-	-	-	-	-	-	62,203	56,055	
<b>Total non-current assets</b>	<b>13,073,069</b>	<b>11,922,608</b>	<b>884,356</b>	<b>799,923</b>	<b>1,324,272</b>	<b>1,241,971</b>	<b>935,306</b>	<b>859,640</b>	<b>315,903</b>	<b>297,349</b>	<b>365,508</b>	<b>345,155</b>	<b>120</b>	<b>441</b>	<b>516,806</b>	<b>431,694</b>	<b>80</b>	<b>128</b>	<b>-</b>	<b>347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,415,717</b>	<b>15,899,262</b>	
<b>TOTAL ASSETS</b>	<b>15,028,284</b>	<b>13,849,828</b>	<b>1,065,966</b>	<b>970,831</b>	<b>1,523,072</b>	<b>1,437,786</b>	<b>1,051,502</b>	<b>972,561</b>	<b>405,444</b>	<b>394,705</b>	<b>436,919</b>	<b>420,322</b>	<b>2,576</b>	<b>7,865</b>	<b>623,564</b>	<b>550,042</b>	<b>1,433</b>	<b>2,270</b>	<b>-</b>	<b>6,195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,138,357</b>	<b>18,612,405</b>	
<b>LIABILITIES</b>																													
<b>Current liabilities</b>																													
Payables	1,258,000	1,140,305	76,947	66,470	95,555	84,995	44,542	43,995	49,556	52,552	84,326	79,331	3,567	856	75,788	62,046	-	-	-	525	-	-	-	-	-	-	-	1,668,281	1,531,076
Borrowings	13,423	15,143	1,046	1,168	1,671	1,884	510	656	676	817	639	745	22	86	589	878	15	25	-	68	-	-	-	-	-	-	-	18,591	21,470
Provisions	1,504,660	1,379,925	129,431	120,219	219,208	204,866	61,701	67,155	93,116	89,311	57,797	53,267	396	384	101,199	93,611	-	-	-	250	-	-	-	-	-	-	-	2,167,508	2,008,988
Other liabilities	19,804	24,368	1,544	1,880	2,466	3,031	753	1,055	998	1,315	1,198	943	1,186	33	869	1,412	22	40	-	109	-	-	-	-	-	-	-	27,432	34,546
<b>Total current liabilities</b>	<b>2,795,887</b>	<b>2,559,741</b>	<b>208,968</b>	<b>189,737</b>	<b>318,900</b>	<b>294,776</b>	<b>107,506</b>	<b>112,861</b>	<b>144,346</b>	<b>143,995</b>	<b>143,705</b>	<b>134,541</b>	<b>4,018</b>	<b>1,464</b>	<b>178,445</b>	<b>157,947</b>	<b>37</b>	<b>65</b>	<b>-</b>	<b>932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,901,812</b>	<b>3,596,080</b>
<b>Non-current liabilities</b>																													
Borrowings	795,280	773,162	61,992	59,649	99,013	95,166	30,218	33,476	40,057	41,712	37,867	38,013	1,330	4,375	34,912	44,808	891	1,281	-	3,458	-	-	-	-	-	-	-	1,101,560	1,096,100
Provisions	30,590	26,061	2,631	2,270	4,456	3,869	1,254	1,268	1,687	1,175	1,006	8	7	2,057	1,768	-	-	-	5	-	-	-	-	-	-	-	-	44,064	37,941
Other liabilities	69,006	85,239	5,379	6,576	8,591	10,602	2,622	3,691	3,476	4,599	3,266	4,191	115	482	3,029	4,940	77	141	-	381	-	-	-	-	-	-	-	95,581	120,942
<b>Total non-current liabilities</b>	<b>894,876</b>	<b>884,462</b>	<b>70,002</b>	<b>68,495</b>	<b>112,060</b>	<b>110,637</b>	<b>34,094</b>	<b>38,435</b>	<b>45,426</b>	<b>47,998</b>	<b>42,328</b>	<b>43,210</b>	<b>1,453</b>	<b>4,864</b>	<b>39,998</b>	<b>51,516</b>	<b>966</b>	<b>1,422</b>	<b>-</b>	<b>3,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,241,205</b>	<b>1,254,883</b>
<b>TOTAL LIABILITIES</b>	<b>3,690,763</b>	<b>3,444,203</b>	<b>278,970</b>	<b>258,232</b>	<b>430,960</b>	<b>405,413</b>	<b>141,600</b>	<b>151,296</b>	<b>189,772</b>	<b>191,993</b>	<b>186,033</b>	<b>177,751</b>	<b>5,471</b>	<b>6,328</b>	<b>218,443</b>	<b>209,463</b>	<b>1,005</b>	<b>1,487</b>	<b>-</b>	<b>4,796</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,143,017</b>	<b>4,850,963</b>
<b>NET ASSETS</b>	<b>11,337,521</b>	<b>10,405,625</b>	<b>786,996</b>	<b>712,599</b>	<b>1,092,112</b>	<b>1,032,373</b>	<b>909,902</b>	<b>821,265</b>	<b>215,672</b>	<b>202,712</b>	<b>250,486</b>	<b>242,371</b>	<b>(2,895)</b>	<b>1,537</b>	<b>405,121</b>	<b>340,579</b>	<b>428</b>	<b>783</b>	<b>-</b>	<b>1,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,995,340</b>	<b>13,761,442</b>

\*\* The name and purpose of each program group is summarised in Note 16 (b).

\*\* On 1 April 2017 Domestic and Family Violence and Sexual Assault Services and Women's Policy was transferred to Family and Community Services via an administrative transfer. Refer to Note 42 (b)

\*\*\* Appropriations are made on an entity basis and not to individual program groups. Consequently, appropriations must be included in the 'Not Attributable' column.



**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**16. Program groups of the Ministry of Health (continued)**

**(b) Program Group Name and Purpose of the Ministry of Health and its controlled entities**

**Program Group 1 - Acute Health Services**

Purpose: This program group include the treatment of patients admitted to a NSW public hospital, attending an emergency department or an outpatient-type clinic. The clinical services provided include medical, surgical, obstetric, diagnostic and therapeutic. The program group also covers the provision of clinical professional training and the strategic investment in medical research and development to improve the health and wellbeing of the people of New South Wales.

**Program Group 2 - Sub-Acute Health Services**

Purpose: This program group covers rehabilitation, palliative care, geriatric and psychogeriatric care, aimed at maintaining and/or optimising patients' functioning and quality of life, in public designated facilities and specialist clinics.

**Program Group 3 - Mental Health Services**

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

**Program Group 4 - Small Rural Hospitals and Specialist Hospitals**

Purpose: This program group covers services from 126 small rural and specialist hospitals and facilities. These hospitals typically deliver multipurpose services that may include inpatient, emergency, community health and residential aged care services for rural patients closer to home. Specialist hospitals include The Forensic Hospital at Malabar and two dental hospitals at Sydney and Westmead.

**Program Group 5 - Community Health Care Services**

Purpose: The community health care services program group includes health services for persons attending community health centres, services delivered in the home, oral health and targeted community drug and alcohol services.

**Program Group 6 - Public Health Services**

Purpose: The Public health program group includes services related to:

- protective health – services targeted at broad population groups including environmental health promotion and regulations, immunisation strategies, tobacco control, food and poisons regulation and monitoring of communicable diseases
- preventative health – services targeting prevention initiatives that reduce lifestyle-related risk factors that can result in chronic disease and unnecessary hospitalisation, including the healthy children initiative and get healthy programs.

**Program Group 7 - Health and Medical Research**

Purpose: This program group, delivered through the Office of Health and Medical Research, includes initiatives aimed at building health and medical research capability and capacity across the state, as well as providing support for New South Wales organisations reaching commercial market scale as New South Wales based enterprises.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**16. Program groups of the Ministry of Health (continued)**

**(b) Program Group Name and Purpose of the Ministry of Health and its controlled entities (continued)**

**Program Group 8 - Ambulance Emergency Services**

Purpose: The Ambulance emergency services program group includes high quality clinical care and emergency road, rotary and fixed airwing patient and transport services provided by the Ambulance Service of NSW, a division of Health Administration Corporation. Non-emergency patient transports in the metropolitan area are excluded.

**Program Group 9 - Independent Advisory Bodies**

Purpose: This program covers the provision of services by NSW Health entities grant funded agencies:

- Health Care Complaints Commission – responsible for processing, assessing and resolving health care complaints through assisted resolution, facilitated conciliation or referral for investigation and also investigates and prosecutes any serious cases of inappropriate health care, making recommendations to health organisations to address any systemic health care issues
- Mental Health Commission – responsible for monitoring, reviewing and improving the mental health system, working with Government and community to secure better mental health for everyone, help prevent mental illness and ensure appropriate support is available close to home.

**Program Group 10 - Domestic and Family Violence, Sexual Assault Services and Women's Policy**

Purpose: This service group covers the coordination of the whole of government strategy for domestic and family violence (DFV) and sexual assault, including specialist service delivery through the Justice, Family and Community Services and Health clusters. It excludes mainstream services responding to domestic violence and sexual assault. It also includes Women's Policy.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

<b>PARENT</b>			<b>CONSOLIDATED</b>	
2018 \$'000	2017 \$'000		2018 \$'000	2017 \$'000
<b>17. Cash and cash equivalents</b>				
368,065	603,427	Cash at bank and on hand	969,373	1,174,035
-	-	Short term deposits	343,894	634,166
<b>368,065</b>	<b>603,427</b>		<b>1,313,267</b>	<b>1,808,201</b>
<p>For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.</p> <p>Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:</p>				
368,065	603,427	Cash and cash equivalents (per Statement of Financial Position)	1,313,267	1,808,201
<b>368,065</b>	<b>603,427</b>	Closing cash and cash equivalents (per Statement of Cash Flows)	<b>1,313,267</b>	<b>1,808,201</b>
<p><i>Refer to Note 43 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.</i></p>				
<b>18. Receivables</b>				
<b>Current</b>				
54,052	4,096	Sale of goods and services	413,836	312,695
47,810	59,590	Intra health receivables	-	-
9,818	-	Goods and Services Tax	109,824	87,573
124,110	111,714	Other debtors	277,950	247,130
<b>235,790</b>	<b>175,400</b>	<b>Sub total</b>	<b>801,610</b>	<b>647,398</b>
-	-	Less: allowance for impairment	(61,653)	(40,404)
<b>235,790</b>	<b>175,400</b>	<b>Sub total</b>	<b>739,957</b>	<b>606,994</b>
1,218	3,626	Prepayments	63,048	72,919
<b>237,008</b>	<b>179,026</b>		<b>803,005</b>	<b>679,913</b>

**PARENT**

The majority of 'Intra health receivables' in 2017/18 and 2016/17 were due from South Eastern Sydney Local Health District and Sydney Local Health District, which are controlled entities.

**Related party transactions relating to 2016/17 financial year were as follows:**

At reporting date there was an amount of \$54,000 receivable from the Crown Finance Entity, an entity controlled by the ultimate parent. The amount related to payments of private licence fee renewals exceeding amounts owed. The amount receivable at reporting date was recovered from the Crown Finance Entity in 2017/18.

**Ministry of Health**  
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PARENT		CONSOLIDATED	
2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>18. Receivables (continued)</b>			
<b>(a) Movement in the allowance for impairment</b>			
-	-	(34,892)	(41,633)
-	-	24,600	38,029
-	-	(45,926)	(31,288)
-	-	<u>(56,218)</u>	<u>(34,892)</u>
<b>(b) Movement in the allowance for impairment</b>			
-	-	(5,512)	(5,624)
-	-	2,064	3,825
-	-	-	4
-	-	(1,987)	(3,717)
-	-	<u>(5,435)</u>	<u>(5,512)</u>
-	-	<u><b>(61,653)</b></u>	<u><b>(40,404)</b></u>
<b>Non-current</b>			
-	-	537	629
-	-	215	249
-	-	<u>752</u>	<u>878</u>
<b>Less: allowance for impairment</b>			
-	-	(594)	(634)
-	-	<u>158</u>	<u>244</u>
<b>Prepayments</b>			
-	-	11,693	10,555
-	-	<u><b>11,851</b></u>	<u><b>10,799</b></u>
<b>(a) Movement in the allowance for impairment</b>			
-	-	(554)	(485)
-	-	20	(69)
-	-	<u>(534)</u>	<u>(554)</u>
<b>(b) Movement in the allowance for impairment</b>			
-	-	(80)	(160)
-	-	20	80
-	-	<u>(60)</u>	<u>(80)</u>
-	-	<u><b>(594)</b></u>	<u><b>(634)</b></u>
The current and non-current sale of goods and services balances above include the following patient fee receivables:			
-	-	30,668	28,507
-	-	53,502	48,856
-	-	126,099	118,384
-	-	<u><b>210,269</b></u>	<u><b>195,747</b></u>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 43.*

**Ministry of Health**  
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PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
		<b>19. Inventories</b>		
59,489	55,325	Drug supplies	112,713	105,898
379	3,936	Medical and surgical supplies	85,613	80,943
-	-	Food and hotel supplies	3,452	1,928
-	-	Other	4,413	4,757
<u>59,868</u>	<u>59,261</u>		<u>206,191</u>	<u>193,526</u>
		<b>20. Financial assets at fair value</b>		
		<b>Current</b>		
-	-	TCorpIM Funds Investment facilities	44,448	18,769
-	-	Other	-	6,000
<u>-</u>	<u>-</u>		<u>44,448</u>	<u>24,769</u>
		<b>Non-current</b>		
-	-	TCorpIM Funds Investment facilities	37,044	54,344
<u>-</u>	<u>-</u>		<u>37,044</u>	<u>54,344</u>
<i>Refer to note 43 for further information regarding fair value measurement, credit risk, liquidity risk and market risk arising from financial instruments.</i>				
		<b>21. Other financial assets</b>		
		<b>Current</b>		
-	-	Term deposits	314,786	-
5,000	6,560	Advances receivable - intra health	-	-
<u>5,000</u>	<u>6,560</u>		<u>314,786</u>	<u>-</u>
		<b>Non-current</b>		
17,972	21,047	Advances receivable - intra health	-	-
<u>17,972</u>	<u>21,047</u>		<u>-</u>	<u>-</u>

**CONSOLIDATED**

The majority of the 'Term deposits' are invested with TCorpIM, an entity controlled by the ultimate parent.

**PARENT**

The majority of the 'Advances receivable - intra health' balances in 2017/18 and 2016/17 are receivable from South Western Sydney Local Health District, a controlled entity and relates to a loan for the Liverpool car park. The loan was provided on market terms.

**Ministry of Health**  
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PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>22. Property, plant and equipment</b>				
<b>Land and buildings - fair value</b>				
238,847	237,519	Gross carrying amount	23,967,931	22,464,612
115,116	111,077	Less: accumulated depreciation and impairment	9,049,076	8,917,566
<u>123,731</u>	<u>126,442</u>	Net carrying amount	<u>14,918,855</u>	<u>13,547,046</u>
<b>Plant and equipment - fair value</b>				
8,544	8,445	Gross carrying amount	2,612,012	2,488,973
5,800	5,711	Less: accumulated depreciation and impairment	1,406,518	1,317,399
<u>2,744</u>	<u>2,734</u>	Net carrying amount	<u>1,205,494</u>	<u>1,171,574</u>
<b>Infrastructure systems - fair value</b>				
3,075	3,075	Gross carrying amount	949,589	860,220
2,395	2,335	Less: accumulated depreciation and impairment	485,971	456,302
<u>680</u>	<u>740</u>	Net carrying amount	<u>463,618</u>	<u>403,918</u>
<b>Leasehold improvements - fair value</b>				
15,055	14,659	Gross carrying amount	90,660	73,361
14,202	13,020	Less: accumulated depreciation and impairment	49,150	40,772
<u>853</u>	<u>1,639</u>	Net carrying amount	<u>41,510</u>	<u>32,589</u>
<u>128,008</u>	<u>131,555</u>	<b>Total property, plant and equipment at net carrying amount</b>	<u>16,629,477</u>	<u>15,155,127</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 NSW Treasury Policy Paper 14-01 *Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value*.

**Ministry of Health**  
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**PARENT**

**22. Property, plant and equipment - reconciliation**

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

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Leasehold improvements \$'000	Total \$'000
<b>2018</b>					
Net carrying amount at beginning of year	126,442	2,734	740	1,639	131,555
Additions	40	649	-	396	1,085
Disposals	(2,934)	(89)	-	-	(3,023)
Equity transfers - transfers in/(out) (Note 42 (b))	2,934	-	-	-	2,934
Depreciation expense	(2,751)	(550)	(60)	(1,182)	(4,543)
<b>Net carrying amount at end of year</b>	<b>123,731</b>	<b>2,744</b>	<b>680</b>	<b>853</b>	<b>128,008</b>

	Land and buildings \$'000	Plant and equipment \$'000	Infrastructure systems \$'000	Leasehold improvements \$'000	Total \$'000
<b>2017</b>					
Net carrying amount at beginning of year	129,271	2,633	800	2,532	135,236
Additions	519	416	-	78	1,013
Disposals	(155,000)	(144)	-	(175)	(155,319)
Transfers to controlled entities	-	(288)	-	-	(288)
Administrative restructures - transfers in/(out) (i)	155,000	-	-	-	155,000
Net revaluation increment less revaluation decrements	830	-	(830)	-	-
Depreciation expense	(2,750)	(481)	(60)	(796)	(4,087)
Reclassifications	(1,428)	598	830	-	-
<b>Net carrying amount at end of year</b>	<b>126,442</b>	<b>2,734</b>	<b>740</b>	<b>1,639</b>	<b>131,555</b>

(i) In 2016/17, as part of a NSW Government decision to undertake a relocation project, a parcel of land and buildings at the Royal North Shore site has been sold by the Ministry of Health for \$155 million (market value) to Government Property NSW, an entity controlled by the ultimate parent.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**CONSOLIDATED**

**22. Property, plant and equipment - reconciliation**

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Leasehold Improvements \$'000	Total \$'000
<b>2018</b>					
Net carrying amount at beginning of year	13,547,046	1,171,574	403,918	32,589	15,155,127
Additions	1,176,075	251,800	708	10,888	1,439,471
Reclassifications to intangibles	-	(14,806)	-	-	(14,806)
Reclassification of assets held for sale	(37,025)	(11)	(370)	-	(37,406)
Disposals	(28,821)	(14,768)	-	(108)	(43,697)
Net revaluation increment less revaluation decrements	822,177	(60)	33,923	-	856,040
Depreciation expense	(480,895)	(213,050)	(22,626)	(8,681)	(725,252)
Other reclassifications within property, plant and equipment	(79,702)	24,815	48,065	6,822	-
<b>Net carrying amount at end of year</b>	<b>14,918,855</b>	<b>1,205,494</b>	<b>463,618</b>	<b>41,510</b>	<b>16,629,477</b>

	Land and Buildings \$'000	Plant and Equipment \$'000	Infrastructure Systems \$'000	Leasehold Improvements \$'000	Total \$'000
<b>2017</b>					
Net carrying amount at beginning of year	13,043,334	1,069,385	380,717	31,839	14,525,275
Additions	931,495	272,383	4,765	6,182	1,214,825
Reclassifications to intangibles	-	(565)	-	-	(565)
Reclassification of assets held for sale	(8,904)	-	(3)	-	(8,907)
Disposals	(173,100)	(13,103)	(27)	(211)	(186,441)
Administrative restructures	-	860	-	-	860
Net revaluation increment less revaluation decrements	302,091	-	6,974	-	309,065
Impairment losses (recognised in 'other gains/losses')	(464)	-	-	-	(464)
Depreciation expense	(468,837)	(201,494)	(21,050)	(7,140)	(698,521)
Other reclassifications within property, plant and equipment	(78,569)	44,108	32,542	1,919	-
<b>Net carrying amount at end of year</b>	<b>13,547,046</b>	<b>1,171,574</b>	<b>403,918</b>	<b>32,589</b>	<b>15,155,127</b>

(i) Further details regarding fair value measurement of property, plant and equipment are disclosed in Note 26(b).

(ii) Further details regarding acquisitions made through administrative restructures are disclosed in Note 42.

(iii) In 2016/17, as part of a NSW Government decision to undertake a relocation project, a parcel of land and buildings at the Royal North Shore site has been sold by the Ministry of Health for \$155 million (market value) to Government Property NSW, an entity controlled by the ultimate parent.



**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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PARENT		CONSOLIDATED	
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000
<b>23. Intangible assets</b>			
<b>Intangibles</b>			
1,414	1,414	1,018,826	904,807
589	352	343,684	281,870
<b>825</b>	<b>1,062</b>	<b>675,142</b>	<b>622,937</b>

A reconciliation of the carrying amount of intangibles at the beginning and end of the current reporting year is set out below:

**PARENT**

	Intangibles \$'000	Total \$'000
<b>2018</b>		
Net carrying amount at beginning of year	1,062	1,062
Amortisation (recognised in depreciation and amortisation)	(237)	(237)
<b>Net carrying amount at end of year</b>	<b>825</b>	<b>825</b>

	Intangibles \$'000	Total \$'000
<b>2017</b>		
Net carrying amount at beginning of year	844	844
Additions	933	933
Amortisation (recognised in depreciation and amortisation)	(153)	(153)
Other movements	(562)	(562)
<b>Net carrying amount at end of year</b>	<b>1,062</b>	<b>1,062</b>

**CONSOLIDATION**

	Intangibles \$'000	Total \$'000
<b>2018</b>		
Net carrying amount at beginning of year	622,937	622,937
Additions	99,233	99,233
Reclassifications from property, plant and equipment	14,806	14,806
Amortisation (recognised in depreciation and amortisation)	(61,834)	(61,834)
<b>Net carrying amount at end of year</b>	<b>675,142</b>	<b>675,142</b>

	Intangibles \$'000	Total \$'000
<b>2017</b>		
Net carrying amount at beginning of year	566,075	566,075
Additions	108,995	108,995
Reclassifications from property, plant and equipment	565	565
Disposals	(7)	(7)
Amortisation (recognised in depreciation and amortisation)	(52,705)	(52,705)
Other movements	14	14
<b>Net carrying amount at end of year</b>	<b>622,937</b>	<b>622,937</b>

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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PARENT		CONSOLIDATED	
2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>24. Other assets</b>			
<b>Non-current</b>			
-	-	62,203	56,055
Emerging rights to assets		<u>62,203</u>	<u>56,055</u>
<u>-</u>	<u>-</u>		

A reconciliation of the carrying amount of other assets at the beginning and end of the current reporting year is set out below:

**CONSOLIDATION**

	Other Assets \$'000	Total \$'000
<b>2018</b>		
Net carrying amount at beginning of year	56,055	56,055
Additions	5,991	5,991
Net revaluation increment less revaluation decrements	157	157
<b>Net carrying amount at end of year</b>	<b>62,203</b>	<b>62,203</b>

	Other Assets \$'000	Total \$'000
<b>2017</b>		
Net carrying amount at beginning of year	50,495	50,495
Additions	5,683	5,683
Net revaluation increment less revaluation decrements	(2,083)	(2,083)
Other movements	1,960	1,960
<b>Net carrying amount at end of year</b>	<b>56,055</b>	<b>56,055</b>

**25. Non-current assets held for sale**

<b>Assets held for sale</b>			
-	-	40,644	6,734
Land and buildings			
-	-	11	-
Plant and equipment			
-	-	288	-
Infrastructure systems			
<u>-</u>	<u>-</u>	<u>40,943</u>	<u>6,734</u>

Further details regarding the fair value measurement are disclosed in Note 26.

**Ministry of Health**  
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**26. Fair value measurement of non-financial assets**

**(a) Fair value hierarchy**

Property, plant and equipment (Note 22)\*

**PARENT**

2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land and buildings	-	79,250	44,202	123,452
Infrastructure systems	-	-	680	680
	-	<b>79,250</b>	<b>44,882</b>	<b>124,132</b>

There were no transfers between level 1 and 2 during the period ended 30 June 2018.

2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land and buildings	-	79,250	46,953	126,203
Infrastructure systems	-	-	740	740
	-	<b>79,250</b>	<b>47,693</b>	<b>126,943</b>

There were no transfers between level 1 and 2 during the year ended 30 June 2017.

**CONSOLIDATED**

2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land and buildings	-	1,173,502	10,953,554	12,127,056
Infrastructure systems	-	-	437,683	437,683
Other assets (Note 24)	-	-	62,203	62,203
Non-current assets held for sale (Note 25)	-	40,943	-	40,943
	-	<b>1,214,445</b>	<b>11,453,440</b>	<b>12,667,885</b>

There were no transfers between level 1 and 2 during the period ended 30 June 2018.

2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land and buildings	-	1,081,904	10,588,852	11,670,756
Infrastructure systems	-	-	403,921	403,921
Other assets (Note 24)	-	-	56,055	56,055
Non-current assets held for sale (Note 25)	-	6,734	-	6,734
	-	<b>1,088,638</b>	<b>11,048,828</b>	<b>12,137,466</b>

There were no transfers between level 1 and 2 during the year ended 30 June 2017.

\* Work in progress and newly completed buildings are carried at cost, therefore they are excluded from the above figures and as a result will not agree to Note 22.

**Ministry of Health**  
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**PARENT & CONSOLIDATED**

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

**(b) Valuation techniques, inputs and processes**

For land, buildings and infrastructure systems the Ministry of Health and its controlled entities obtain external valuations by independent valuers every three years. The valuer used by each health entity is independent of the respective entities. The last comprehensive revaluation for assets recognised by the parent entity was completed in the 30 June 2016 financial year.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices, refer Note 22 reconciliation.

In accordance with AASB 13 *Fair Value Measurement*, assets are generally not found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

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

For land, the valuation by the valuers is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre. All commercial and non-restricted land is included in level 2 as these land valuations have a high level of observable inputs, although these lands are not identical. The majority of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.

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

Non-Current Assets Held for Sale is a non-recurring item that is measured at fair value less cost to sell, which is less than its carrying amount. These assets are categorised as level 2.

*Level 3 disclosures:*

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

<b>Assets</b>	<b>Valuation Techniques</b>	<b>Valuation Inputs</b>
Land under specialised building(s)	Market approach	This valuation method involves comparing the subject property to comparable sale prices in similar location on a rate per square metre basis, adjusted for restrictions specific for the property (e.g. mandated use and/or zoning).
Specialised Buildings	Depreciated replacement cost approach	This valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of building on a rate per square metre basis; depreciated to reflect the building's remaining useful life.
Non-Specialised Buildings	Depreciated replacement cost approach	This valuation method involves establishing the current replacement cost of the modern equivalent asset for each type of building on a rate per square metre basis; depreciated to reflect the building's remaining useful life.
Infrastructure systems	Depreciated replacement cost approach	This valuation method involves establishing the current replacement cost of the modern equivalent infrastructure asset on a rate per square metre basis; depreciated to reflect the assets remaining useful life.
Other assets - Emerging rights to assets	Depreciated replacement cost approach	This valuation method involves determining the depreciated replacement cost of the underlying physical assets at the end of the public private partnership contract, allocating the value over the contract period as the compounding value of an annuity discounted using the NSW Government bond rate applicable at the commencement of the contract.

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

**(c) Reconciliation of recurring Level 3 fair value measurements**

**PARENT**

<b>2018</b>	<b>Land and buildings \$'000</b>	<b>Infrastructure systems \$'000</b>	<b>Level 3 Recurring total \$'000</b>
Fair value as at 1 July 2017	46,953	740	47,693
Disposals	(2,934)	-	(2,934)
Depreciation	(2,751)	(60)	(2,811)
Equity transfers	2,934	-	2,934
<b>Fair value as at 30 June 2018</b>	<b><u>44,202</u></b>	<b><u>680</u></b>	<b><u>44,882</u></b>

<b>2017</b>	<b>Land and buildings \$'000</b>	<b>Infrastructure systems \$'000</b>	<b>Level 3 Recurring total \$'000</b>
Fair value as at 1 July 2016	44,957	800	45,757
Additions	339	-	339
Revaluation increments/(decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment'	4,407	-	4,407
Depreciation	(2,750)	(60)	(2,810)
<b>Fair value as at 30 June 2017</b>	<b><u>46,953</u></b>	<b><u>740</u></b>	<b><u>47,693</u></b>

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**26. Fair value measurement of non-financial assets (continued)**

**(c) Reconciliation of recurring Level 3 fair value measurements (continued)**

**CONSOLIDATED**

<b>2018</b>	<b>Land and buildings \$'000</b>	<b>Infrastructure systems \$'000</b>	<b>Other assets \$'000</b>	<b>Level 3 Recurring total \$'000</b>
Fair value as at 1 July 2017	10,588,852	403,921	56,055	11,048,828
Additions	276,665	22,700	5,991	305,356
Revaluation increments/(decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment'	785,541	33,923	-	819,464
Revaluation increments/(decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of other assets'	-	-	157	157
Transfers from Level 2	29,590	-	-	29,590
Transfers to Level 2	(48,341)	-	-	(48,341)
Disposals	(28,528)	-	-	(28,528)
Depreciation	(453,046)	(22,121)	-	(475,167)
Prior year carry over adjustments	(134,659)	(24,298)	-	(158,957)
Reclassification	(62,520)	23,558	-	(38,962)
<b>Fair value as at 30 June 2018</b>	<b>10,953,554</b>	<b>437,683</b>	<b>62,203</b>	<b>11,453,440</b>

<b>2017</b>	<b>Land and buildings \$'000</b>	<b>Infrastructure systems \$'000</b>	<b>Other assets \$'000</b>	<b>Level 3 Recurring total \$'000</b>
Fair value as at 1 July 2016	10,062,551	380,763	50,495	10,493,809
Additions	320,380	4,765	5,683	330,828
Revaluation increments/(decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment'	52,506	6,974	-	59,480
Revaluation increments/(decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of other assets'	-	-	(2,083)	(2,083)
Transfers from Level 2	632,946	-	-	632,946
Transfers to Level 2	(6,110)	-	-	(6,110)
Disposals	(23,524)	(27)	-	(23,551)
Depreciation	(438,850)	(21,050)	-	(459,900)
Reclassification	(11,047)	32,496	-	21,449
Other movements	-	-	1,960	1,960
<b>Fair value as at 30 June 2017</b>	<b>10,588,852</b>	<b>403,921</b>	<b>56,055</b>	<b>11,048,828</b>

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**PARENT & CONSOLIDATED**

**27. Restricted assets**

The consolidated entity financial statements include the following assets which are restricted by externally imposed conditions, e.g. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

<b>Category</b>	<b>Opening Balance</b> 1 July 2017 \$'000	<b>Expense</b> 2018 \$'000	<b>Revenue</b> 2018 \$'000	<b>Closing Balance</b> 30 June 2018 \$'000
Community welfare	10,398	7,357	8,629	11,670
Facility improvements	207,280	35,182	117,884	289,982
Hold funds in perpetuity	12,061	52	640	12,649
Patient welfare	89,803	37,360	43,464	95,907
Private practice disbursements (No.2 Accounts)	429,352	77,164	101,339	453,527
Public contributions	39,843	24,237	25,285	40,891
Research	184,601	65,371	78,528	197,758
Staff welfare	8,198	2,249	1,713	7,662
Training and education including conferences	92,476	15,972	14,754	91,258
Other	1,801	1,801	-	-
<b>Grant Total</b>	<b>1,075,813</b>	<b>266,745</b>	<b>392,236</b>	<b>1,201,304</b>

Restricted Financial Asset categories have been expanded in the 2017/18 financial year to provide more clarity to the users of the financial statements. As a result, comparative figures have been adjusted to conform to the current year's presentation.

Restricted assets are held for the following purpose and cannot be used for any other purpose.

<b>Category</b>	<b>Purpose</b>
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Facility improvements	Repairs, maintenance, renovations and/or new equipment or building related expenditure.
Hold funds in perpetuity	Donor has explicitly requested be invested permanently and not otherwise expended.
Patient welfare	Improvements such as medical needs, financial needs and standards for patients' privacy and dignity.
Private practice disbursements (No.2 Accounts)	Staff specialists' private practice arrangements to improve the level of clinical services provided.
Public contributions	Donations or legacies received without any donor-specified conditions as to its use.
Research	Research to gain knowledge, understanding and insight.
Staff welfare	Staff benefits such as staff recognition awards, functions and staff amenities improvements.
Training and education including conferences	Professional training, education and conferences.
Other	This does not meet the definition of any of the above categories.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>28. Payables</b>				
<b>Current</b>				
493	220	Accrued salaries, wages and on-costs	304,988	266,920
1,774	1,000	Taxation and payroll deductions	76,575	68,206
214,666	175,237	Trade operating creditors	800,834	783,566
-	-	Interest	14	71
Other creditors				
- Capital works				
-	-		168,892	109,607
46,360	78,545	- Payables to the Ministry of Health controlled entities	-	-
24,510	17,229	- Other	336,978	302,706
-	11,913	- Goods and Services Tax	-	-
<b>287,803</b>	<b>284,144</b>		<b>1,688,281</b>	<b>1,531,076</b>

**PARENT**

Some 'Payables to the Ministry of Health controlled entities' are amounts owing to Health Infrastructure, a division of Health Administration Corporation and South Western Sydney Local Health District, which are both controlled entities.

**Related party transactions relating to 2016/17 financial year were as follows:**

'Trade operating creditors' include some amounts owing to Department of Finance, Services and Innovation an entity controlled by the ultimate parent.

The majority of 'Payables to the Ministry of Health controlled entities' are amounts owing to HealthShare NSW, a division of Health Administration Corporation, which is a controlled entity.

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 43.*



**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
		<b>29. Borrowings</b>		
		<b>Current</b>		
-	-	Other loans and deposits	6,112	4,165
-	-	Finance leases	951	932
		Public, Private Partnerships		
-	-	- Long Bay Forensic Hospital	1,982	1,792
-	-	- Calvary Mater Newcastle Hospital	8,214	13,843
-	-	- Orange Hospital and Associated Health Services	1,004	576
-	-	- Royal North Shore Hospital Redevelopment	328	162
<u>-</u>	<u>-</u>		<u>18,591</u>	<u>21,470</u>
		<b>Non-Current</b>		
-	-	Other loans and deposits	44,548	27,309
-	-	Finance leases	33,332	33,745
		Public, Private Partnerships		
-	-	- Long Bay Forensic Hospital	71,592	73,574
-	-	- Calvary Mater Newcastle Hospital	70,407	78,621
-	-	- Orange Hospital and Associated Health Services	160,346	161,351
-	-	- Royal North Shore Hospital Redevelopment	721,335	721,500
<u>-</u>	<u>-</u>		<u>1,101,560</u>	<u>1,096,100</u>

**CONSOLIDATED**

*Finance leases*

On 01 July 2012, South West Sydney Local Health District entered into a collaborative relationship with the Ingham Institute (an associate entity of NSW Health) for Applied Medical Research to create a research precinct on the grounds of Liverpool Hospital. The goal is to undertake medical research that can be translated & applied to the needs of the local population and wider Australia. As part of the arrangement the Ingham Institute Building has been sub-leased to South West Sydney Local Health District to allow its employees to conduct research across a number of streams. This arrangement has been classified as a finance lease. The final repayments for the Ingham Finance Lease are to be made during the year ending 30 June 2052.

*Other loans and deposits*

In 2017/18 and 2016/17 'Other loans and deposits' represents amounts owing to the Crown Finance Entity, an entity controlled by the ultimate parent.

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 43.*

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>29. Borrowings (continued)</b>				
<b>(a) Finance lease commitments</b>				
Minimum lease payment commitments in relation to finance leases are payable as follows:				
-	-	Within one year	120,333	124,890
-	-	Later than one year and not later than five years	488,155	481,887
-	-	Later than five years	<u>1,944,732</u>	<u>2,073,625</u>
-	-	<b>Minimum lease payments</b>	<u>2,553,220</u>	<u>2,680,402</u>
-	-	Less: Future Finance Charges	<u>1,483,729</u>	<u>1,594,306</u>
-	-	<b>Present value of minimum lease payments</b>	<u>1,069,491</u>	<u>1,086,096</u>
<b>The present value of finance lease commitments is as follows:</b>				
-	-	Within one year	12,479	17,305
-	-	Later than one year and not later than five years	53,061	45,387
-	-	Later than five years	<u>1,003,951</u>	<u>1,023,404</u>
-	-	<b>Present value of minimum lease payments</b>	<u>1,069,491</u>	<u>1,086,096</u>
<b>Classified as:</b>				
-	-	Current	12,479	17,305
-	-	Non-current	<u>1,057,012</u>	<u>1,068,791</u>
-	-		<u>1,069,491</u>	<u>1,086,096</u>

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$000		\$000	\$000
<b>30. Provisions</b>				
<b>Current</b>				
10,547	9,969	Annual leave - short term	1,261,859	1,185,060
1,833	552	Annual leave - long term	448,131	423,372
-	-	Death and disability (ambulance officers)	3,155	7,148
-	-	Sick leave	275	270
4,594	4,175	Long service leave consequential on-costs	301,665	254,895
-	-	Allocated days off	38,202	22,637
-	-	Other	114,221	115,606
<u>16,974</u>	<u>14,696</u>	<b>Total current provisions</b>	<u>2,167,508</u>	<u>2,008,988</u>
<p>In November 2016 and September 2017 judgements were handed down by the NSW Supreme Court in regards to a legal matter. Final damages to be awarded to the claimant are yet to be determined by the Court. As per paragraph 92 of <i>AASB 137 Provisions, Contingent Liabilities and Contingent Assets</i>, further information about this matter has not been reported as it may prejudice the position of the entity in relation to the dispute.</p>				
<b>Non-current</b>				
-	-	Death and disability (ambulance officers)	8,654	8,654
399	363	Long service leave consequential on-costs	26,232	22,166
396	-	Other	9,178	7,121
<u>795</u>	<u>363</u>	<b>Total non-current provisions</b>	<u>44,064</u>	<u>37,941</u>
<b>Aggregate employee benefits and related on-costs</b>				
16,974	14,696	Provisions - current	2,066,941	1,893,382
399	363	Provisions - non-current	34,886	30,820
2,267	1,220	Accrued salaries, wages and on-costs (Note 28)	381,563	335,126
<u>19,640</u>	<u>16,279</u>		<u>2,483,390</u>	<u>2,259,328</u>
<b>31. Other liabilities</b>				
<b>Current</b>				
2,427	2,427	Income in advance	27,294	34,133
-	-	Other	138	413
<u>2,427</u>	<u>2,427</u>		<u>27,432</u>	<u>34,546</u>
<b>Non-current</b>				
46,121	48,548	Income in advance	95,490	120,610
-	-	Other	91	232
<u>46,121</u>	<u>48,548</u>		<u>95,581</u>	<u>120,842</u>

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018 \$'000	2017 \$'000		2018 \$'000	2017 \$'000
<b>32. Commitments for expenditure</b>				
<b>(a) Capital commitments</b>				
Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:				
105	-	Within one year	1,066,486	762,288
-	-	Later than one year and not later than five years	996,149	242,934
-	-	Later than five years	74,602	4,012
<u>105</u>	<u>-</u>	<b>Total capital expenditure commitments (including GST)</b>	<u>2,137,237</u>	<u>1,009,234</u>
<b>(b) Operating lease commitments</b>				
Future minimum rentals payable under non-cancellable operating lease as at 30 June are, as follows:				
9,123	8,646	Within one year	232,704	224,268
-	9,009	Later than one year and not later than five years	681,924	732,194
-	-	Later than five years	747,653	845,076
<u>9,123</u>	<u>17,655</u>	<b>Total operating lease commitments (including GST)</b>	<u>1,662,281</u>	<u>1,801,538</u>
<b>(c) Input tax recoverable related to commitments for expenditure</b>				
The total of 'commitments for expenditure' above, i.e. \$3,800 million as at 30 June 2018 includes input tax credits of \$345.4 million that are expected to be recoverable from the Australian Taxation Office (2017: \$255.5 million)				
Some of the above commitments include non-cancellable lease commitments relating to Government Property NSW, an entity controlled by the ultimate parent.				

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**CONSOLIDATION**

**33. Trust funds**

The consolidated entity holds money in trust in relation to patients, refundable deposits and Private Practice Trust Funds. As the consolidated entity performs only custodial role in respect of trust monies, they are excluded from the financial statements as the consolidated entity cannot use them for the achievement of its own objectives. The following is a summary of the transactions in the trust account.

	Patient Trust		Refundable Deposits		Private Patient Trust Funds		Third Party Funds		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash balance at the beginning of the financial year	15,118	8,861	6,338	8,779	54,441	55,922	-	-	75,897	73,562
Administrative transfer	-	9	-	-	-	-	-	-	-	9
Add : Revenue	4,816	11,270	4,652	14,965	537,384	759,834	45,441	-	592,293	786,069
Less : Expenditure	(14,070)	(5,022)	(2,291)	(17,406)	(577,996)	(761,315)	(32,642)	-	(626,999)	(783,743)
Cash balance at the end of the financial year	<b>5,864</b>	<b>15,118</b>	<b>8,699</b>	<b>6,338</b>	<b>13,829</b>	<b>54,441</b>	<b>12,799</b>	<b>-</b>	<b>41,191</b>	<b>75,897</b>

The parent entity does not administer any trust funds on behalf of others.

Trust Fund categories have been expanded in the 2017/18 financial year to provide more clarity to the users of the financial statements. As a result, comparative figures have been adjusted to conform to the current year's presentation.

The following list provides a brief description of the purpose of the trust fund categories.

Category	Purpose
Patient Trust	The safe custody of patients' valuables including monies.
Refundable Deposit	A sum of money held in trust as a security deposit.
Private Patient Trust Funds	The revenue derived from private patient and other billable services provided by Staff Specialists.
Third Party Funds	A sum of money held in trust on behalf of external parties, e.g. external foundations, volunteer groups and auxiliaries.
Unclassified	Further information required before the funds can be categorised into an appropriate trust.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**34. Contingent liabilities and assets**

**PARENT**

The Ministry is not aware of any contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

**CONSOLIDATION**

a) The Sydney Children's Hospital Network sometimes receive bequests. As at 30 June 2018 the estimated value of contingent assets arising from potential bequests approximates \$6.6 million (2017: \$9 million). This relates to notified bequests awaiting granting of probate and bequests being contested.

**b) Public, Private Partnerships**

**i) Calvary Mater Newcastle Hospital Public, Private Partnership**

The liability to pay Novacare for the redevelopment of the Mater Hospital is based on a financing arrangement involving Consumer Price Index ("CPI")-linked finance and fixed finance. An interest rate adjustment will be made as appropriate for the CPI-linked interest component over the project term. The estimated value of the contingent liability is unable to be fully determined because of uncertain future events.

**ii) Long Bay Forensic Hospital Public, Private Partnership**

The liability to pay PPP Solutions Limited for the development of the Long Bay Forensic Hospital is based on a financing arrangement involving non-indexable availability charges and interest rate adjustments. Other service fees are to be indexed in accordance with inflation and wages escalation. The estimated value of the contingent liability associated with indexation and interest rate adjustment is unable to be fully determined because of uncertain future events.

**35. Interests in associates**

Set out below are the associates of the consolidated entity. The proportion of ownership interest held by the group equals the voting rights held by the group.

Name of entity	Place of business and country of incorporation	Class of shares	Ownership interest		Reporting Period	Measurement method	Carrying amount	
			2018 %	2017 %			2018 \$'000	2017 \$'000
Hunter Medical Research Institute	Australia	Not applicable	25	25	31 December	Equity method	-	-
The Illawarra Health & Medical Research Institute Limited	Australia	Not applicable	50	50	30 June	Equity method	-	-

Both associates are companies limited by guarantee, whose constitution prohibits the distribution of funds to its members. Accordingly the carrying amount has been equity accounted at nil value and as such no financial information has been disclosed.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

PARENT			CONSOLIDATED	
2018	2017		2018	2017
\$'000	\$'000		\$'000	\$'000
<b>36. Reconciliation of cash flows from operating activities to net result</b>				
Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:				
(241,932)	244,513	Net cash flows from operating activities	1,341,125	1,550,488
(4,780)	(4,240)	Depreciation and amortisation	(787,086)	(751,227)
-	-	Allowance for impairment	(47,913)	(35,001)
2,427	2,427	(Increase) / decrease in income in advance	31,958	(30,192)
(2,712)	(160)	(Increase) / decrease in provisions	(164,644)	(148,134)
59,264	(20,480)	Increase / (decrease) in prepayments and other assets	125,585	13,531
(382)	(6,868)	(Increase) / decrease in payables from operating activities	(117,340)	(183,998)
-	-	Other	-	(582)
(6)	726	Gain / (loss) on sale of property, plant and equipment	(11,917)	(8,429)
-	-	Assets donated / emerging assets recognised	7,933	932
<u>(188,121)</u>	<u>215,918</u>	<b>Net result</b>	<u>377,701</u>	<u>407,388</u>
<b>37. Non-cash financing and investing activities</b>				
-	-	Assets donated or brought to account	1,942	932
-	-	Property, plant and equipment acquired by finance lease	-	33,745
-	-	Emerging rights to assets recognised	5,991	5,683
<u>-</u>	<u>-</u>		<u>7,933</u>	<u>40,360</u>

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**38. Changes in liabilities arising from financing activities**

**CONSOLIDATED**

	2017	Cash Flow	Non-cash	2018
	\$'000	\$'000	Changes Other \$'000	\$'000
Borrowings and Advances	1,117,570	2,581	-	1,120,151

**39. 2017/18 Voluntary services**

It is considered impracticable to quantify the monetary value of voluntary services provided to the Ministry of Health and its controlled entities. Services received free of charge, or for nominal consideration, include:

- Chaplaincies and Pastoral Care
- Hospital Auxiliaries
- Patient Support Groups
- Community Organisations
- Patient & Family Support
- Patient Services, Fund Raising
- Practical Support to Patients and Relatives
- Counselling, Health Education, Transport, Home Help & Patient Activities

**40. Unclaimed monies**

All money and personal effects of patients which are left in the custody of the consolidated entity by any patient who is discharged or dies in hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of the respective controlled entity.

All such money and the proceeds of the realisation of any personal effects are lodged to the credit of the Samaritan Fund which is used specifically for the benefit of necessitous patients or necessitous outgoing patients.



**Ministry of Health**  
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**41. Budget Review - Consolidated**

The 2017/18 budget represents the initial budget as allocated by the NSW Government at the time of the 2017/18 State Budget, which was presented to Parliament of NSW on 20 June 2017.

**NET RESULT** **\$'000**

The actual net result (\$378 million) is lower than the budgeted net result (\$501 million) by \$123 million for the year ended 30 June 2018.

A reconciliation of the movements between actual and budgeted net result is presented below:

<b>Net result - actual</b>	<b>377,701</b>
NSW Treasury's Triennial actuarial review resulted in changes to the calculation of consequential factors associated with employee entitlements. The impact of this was an additional \$51 million of expenses, not assumed by the Crown, recognised in employee related expenses	50,836
Commonwealth budget announcements included an additional \$22 million of National Health Reform Agreement funding	(21,766)
NSW Treasury approved a reduction to NSW Health's own sourced revenue of \$50 million, in particular a decrease in private patient revenue.	50,000
Greater than expected net losses were recognised as a result of disposal of assets and impairment of receivables	47,832
Other minor variations	(3,916)
<b>Net result - budget</b>	<b><u>500,687</u></b>

**ASSETS AND LIABILITIES**

The actual net assets (\$14,995 million) is greater than the budgeted net assets (\$14,907 million) by \$88 million as at 30 June 2018.

A reconciliation of the movements between significant assets and liabilities is presented below:

<b>Net assets - actual</b>	<b>14,995,340</b>
Increase in cash and investments as a result of an increase in restricted funds	(355,119)
NSW Treasury's Triennial actuarial review resulted in a significant increase to provisions and related oncosts. Actuarial assessment resulted in a \$51 million increase of the LSL entitlement, changes resulting from the change in on-cost factors and the first time recognition of workers compensation on AL oncost resulted in an additional \$19 million added to the provision.	70,000
Timing of capital creditor payments resulted in an increase of \$59 million due to delay in receiving invoices for current capital works	59,285
Net movement across several asset and liability classes, including cash, property plant and equipment and provisions	137,349
<b>Net assets - budget</b>	<b><u>14,906,855</u></b>

**STATEMENT OF CASH FLOWS**

The actual net cash flows from operating activities varied lower from the budget by \$60 million. This is primarily due to in-year payments being higher than anticipated with a higher than budgeted year end position for employee related expenses and payment for goods and services.

The net cash flows from investing activities were higher than expected by \$309 million. This mostly attributable to the establishment of term deposits greater than 90 days.

**Ministry of Health**  
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**42. Increase/(decrease) in net assets from equity transfers**

**CONSOLIDATED**

During 2017/18 there have been no equity transfers which result in an increase/(decrease) in net assets.

**Equity transfers relating to 2016/17 financial year were as follows:**

- (a) The *Health Legislation Amendment Act 2016* (the Act) was assented on 28 September 2016 and included provisions to repeal the *New South Wales Institute of Psychiatry Act 1996*. On proclamation date, 1 January 2017, the New South Wales Institute of Psychiatry ("NSWIOP"), an entity controlled by the ultimate parent, was dissolved with all assets, rights and liabilities transferred to Health Education and Training Institute ("HETI"), which is a controlled entity.

This was an administrative restructure, which is 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 HETI.

**Assets and liabilities transferred were as follows:**

<b>Assets</b>	<b>1 January 2017</b>
	<b>\$'000</b>
Cash and cash equivalents	3,752
Receivables	33
Property, plant and equipment	860
Intangibles	14
	<u>4,659</u>
<b>Liabilities</b>	
Payables	(412)
Provisions	(193)
	<u>(605)</u>
<b>Net assets</b>	<u>4,054</u>

Net assets transferred from NSWIOP to HETI on 1 January 2017 as a result of this restructure total \$4.054 million.

- (b) The NSW Government approved the transfer of the East Cumberland Hospital site to UrbanGrowth NSW ("UGNSW"), an entity controlled by the ultimate parent, via an equity transfer at \$1 for the Parramatta North Urban Transformation. The transfer was completed on 13 January 2017.

The East Cumberland Hospital site consisted of the following assets:	<b>13 January 2017</b>
	<b>\$'000</b>
Land & buildings	78,844
<b>Carrying amount as at 13 January 2017</b>	<u>78,844</u>

The value of the East Cumberland Hospital site was adjusted to \$1, which was the fair value of UGNSW, prior to the transfer (i.e. net asset of \$1 was transferred to UGNSW). The revaluation decrement was adjusted to the asset revaluation surplus.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**42. Increase/(decrease) in net assets from equity transfers (continued)**

**PARENT**

- (a) On 15 March 2018 a memorandum of understanding was signed between the Ministry and HealthShare NSW ("HSNSW"), which is a controlled entity, to transfer the State Medical Stockpile ("SMS") from the Ministry to HSNSW.

	<b>15 March 2018</b>
	<b>\$'000</b>
<b>Inventories</b>	
Medical and surgical supplies	(3,947)
	<u>(3,947)</u>

- (b) In accordance with the Real Property Disposal Framework, a decision was made to transfer the Rockdale ambulance station from Ambulance Service of NSW, which is a controlled entity, to the Ministry, prior to its disposal.

	<b>14 November 2017</b>
	<b>\$'000</b>
Land & buildings	2,934
<b>Carrying amount as at 14 November 2017</b>	<u>2,934</u>

The value of the sites was adjusted to \$3 million which was the fair value of the asset (excluding selling costs) prior to Ministry transfer. The revaluation increment was adjusted to the asset revaluation surplus.

<b>Increase/(decrease) in net assets from equity transfers as at 30 June 2018</b>	<u><b>(1,013)</b></u>
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**Equity transfers relating to 2016/17 financial year were as follows:**

- (a) On 1 October 2015, NSW Kids and Families was abolished and transferred to Health Administration Corporation ("the Corporation"), which is a controlled entity. On 1 July 2016, balances were subsequently transferred from the Corporation to the Ministry.

Assets and liabilities that were transferred from the Corporation to the Ministry as a result of the restructure are set out below.

	<b>1 July 2016</b>
	<b>\$'000</b>
<b>Assets</b>	
Cash and cash equivalents	580
Receivables	564
Prepayments	1
Intangibles	429
	<u>1,574</u>
<b>Liabilities</b>	
Creditors	(1,868)
Accruals	(293)
	<u>(2,161)</u>
<b>Net liability</b>	<u><b>(587)</b></u>

Net liabilities transferred from the Corporation to the Ministry on 1 July 2016 as a result of this restructure was \$587,000.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**42. Increase/(decrease) in net assets from equity transfers (continued)**

- (b) The NSW Government approved the transfer of the Prevention of Domestic Violence and Sexual Assault and the Minister of Women (Women NSW), a service group within NSW Health, to the Department of Family and Community Services ("FACS"), an entity controlled by the ultimate parent, via an administrative transfer. The transfer was completed on 1 April 2017.

Liabilities transferred from the Ministry to FACS as a result of the restructure are set out below.

	<b>1 April 2017</b>
	<b>\$'000</b>
Annual leave provision	109
<b>Net liability</b>	<b><u>109</u></b>

Net liabilities transferred from the Ministry to FACS as a result of this restructure was \$0.109 million.

- (c) As part of a NSW Government decision to undertake a relocation project, a decision was made to transfer two sites from Northern Sydney Local Health District to the Ministry, the immediate parent.

The sites consisted of the following assets:

	<b>30 June 2017</b>
	<b>\$'000</b>
Land & buildings	155,000
<b>Carrying amount as at 30 June 2017</b>	<b><u>155,000</u></b>

The value of the sites was adjusted to \$155 million which was the fair value of the assets immediately prior to the transfer to the Ministry. The revaluation increment was adjusted to the asset revaluation surplus.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**43. Financial instruments**

The Ministry of Health and its controlled entities principal financial instruments are outlined below. These financial instruments arise directly from the consolidated entities' operations or are required to finance its operations. The Ministry of Health and its controlled entities do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

The Secretary of NSW Health has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

**(a) Financial instrument categories**

PARENT	Category	Carrying Amount	Carrying Amount
		2018	2017
		\$'000	\$'000
<b>Financial assets</b>			
Cash and cash equivalents (Note 17)	N/A	368,065	603,427
Receivables (Note 18)*	Loans and receivables (at amortised cost)	225,972	175,400
Other financial assets (Note 21)	Loans and receivables (at amortised cost)	22,972	27,607
<b>Total financial assets</b>		<b>617,009</b>	<b>806,434</b>
<b>Financial liabilities</b>			
Payables (Note 28)**	Financial liabilities (at amortised cost)	286,029	271,231
<b>Total financial liabilities</b>		<b>286,029</b>	<b>271,231</b>

**Notes**

\* Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*)

\*\* Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*). Prior year comparatives have been restated to include accrued salaries, wages.

CONSOLIDATED	Category	Carrying Amount	Carrying Amount
		2018	2017
		\$'000	\$'000
<b>Financial Assets</b>			
Cash and cash equivalents (Note 17)	N/A	1,313,267	1,808,201
Receivables (Note 18)*	Loans and receivables (at amortised cost)	630,291	519,665
Financial assets at fair value (Note 20)	At fair value through profit or loss (designated as such upon initial recognition)	81,492	79,113
Other Financial Assets (Note 21)	Loans and receivables (at amortised cost)	314,786	-
<b>Total financial assets</b>		<b>2,339,836</b>	<b>2,406,979</b>
<b>Financial Liabilities</b>			
Borrowings (Note 29)	Financial liabilities (at amortised cost)	1,120,151	1,117,570
Payables (Note 28)**	Financial liabilities (at amortised cost)	1,611,706	1,462,870
Other (Note 31)**	Financial liabilities (at amortised cost)	229	645
<b>Total financial liabilities</b>		<b>2,732,086</b>	<b>2,581,085</b>

**Notes**

\* Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*)

\*\* Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*). Prior year comparatives have been restated to include accrued salaries, wages.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**43. Financial instruments (continued)**

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

Credit risk associated with the consolidated entity's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with TCorpIM Fund Investment facilities are guaranteed by the State.

**Cash**

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorpIM Funds Investment cash facility is discussed in paragraph (d) below.

**Receivables - trade debtors**

All trade debtors are recognised as amounts receivable at reporting 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 Ministry and its controlled entities 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 Ministry and its controlled entities are not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due are not considered impaired. In addition Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the consolidated entity's debtors are health insurance companies or compensation insurers settling claims in respect of inpatient treatments.

Financial assets that are past due or impaired could be either 'sales of goods and services', 'intra health' and 'other debtors' in the 'receivables' category of the Statement of Financial Position. Patient fees - ineligible represent the majority of financial assets that are past due or impaired.

	Parent 2018 \$'000	Parent 2017 \$'000	Consolidated 2018 \$'000	Consolidated 2017 \$'000
Neither past due nor impaired	176,058	114,962	561,536	446,448
Past due but not impaired <sup>1,2</sup>				
< 3 months overdue	2,104	829	41,588	46,510
3 - 6 months overdue	-	-	19,787	15,634
> 6 months overdue	-	19	7,380	11,067
Impaired <sup>1,2</sup>				
< 3 months overdue	-	-	8,498	5,147
3 - 6 months overdue	-	-	10,708	11,710
> 6 months overdue	-	-	43,041	24,181
<b>Total</b> <sup>1,2</sup>	<b>178,162</b>	<b>115,810</b>	<b>692,538</b>	<b>560,698</b>

**Notes**

<sup>1</sup> Each column in the table reports "gross receivables".

<sup>2</sup> The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 *Financial Instruments: Disclosures*. Therefore, the total will not agree to the receivables total recognised in the Statement of Financial Position.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**43. Financial instruments (continued)**

**(b) Credit risk (continued)**

**Authority deposits**

The Ministry has placed funds on deposit with TCorpIM Fund Investment facilities, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorpIM Fund Investment facilities is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. None of these assets are past due or impaired.

**(c) Liquidity risk**

Liquidity risk is the risk that the consolidated entity will be unable to meet its payment obligations when they fall due. The consolidated entity 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 consolidated entity has negotiated no loan outside of arrangements with NSW Treasury. During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral.

However, the risk is minimised by the service agreement, 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 consolidated entity fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the Ministry of Health in accordance with *NSW Treasury Circular 11/12 Payment of Accounts*. 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.

The table following summarises the maturity profile of the consolidated entity's financial liabilities together with the interest rate exposure.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**43. Financial instruments (continued)**

**(c) Liquidity risk (continued)**

*Maturity analysis and interest rate exposure of financial liabilities*

PARENT	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Year	1-5 Years	> 5 Years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>								
Payables:								
- Creditors <sup>2</sup>		286,029	-	-	286,029	286,029	-	-
		<b>286,029</b>	<b>-</b>	<b>-</b>	<b>286,029</b>	<b>286,029</b>	<b>-</b>	<b>-</b>
<b>2017</b>								
Payables:								
- Creditors <sup>2</sup>		271,231	-	-	271,231	271,231	-	-
		<b>271,231</b>	<b>-</b>	<b>-</b>	<b>271,231</b>	<b>271,231</b>	<b>-</b>	<b>-</b>

CONSOLIDATED	Weighted Average Effective Int. Rate	Interest Rate Exposure				Maturity Dates		
		Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Year	1-5 Years	> 5 Years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>								
Payables:								
- Creditors <sup>2</sup>		1,611,706	-	-	1,611,706	1,611,706	-	-
Borrowings:								
- Loans and deposits	3.68%	83,111	83,111	-	-	11,304	44,550	27,257
- Finance leases	1.55%	45,670	-	45,670	-	951	3,997	40,722
- Public Private Partnership	9.30%	2,507,551	148,069	2,359,482	-	119,383	484,158	1,904,010
- Other	2.51%	148	57	-	91	148	-	-
		<b>4,248,186</b>	<b>231,237</b>	<b>2,405,152</b>	<b>1,611,797</b>	<b>1,743,492</b>	<b>532,705</b>	<b>1,971,989</b>
<b>2017</b>								
Payables:								
- Creditors <sup>2</sup>		1,462,870	-	-	1,462,870	1,462,870	-	-
Borrowings:								
- Loans and deposits	4.91%	68,745	62,292	6,453	-	11,115	35,564	22,066
- Finance leases	1.55%	46,603	-	46,603	-	932	3,919	41,752
- Public Private Partnership	10.26%	2,633,799	170,087	2,463,712	-	123,958	477,968	2,031,872
- Other	2.51%	208	114	-	94	151	57	-
		<b>4,212,225</b>	<b>232,493</b>	<b>2,516,768</b>	<b>1,462,964</b>	<b>1,599,026</b>	<b>517,508</b>	<b>2,095,690</b>

**Notes:**

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the consolidated entity can be required to pay.

The tables include both interest and principal cash flows and therefore will not agree to the Statement of Financial Position.

<sup>2</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*). Prior year comparatives have been restated to include accrued salaries, wages.



**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**43. Financial instruments (continued)**

**d) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Ministry and its controlled entities exposures to market risk are primarily through interest rate risk on the Ministry's borrowings and other price risks associated with the movement in the unit price of the TCorpIM Funds Investment facilities. The Ministry and its controlled entities have no exposure to foreign currency risk and do 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 consolidated entity 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 was performed on the same basis for 2017. The analysis assumes that all other variables remain constant.

*Interest rate risk*

Exposure to interest rate risk arises primarily through the consolidated entity's interest bearing liabilities.

However, NSW Health entities are not permitted to borrow external to the consolidated entity (energy loans which are negotiated through NSW Treasury are excepted).

Both NSW Treasury and Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. The Ministry of Health and its controlled entities do 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.

Exposure to interest rate risk is set out below.

<b>PARENT</b>	<b>Carrying Amount</b>	<b>-1%</b>		<b>+1%</b>	
	<b>\$'000</b>	<b>Net Result \$'000</b>	<b>Equity \$'000</b>	<b>Net Result \$'000</b>	<b>Equity \$'000</b>
<b>2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	368,065	(3,681)	(3,681)	3,681	3,681
Receivables	225,972	-	-	-	-
Other financial assets	22,972	(230)	(230)	230	230
<b>Financial liabilities</b>					
Payables	286,029	-	-	-	-
<b>2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	603,427	(6,034)	(6,034)	6,034	6,034
Receivables	175,400	-	-	-	-
Other financial assets	27,607	(276)	(276)	276	276
<b>Financial liabilities</b>					
Payables*	271,231	-	-	-	-

**Notes:**

\* Prior year comparatives have been restated to include accrued salaries, wages.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**43. Financial instruments (continued)**

**d) Market risk (continued)**

<b>CONSOLIDATED</b>	<b>Carrying Amount \$'000</b>	<b>-1% Net Result \$'000</b>	<b>Equity \$'000</b>	<b>+1% Net Result \$'000</b>	<b>Equity \$'000</b>
<b>2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,313,267	(13,133)	(13,133)	13,133	13,133
Receivables	630,291	-	-	-	-
Financial assets at fair value	81,492	(815)	(815)	815	815
Other Financial Assets	314,786	(3,148)	(3,148)	3,148	3,148
<b>Financial liabilities</b>					
Payables	1,611,706	-	-	-	-
Borrowings	1,120,151	11,202	11,202	(11,202)	(11,202)
Other	229	2	2	(2)	(2)
<b>2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,808,201	(18,082)	(18,082)	18,082	18,082
Receivables	519,665	-	-	-	-
Financial assets at fair value	79,113	(791)	(791)	791	791
<b>Financial liabilities</b>					
Payables*	1,462,870	-	-	-	-
Borrowings	1,117,570	11,176	11,176	(11,176)	(11,176)
Other	645	6	6	(6)	(6)

**Notes:**

\* Prior year comparatives have been restated to include accrued salaries, wages.

**Other price risk - TCorpIM Funds Investment facilities**

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM Funds Investment facilities, which are held for strategic rather than trading purposes. The consolidated entity has no direct equity investments. The consolidated entity holds units in the following TCorpIM Funds Investment facilities:

<b>Facility</b>	<b>Investment Sectors</b>	<b>Investment Horizon</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Cash fund	Cash and money market instruments	Up to 1.5 years	1,015	310
Strategic cash fund	Cash and money market instruments	1.5 years to 3 years	21,560	-
Medium term growth fund	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	3 years to 7 years	10,478	10,013
Long-term growth fund	Cash, money market instruments, Australian and International bonds, listed property and Australian shares	7 years and over	48,439	62,790

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily. TCorpIM Funds Investment facilities is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorpIM Funds Investment facilities has appointed external managers to manage the performance and risk of each facility in accordance with a mandate agreed by the parties. A significant portion of the administration of the facilities is outsourced to an external custodian.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2018**

**43. Financial instruments (continued)**

**d) Market risk (continued)**

Investment in the TCorpIM Funds Investment facilities limits the consolidated entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

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

A reasonably possible change is based on the percentage change in unit price (as advised by TCorpIM Funds Investment facilities) multiplied by the redemption value as at 30 June each year for each facility (balance from TCorpIM Funds Investment statement).

	Change in unit price	Impact on net result	
		2018	2017
		\$'000	\$'000
TCorpIM Funds Investment - cash fund	+/- 1%	10	3
TCorpIM Funds Investment - strategic cash fund	+/- 1 to 5%	216	-
TCorpIM Funds Investment - medium-term growth fund	+/- 6 to 24%	629	563
TCorpIM Funds Investment - long-term growth fund	+/- 15 to 22%	7,267	9,501

**(e) Fair value measurement**

TCorpIM Funds Investment facilities are measured at fair value. Management assessed that the carrying amount of all other financial instruments, except as specified below, approximate their fair values, largely due to short-term maturities of these instruments.

**Fair value recognised in the Statement of Financial Position**

The fair value hierarchy of financial instruments are set out below:

2018	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
TCorpIM Funds Investment Facility	-	81,492	-	81,492

2017	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
TCorpIM Funds Investment Facility	-	73,113	-	73,113

The table above only includes financial assets as no financial liabilities were measured at fair value in the Statement of Financial Position.

There were no transfers between level 1 and 2 during the year ended 30 June 2018 (2017: Nil).

As discussed, the value of the TCorpIM Funds Investment is based on the Ministry and its controlled entities share of the value of the underlying assets of the facility, based on the market value. All of the TCorpIM Funds Investment facilities are valued using 'redemption' pricing.

**Ministry of Health**  
**Notes to and forming part of the Financial Statements**  
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**44. Related party transactions**

**PARENT AND CONSOLIDATED**

Key management personnel compensation is as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	2,895	2,908
Post-employment benefits	45	39
Termination benefits	-	361
	<b>2,940</b>	<b>3,308</b>

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 included in the key management personnel compensation disclosures above.

**Transactions with key management personnel and their close family members**

There were no material transactions with key management personnel and their close family members.

**Individually significant transactions with Government-related entities**

*Peppercorn Lease 1: Doonside Lease*

NSW Land & Housing Corporation ("LHC"), an entity controlled by the ultimate parent, entered into a lease agreement with Western Sydney Local Health District ("WSLHD") for the lease of the land at 32 Birdside Avenue, Doonside for a 99 year period commencing on 2 December 1991 and ending on 1 December 2090. WSLHD pay a lease rental of \$1 per year to the LHC.

*Peppercorn Lease 2: Mt Druitt Lease*

Department of Planning and Environment ("DPE"), an entity controlled by the ultimate parent, has entered into a lease agreement with Western Sydney Local Health District ("WSLHD") for lease of the land located at Lots 29 and 30 in Rooty Hill, Cumberland County for a 77 year period commencing from 4 November 1973 to 31 December 2050. WSLHD will pay \$1 per year to the DPE.

**45. Events after the reporting period**

No matters have arisen subsequent to balance date that would require these financial statements to be amended.

**END OF AUDITED FINANCIAL STATEMENTS**