



INDEPENDENT AUDITOR'S REPORT

Health Education and Training Institute

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Health Education and Training Institute (the Institute), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, 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 Institute and the consolidated entity. The consolidated entity comprises the Institute and the entity it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Institute and the consolidated entity as at 30 June 2020, 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 Institute and the consolidated entity in accordance with the requirements of the:

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

Emphasis of Matter - Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 25. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Institute. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Institute's financial statements present adjusted budget information.

Other Information

The Institute's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive of the Institute 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 the Financial Statements.

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.

The Chief Executive's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive is responsible for assessing the ability of the Institute 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.

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. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Institute or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script that reads "D. Ryan".

Dominika Ryan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

1 October 2020
SYDNEY

Health Education and Training Institute

Certification of the Financial Statements

for the year ended 30 June 2020



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

1. The financial statements of the Health Education and Training Institute for the year ended 30 June 2020 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. the requirements of the *Public Finance and Audit Act 1983* (the Act), the *Public Finance and Audit Regulation 2015*; and
 - c. NSW Treasurer's Directions issued under the Act.
2. The financial statements exhibit a true and fair view of the financial position and the financial performance of the Health Education and Training Institute; and
3. I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink that reads 'A. Solman'.

Adjunct Professor Annette Solman

Chief Executive

30 September 2020

Health Education and Training Institute

Statement of Comprehensive Income for the year ended 30 June 2020

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2020	2020	2019	2020	2019
	Notes	\$000	\$000	\$000	\$000	\$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	23,851	25,570	22,488	-	-
Personnel services	3	-	-	-	22,454	21,214
Other expenses	4	8,313	11,160	16,885	8,313	16,885
Depreciation and amortisation	5	545	546	403	545	403
Grants and subsidies	6	7,616	10,171	8,670	7,616	8,670
Total expenses excluding losses		40,325	47,447	48,446	38,928	47,172
Revenue						
NSW Ministry of Health recurrent allocations	8	30,569	38,815	40,507	30,569	40,507
NSW Ministry of Health capital allocations	8	77	77	77	77	77
Acceptance by the Crown Entity of employee benefits	12	1,397	1,372	1,274	-	-
Sale of goods and services	9	-	-	3,529	-	3,529
Sale of goods and services from contracts with customers	9	1,615	3,172	-	1,615	-
Investment revenue	10	1	-	-	1	-
Grants and other contributions	11	5,386	3,757	3,487	5,386	3,487
Other income	13	396	-	480	396	480
Total revenue		39,441	47,193	49,354	38,044	48,080
Operating result		(884)	(254)	908	(884)	908
Gains / (losses) on disposal	14	3	-	8	3	8
Impairment losses on financial assets	16	(37)	-	-	(37)	-
Net result		(918)	(254)	916	(918)	916
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		(918)	(254)	916	(918)	916

¹ Unaudited adjusted budget, see Note 25.

The accompanying notes form part of these financial statements.

Health Education and Training Institute

Statement of Financial Position as at 30 June 2020

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2020	2020	2019	2020	2019
	Notes	\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents	15	212	1,790	1,790	212	1,790
Receivables	16	832	1,676	1,676	832	1,676
Total current assets		1,044	3,466	3,466	1,044	3,466
Non-current assets						
Property, plant & equipment	17					
- Land and buildings		14	236	289	14	289
- Plant and equipment		1,033	771	1,114	1,033	1,114
Total property, plant & equipment		1,047	1,007	1,403	1,047	1,403
Intangible assets	19	429	446	223	429	223
Total non-current assets		1,476	1,453	1,626	1,476	1,626
Total assets		2,520	4,919	5,092	2,520	5,092
LIABILITIES						
Current liabilities						
Payables	20	2,273	3,953	3,977	2,273	3,977
Contract liabilities	21	346	-	-	346	-
Provisions	22	3,009	2,959	2,862	3,009	2,862
Other current liabilities	23	-	301	301	-	301
Total current liabilities		5,628	7,213	7,140	5,628	7,140
Non-current liabilities						
Provisions	22	50	200	192	50	192
Total non-current liabilities		50	200	192	50	192
Total liabilities		5,678	7,413	7,332	5,678	7,332
Net assets		(3,158)	(2,494)	(2,240)	(3,158)	(2,240)
EQUITY						
Accumulated funds		(3,158)	(2,494)	(2,240)	(3,158)	(2,240)
Total Equity		(3,158)	(2,494)	(2,240)	(3,158)	(2,240)

¹ Unaudited adjusted budget, see Note 25.

The accompanying notes form part of these financial statements.

Health Education and Training Institute

Statement of Changes in Equity for the year ended 30 June 2020

PARENT AND CONSOLIDATION

	Accumulated Funds \$000	Total \$000
Balance at 1 July 2019	(2,240)	(2,240)
Net result for the year	(918)	(918)
Total other comprehensive income	-	-
Total comprehensive income for the year	(918)	(918)
Balance at 30 June 2020	(3,158)	(3,158)

	Accumulated Funds \$000	Total \$000
Balance at 1 July 2018	(3,156)	(3,156)
Net result for the year	916	916
Total other comprehensive income	-	-
Total Comprehensive Income for the Year	916	916
Balance at 30 June 2019	(2,240)	(2,240)

The accompanying notes form part of these financial statements.

Health Education and Training Institute

Statement of Cash Flows for the year ended 30 June 2020

	Notes	Consolidated Actual 2020 \$000	Consolidated Budget ¹ 2020 \$000	Consolidated Actual 2019 \$000	Parent Actual 2020 \$000	Parent Actual 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(22,758)	(24,418)	(21,025)	-	-
Suppliers for goods and services		(10,355)	(11,899)	(18,952)	(10,355)	(18,952)
Grants and subsidies		(8,333)	(10,889)	(9,482)	(8,333)	(9,482)
Personnel services		-	-	-	(22,758)	(21,025)
Total payments		(41,446)	(47,206)	(49,459)	(41,446)	(49,459)
Receipts						
NSW Ministry of Health recurrent allocations		30,570	38,815	40,507	30,570	40,507
NSW Ministry of Health capital allocations		77	77	77	77	77
Reimbursements from the Crown Entity		257	257	205	257	205
Sale of goods and services		2,470	3,246	2,899	2,470	2,899
Grants and other contributions		5,718	3,921	3,503	5,718	3,503
Other		1,168	1,263	2,794	1,168	2,794
Total receipts		40,260	47,579	49,985	40,260	49,985
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	(1,186)	373	526	(1,186)	526
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		10	-	19	10	19
Purchases of property, plant and equipment and intangibles		(402)	(373)	(302)	(402)	(302)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(392)	(373)	(283)	(392)	(283)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,578)	-	243	(1,578)	243
Opening cash and cash equivalents	15	1,790	1,790	1,547	1,790	1,547
CLOSING CASH AND CASH EQUIVALENTS	15	212	1,790	1,790	212	1,790

¹ Unaudited adjusted budget, see Note 25.

The accompanying notes form part of these financial statements.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

1. Statement of Significant Accounting Policies

a) Reporting entity

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

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

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

- * The parent entity comprises all the operating activities of the Health Education and Training Institute.

The Health Education and Training Institute Special Purpose Service Entity, which was established as a Division of the

- * Institute on 2 April 2012 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the Institute to exercise its functions.

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

These consolidated financial statements for the year ended 30 June 2020 have been authorised for issue by the Chief Executive on 30 September 2020.

b) Basis of preparation

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

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

In alignment with the approach of other States and Territories, and following a recommendation by the National Cabinet of Commonwealth, the 2020-21 NSW Budget has been deferred until 17 November 2020. On this basis, the Secretary of NSW Health and the Chief Executive, through an interim Service Agreement, have agreed to service and funding levels for the forward financial year. The interim Service Agreement provides for 48 per cent of the Institute's annual funding.

When the NSW Budget is handed down in November 2020-21, the interim Service Agreement and funding arrangements will be replaced with a full-year 2020-21 Service Agreement and budget. The Service Agreement sets out the level of financial resources for public health services under the Institute's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Institute fails to meet Service Agreement performance standards, the NSW Ministry of Health as the state manager will take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the NSW Ministry of Health.

Despite the impact of COVID-19, the going concern assumption remains appropriate. Reasons for this include:

- * Allocated funds, combined with other revenues earned, are adequate to pay debts as and when they become due and payable.
- * The Institute has the capacity to review the timing of NSW Ministry of Health allocation cash flows to ensure that debts can be paid when they become due and payable.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

1. Statement of Significant Accounting Policies (continued)

- The Institute has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the Institute and assist in meeting its overall budget target. The EIP is monitored and evaluated by the NSW Ministry of Health throughout the financial year.
- * The Institute is subject to additional NSW Ministry of Health recurrent and capital allocations to provide for costs incurred related to COVID-19 activities and to ensure debts can be paid as and when they become due and payable.

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

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Institute's presentation and functional currency.

c) Statement of Compliance

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

d) Accounting for the 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 Institute as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

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

e) Foreign currency translation

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date.

Differences arising on settlement or translation of monetary items are recognised in net result.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or net results are also recognised in other comprehensive income or net results, respectively).

f) Comparative Information

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

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

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

1. Statement of Significant Accounting Policies (continued)

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

(i) Effective for the first time in 2019-20

The accounting policies applied in 2019-20 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The Institute applied AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities, and AASB 16 Leases for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019-20, but do not have an impact on the financial statements of the Institute.

AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which the Institute expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Institute to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

In accordance with the transition provisions in AASB 15, the Institute has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, i.e. 1 July 2019. The Institute has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all of the modifications that occur before 1 July 2018 when:

- * identifying the satisfied and unsatisfied performance obligations;
- * determining the transaction price; and
- * allocating the transaction price to the satisfied and unsatisfied performance obligations.

There is no material impact to the Institute on adopting AASB 15.

AASB 1058 Income of Not-for-Profit Entities (AASB 1058)

AASB 1058 replaces most of the existing requirements in AASB 1004 Contributions. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

1. Statement of Significant Accounting Policies (continued)

- * when the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by the Institute.
- * immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Institute has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019. The Institute has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Institute to further its objectives, are not restated to their fair value.

There is no material impact to the Institute on adopting AASB 1058.

AASB 16 Leases

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

Lessor accounting

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have a significant impact for leases where the entity is the lessor.

Lessee accounting

AASB 16 requires the Institute to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Institute recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Institute elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

In applying AASB 16 for the first time, the Institute has used the following practical expedients permitted by the standard:

- * not reassess whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and Interpretation 4;
- * applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- * relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- * not recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application;
- * excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- * using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

There is no material effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

1. Statement of Significant Accounting Policies (continued)

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

AASB 1059 Service Concession Arrangements

AASB 1059 Service Concession Arrangements is applicable to public sector entities only and is effective for annual periods beginning on or after 1 January 2020. This standard 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 Concession Arrangements. AASB 1059 Service Concession Arrangements requires retrospective application.

Overview of Assessment Activities

The Institute has completed its impact assessment of AASB 1059 by reviewing all material arrangements where the private sector is performing any services on behalf of the Institute. Any identified arrangements have been assessed whether it falls within the scope of AASB 1059. If it does meet the scoping guidelines of AASB 1059, financial impacts were calculated.

Upon review, the Institute has not identified any arrangements in scope of AASB 1059.

Application Date

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

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

2. Employee related expenses

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Salaries and wages (including annual leave and ADO)	20,201	19,265	-	-
Superannuation - defined benefit plans	82	83	-	-
Superannuation - defined contribution plans	1,841	1,679	-	-
Long service leave	1,414	1,285	-	-
Redundancies	192	116	-	-
Workers' compensation insurance	114	53	-	-
Fringe benefits tax	7	7	-	-
	23,851	22,488	-	-

Employee related costs of \$Nil (2019: \$Nil) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above.

3. Personnel services

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Salaries and wages (including annual leave and ADO)	-	-	20,201	19,265
Superannuation - defined contribution plans	-	-	1,841	1,679
Long service leave	-	-	99	94
Redundancies	-	-	192	116
Workers' compensation insurance	-	-	114	53
Fringe benefits tax	-	-	7	7
	-	-	22,454	21,214

Personnel services of Health Education and Training Institute were provided by its controlled entity, Health Education and Training Institute Special Purpose Service Entity.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

4. Other expenses

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Advertising	132	171	132	171
Auditor's remuneration - audit of financial statements	28	55	28	55
Consultancies	174	877	174	877
Contractors	454	2,527	454	2,527
Domestic supplies and services	77	106	77	106
Food supplies	84	114	84	114
Fuel, light and power	23	19	23	19
Information management expenses	2,054	1,980	2,054	1,980
Insurance	8	9	8	9
Maintenance (see Note 4(b))	49	317	49	317
Medical and surgical supplies	1	1	1	1
Motor vehicle expenses	43	114	43	114
Postal and telephone costs	98	111	98	111
Printing and stationery	67	340	67	340
Rates and charges	7	6	7	6
Rental	-	424	-	424
Staff related costs	131	414	131	414
Training expenses	1,610	2,643	1,610	2,643
Travel related costs	509	1,356	509	1,356
Other (see Note 4(a))	2,764	5,301	2,764	5,301
	8,313	16,885	8,313	16,885

Health Education and Training Institute
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for the year ended 30 June 2020

4. Other expenses (continued)

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
(a) Other				
Audiovisual	243	789	243	789
Corporate support services	258	244	258	244
Courier and freight	3	29	3	29
Legal services	4	-	4	-
Membership/professional fees	50	50	50	50
Quality assurance / accreditation	8	15	8	15
Security services	-	3	-	3
Expenses relating to short-term leases	427	-	427	-
Other management services	1,134	3,072	1,134	3,072
Other miscellaneous	637	1,099	637	1,099
	2,764	5,301	2,764	5,301
(b) Reconciliation of total maintenance				
Maintenance contracts	21	93	21	93
New / replacement equipment under \$10,000	26	211	26	211
Repairs maintenance / non contract	2	12	2	12
Other	-	1	-	1
Maintenance expense - contracted labour and other (non-employee related) in Note 4	49	317	49	317
	49	317	49	317

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

4. Other expenses (continued)

Recognition and Measurement

Maintenance expense

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

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Institute. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 20.

Insurance

The Institute's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by NSW Self Insurance Corporation (SiCorp), a controlled entity of the ultimate parent.

Lease expense

Lease expense (up to 30 June 2019)

Operating leases

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

Lease expense (from 1 July 2019)

From 1 July 2019, the Institute recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

5. Depreciation and amortisation

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Depreciation - buildings	275	192	275	192
Depreciation - plant and equipment	188	174	188	174
Amortisation - intangible assets	82	37	82	37
	545	403	545	403

Refer to Note 17 Property, plant and equipment, Note 18 Leases, and Note 19 Intangible assets for recognition and measurement policies on depreciation and amortisation.

6. Grants and subsidies

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Non-government organisations	4	11	4	11
Grants paid to entities controlled by the immediate parent	2,242	2,689	2,242	2,689
Leadership program	519	949	519	949
NSW Nursing & Midwifery Education Contract	1,053	947	1,053	947
Other grants	378	720	378	720
Scholarships & Sponsorships	3,420	3,354	3,420	3,354
	7,616	8,670	7,616	8,670

Recognition and Measurement

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

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

7. Revenue

Recognition and Measurement

Until 30 June 2019, income is recognised in accordance with AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions.

From 1 July 2019, income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers (AASB 15) or AASB 1058 Income of Not-for-Profit Entities (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15.

Under the GSF Act 2018, the Institute's own source revenue (which includes but is not limited to receipts from NSW Ministry of Health recurrent and capital allocations, patient fees, non-patient fees, grants and other contributions, other ancillary services, and proceeds from the sale of property, plant and equipment) meets the definition of deemed appropriation money under the GSF Act (Section 4.7).

Deemed appropriation money is money received directly by the Institute which forms part of the consolidated fund and is not appropriated to the Institute by an Act.

8. NSW Ministry of Health allocations

Payments are made by the immediate parent as per the Statement of Service to the Institute and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Statement of Service between the immediate parent and the Institute does not contain sufficiently specific enforceable performance obligations as defined by AASB 15 and are therefore recognised upon the receipt of cash, in accordance with AASB 1058.

9. Sale of goods and services / Sale of goods and services from contracts with customers

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Private use of motor vehicles	14	9	14	9
Salary packaging fee	1	1	1	1
Australian Mental Health Outcomes and Classification Network (AMHOCN)	-	1,083	-	1,083
Commercial activities	3	2	3	2
Fees for conferences and training	117	330	117	330
Higher education course fees	856	833	856	833
Other	624	1,271	624	1,271
	1,615	3,529	1,615	3,529

Recognition and Measurement

Sale of goods (until 30 June 2019)

Revenue from the sale of goods is recognised when the Institute transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

9. Sale of goods and services / Sale of goods and services from contracts with customers (continued)

Recognition and Measurement (continued)

Sale of goods from contracts with customers (from 1 July 2019)

Revenue from the sale of goods is recognised when the Institute satisfies a performance obligation by transferring the promised goods. Sale of goods comprises of pharmacy sales, sale of prosthesis and other items. The Institute typically satisfies its performance obligations when the control of goods is transferred to the customer. The payments are typically due when invoiced.

Revenue from these sales is recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

Rendering of services (until 30 June 2019)

Revenue is recognised when the service is provided or by reference to the type and stage of services provided to date.

Rendering of services from contracts with customers (from 1 July 2019)

Revenue from rendering of services is recognised when the Institute satisfies the performance obligation by transferring the promised services.

Revenue is measured at the transaction price agreed under various contracts. No element of financing is deemed present as payments are due when the service is provided.

Refer to Note 21 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Institute expects to recognise the unsatisfied portion as revenue.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

10. Investment revenue

	Consolidated	Consolidated	Parent	Parent
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Royalties	1	-	1	-
	1	-	1	-

Recognition and Measurement

Royalties

Until 30 June 2019, royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

From 1 July 2019, royalties are usually recognised when the underlying performance obligation is satisfied. It is recognised at the estimated amount if the consideration is variable.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

11. Grants and other contributions

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Cancer Institute grants received from an entity controlled by the immediate parent	-	120	-	120
Grants & contributions received from entities controlled by the immediate parent	-	3,256	-	3,256
Other grants	-	111	-	111
Other grants with sufficiently specific performance obligations				
Cancer Institute grants received from an entity controlled by the immediate parent	120	-	120	-
Commonwealth government grants other	1,106	-	1,106	-
Grants from entities controlled by the ultimate parent	39	-	39	-
Other grants	418	-	418	-
Grants without specific performance obligations				
Other grants from entities controlled by the immediate parent	3,703	-	3,703	-
	5,386	3,487	5,386	3,487

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

11. Grants and other contributions (continued)

Recognition and Measurement

Grants and other contributions (until 30 June 2019)

Income from grants (other than contributions by owners) is recognised when the entity obtains control over the contribution. The Institute is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

Grants and other contributions (from 1 July 2019)

Revenue from grants with sufficiently specific performance obligations is recognised when the Institute satisfies a performance obligation by transferring the promised goods or services. The Institute typically receive grants in respect of health education and training related projects. The Institute uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The payments are typically based on agreed timetable or on achievement of different milestones set up in the contract.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer to Note 21 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the Institute obtains control over the granted assets (e.g. cash).

Volunteer services

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services recognised are measured at fair value. The Institute receives volunteer services for the below activities:

- Health Education

Receipt of these services, while important, is not recognised because typically such services would not have been purchased if not donated.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

12. Acceptance by the Crown Entity of employee benefits

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

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Superannuation - defined benefit plans	82	83	-	-
Long service leave provision	1,315	1,191	-	-
	1,397	1,274	-	-

13. Other income

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Other income comprises the following:				
Rental income				
- other rental income	5	14	5	14
Other	391	466	391	466
	396	480	396	480

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

14. Gains / (losses) on disposal

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Property, plant and equipment	25	-	25	-
<i>Less: accumulated depreciation</i>	18	-	18	-
Written down value	7	-	7	-
<i>Less: proceeds from disposal</i>	10	-	10	-
Gain / (Loss) on disposal of property, plant and equipment	3	-	3	-
Assets held for sale	-	11	-	11
<i>Less: proceeds from disposal</i>	-	19	-	19
Gain / (loss) on disposal of assets held for sale	-	8	-	8
Total gains / (losses) on disposal	3	8	3	8

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

15. Cash and cash equivalents

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Cash at bank and on hand	212	1,790	212	1,790
	212	1,790	212	1,790

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

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:

Cash and cash equivalents (per Statement of Financial Position)	212	1,790	212	1,790
Closing cash and cash equivalents (per Statement of Cash Flows)	212	1,790	212	1,790

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

Most cash and cash equivalents held by the Institute are restricted assets and are not held for operating and capital expenditure.

HealthShare NSW, a controlled entity of the immediate parent makes all payments to employees and most payments to suppliers of goods and services and grants and subsidies on behalf of the Institute. These payments are reported as expenses and operating cash outflows in the financial statements of the Institute.

HealthShare NSW receives payments directly from the NSW Ministry of Health on behalf of the Institute to fund these payments. These payments are reported as revenue (NSW Ministry of Health recurrent allocations) and operating cash inflows in the financial statements of the Institute when HealthShare NSW makes these payments on behalf of the Institute.

Health Education and Training Institute
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for the year ended 30 June 2020

16. Receivables

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Current				
Trade receivables from contracts with customers	477	-	477	-
Sale of goods and services	-	77	-	77
Intra health receivables	134	996	134	996
Goods and Services Tax	86	316	86	316
Other receivables	47	58	47	58
Sub total	744	1,447	744	1,447
<i>Less: Allowance for expected credit losses*</i>				
- Other receivables	(29)	-	(29)	-
Sub total	715	1,447	715	1,447
Prepayments	117	229	117	229
	832	1,676	832	1,676

*** Movement in the allowance for expected credit losses**

	Consolidated	Consolidated	Parent	Parent
Other receivables				
Balance at the beginning of the year	-	-	-	-
Amounts written off during the year	8	-	8	-
(Increase) / decrease in allowance recognised in the net result	(37)	-	(37)	-
Balance at the end of the year	(29)	-	(29)	-

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

16. Receivables (continued)

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

	Consolidated	Parent
	2020	2020
	\$000	\$000
Contract receivables (included in Note 16)	611	611
	611	611

Recognition and Measurement

All 'regular way' purchases or sales of receivables are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of receivables that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

Financial assets at amortised cost

The Institute holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Institute recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Institute expects to receive, discounted at the original effective interest rate.

For trade receivables, the Institute applies a simplified approach in calculating ECLs. The Institute recognises a loss allowance based on lifetime ECLs at each reporting date. The Institute has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

Health Education and Training Institute

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

17. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
As at 30 June 2020			
Gross carrying amount	859	2,553	3,412
<i>Less: accumulated depreciation and impairment</i>	845	1,520	2,365
Net carrying amount	14	1,033	1,047

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
As at 30 June 2019			
Gross carrying amount	859	2,465	3,324
<i>Less: accumulated depreciation and impairment</i>	570	1,351	1,921
Net carrying amount	289	1,114	1,403

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

Health Education and Training Institute

Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

17. Property, plant and equipment (continued)

(a) Total property, plant and equipment - reconciliation

PARENT AND CONSOLIDATION

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

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2020			
Net carrying amount at beginning of year	289	1,114	1,403
Additions	-	114	114
Disposals	-	(7)	(7)
Depreciation expense	(275)	(188)	(463)
Net carrying amount at end of year	14	1,033	1,047

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2019			
Net carrying amount at beginning of year	331	1,255	1,586
Additions	150	33	183
Disposals	-	-	-
Depreciation expense	(192)	(174)	(366)
Net carrying amount at end of year	289	1,114	1,403

(b) Property, plant and equipment held and used by the Institute

PARENT AND CONSOLIDATION

The Institute has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the Institute.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

17. Property, plant and equipment (continued)

Recognition and Measurement

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.

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

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.

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

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

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

	Useful lives
Buildings - leasehold improvements	3-10 years
Plant and equipment	4-20 years

'Plant and equipment' comprises, among others, medical, computer and office equipment, motor vehicles, furniture and fittings and MSC (a mobile simulation centre used for training purposes).

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

Further information on leases is contained in Note 18.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

17. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material.

The Institute assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Institute estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Health Education and Training Institute
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18. Leases

Entity as a lessee

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Institute has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new.

The following amounts were recognised in the Statement of Comprehensive Income for the year ended 30 June 2020 in respect of leases where the Institute is the lessee:

PARENT AND CONSOLIDATION

	Total \$'000
2020	
Expenses relating to short-term leases	427
Expenses relating to leases of low-value assets	-
Total amount recognised in the statement of comprehensive income	427

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

18. Leases (continued)

Entity as a lessee (continued)

Future minimum lease payments under non-cancellable leases as at 30 June 2019 are, as follows:

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	Operating leases 2019 \$'000	Finance leases 2019 \$'000
Within one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	-	-
<i>Less: GST recoverable from the Australian Taxation Office</i>	-	-
Total (excluding GST)	-	-

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

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

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

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

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

Recognition and Measurement (under AASB 16 from 1 July 2019)

The Institute assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

18. Leases (continued)

Entity as a lessee (continued)

The Institute applies the short-term lease recognition exemption to its short-term leases of buildings and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Recognition and measurement (under AASB 117 until 30 June 2019)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets) is not explicitly specified in an arrangement.

Until 30 June 2019, a lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Institute was classified as a finance lease.

Where a non-current asset was acquired by means of a finance lease, at the commencement of the lease, the asset was recognised at its fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability was established at the same amount. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the Statement of Comprehensive Income.

Property, plant and equipment acquired under finance leases was depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institute will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

19. Intangible assets

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Cost (gross carrying amount)	1,657	1,369	1,657	1,369
Less: accumulated amortisation and impairment	1,228	1,146	1,228	1,146
Net carrying amount	429	223	429	223

PARENT AND CONSOLIDATION

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

	2020 \$000	2019 \$000
Year ended 30 June 2020		
Net carrying amount at beginning of year	223	141
Additions - acquired separately	288	119
Amortisation (recognised in depreciation and amortisation)	(82)	(37)
Net carrying amount at end of year	429	223

Recognition and Measurement

The Institute recognises intangible assets only if it is probable that future economic benefits will flow to the Institute and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Institute's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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 Institute's intangible assets are amortised using the straight-line method over a period of five years.

Computer software developed or acquired by the Institute are recognised as intangible assets. 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 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.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

20. Payables

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Current				
Accrued salaries, wages and on-costs	431	358	-	-
Taxation and payroll deductions	52	293	-	-
Accrued liability - purchase of personnel services	-	-	483	651
Creditors	549	578	549	578
Other creditors				
- Payables to entities controlled by the immediate parent	337	2,160	337	2,160
- Other	904	588	904	588
	2,273	3,977	2,273	3,977

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

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the Institute and other amounts. Payables are recognised initially at fair value, net of directly attributable transaction costs.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Institute. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

21. Contract liabilities

	Consolidated 2020 \$000	Consolidated 1 July 2019 adjusted for AASB 15 \$000	Parent 2020 \$000	Parent 1 July 2019 adjusted for AASB 15 \$000
Current				
Contract liabilities	346	149	346	149
	346	149	346	149
Non-current				
Contract liabilities	-	61	-	61
	-	61	-	61

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at the 30 June 2020 was impacted by the timing of payments received for grants and other contributions. The satisfaction of the specific performance obligations within the contract hadn't been met at the 30 June 2020. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

The contract liability balance has significantly increased during the year because of the timing of payments received.

	Consolidated 2020 \$000	Parent 2020 \$000
Revenue recognised that was included in the contract liability balance (adjusted for AASB 15) at the beginning of the year	149	149

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

22. Provisions

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Current				
Employee benefits and related on-costs				
Annual leave - short term benefit	1,839	1,655	-	-
Annual leave - long term benefit	466	599	-	-
Long service leave consequential on-costs	571	479	-	-
Provision for other employee benefits	118	129	-	-
Provision for personnel services liability	-	-	2,994	2,862
	2,994	2,862	2,994	2,862
Other Provisions				
Make good provision	15	-	15	-
	15	-	15	-
Total current provisions	3,009	2,862	3,009	2,862
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	50	42	-	-
Provision for personnel services liability	-	-	50	42
	50	42	50	42
Other Provisions				
Make good provision	-	150	-	150
	-	150	-	150
Total non-current provisions	50	192	50	192
Aggregate employee benefits and related on-costs				
Provisions - current	2,994	2,862	-	-
Provisions - non-current	50	42	-	-
Accrued salaries, wages and on-costs, taxation and payroll deductions (Note 20)	483	651	-	-
Liability - purchase of personnel services	-	-	3,527	3,555
	3,527	3,555	3,527	3,555

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

22. Provisions (continued)

Movements in provisions (other than employee benefits)

Movements in other provisions during the financial year, other than employee benefits, are set out below:

Make good provisions

Carrying amount at beginning of period	150	-	150	-
- Additional provisions recognised	-	150	-	150
- Unused amounts reversed	-	-	-	-
Amounts used	(135)	-	(135)	-
Carrying amount at end of period	15	150	15	150

Recognition and Measurement

Employee benefits and other provisions

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 12 months after the end of the annual reporting period in which the employees render the related service. As such, they are required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 16.3% are applied to the value of leave payable at 30 June 2020 (comparable on-costs for 30 June 2019 were 16.1%). The Institute has assessed the actuarial advice based on the Institute's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the Institute does not expect to settle the liability within 12 months as the Institute 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.

Long service leave and superannuation

The Institute's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity, which is a controlled entity of the ultimate parent. The Institute accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'.

Specific on-costs relating to long service leave assumed by the Crown Entity are borne by the Institute.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

22. Provisions (continued)

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 the long-term 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 employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

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.

Other provisions

Other provisions are recognised when: the Institute has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Institute 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.

Any provisions for restructuring are recognised only when the Institute has a detailed formal plan, and the Institute has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

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.

Health Education and Training Institute
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

23. Other liabilities

	Consolidated	Consolidated	Parent	Parent
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Current				
Unearned revenue	-	301	-	301
	-	301	-	301

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

24. Reconciliation of cash flows from operating activities to net result

	Consolidated 2020 \$000	Consolidated 2019 \$000	Parent 2020 \$000	Parent 2019 \$000
Net cash used on operating activities	(1,186)	526	(1,186)	526
Depreciation and amortisation expense	(545)	(403)	(545)	(403)
Allowance for impairment	(37)	-	(37)	-
(Increase) / decrease in unearned revenue	91	309	91	309
Decrease / (increase) in provisions	(4)	(454)	(4)	(454)
Increase / (decrease) in prepayments and other assets	(855)	344	(855)	344
Decrease / (increase) in payables	1,751	586	1,751	586
Decrease / (increase) in contract liabilities	(136)	-	(136)	-
Net gain / (loss) on sale of property, plant and equipment	3	8	3	8
Net result	(918)	916	(918)	916

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

25. Adjusted budget review

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

PARENT AND CONSOLIDATION

Net result

The actual Net Result was lower than adjusted budget by \$664 thousand, primarily due to:

	\$000
Lower than budgeted NSW Ministry of Health recurrent allocations	8,246
Lower operating expenses due to temporary delays in programs due to COVID-19	(2,847)
Lower than budgeted grants payment for Rural Generalist Medical and General Practitioner Procedural Training Programs, Medical scholarships and Nursing/Midwifery scholarships	(2,555)
Lower than budgeted employee related expenses due to unfilled vacant positions	(1,719)
Higher than budgeted Mental Health education revenue, leadership training intra-health revenue, Registered Training Organisation (RTO) administrative revenue	(522)
Other budget variances	61
	664

Assets and liabilities

The cash management requirement to maintain minimum cash buffer as per NSW Treasury arrangement has resulted in lower than budgeted cash and cash equivalents.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 26 June 2019 are as follows:

	\$000
Initial allocation	36,458
Own Source Revenue Adjustment	(179)
Nurse/Midwife Strategy Reserve	2,109
2019-20 TMF Budget Adjustment	10
Orthotics and Prosthetics Technician Pathway Project	88
Supplement Budget for Library Staff	210
Nurse Strategy Reserve	251
NSW Rural Generalist Medical and General Practitioner Procedural Training Program	(290)
Training and Support Unit	500
Nurse/Midwife Strategy Reserve	251
NSW Rural Generalist Medical and General Practitioner Procedural Training Program	(1,613)
Nurse/Midwife Strategy Reserve	265
2019/20 Budget Relief for Voluntary Redundancies	192
Nurse/Midwife Strategy Reserve	563
Balance as per Statement of Comprehensive Income	38,815

26. Equity

Accumulated Funds

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

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

27. Financial instruments

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

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount	Carrying Amount
		2020	2019
		\$000	\$000
Financial Assets			
Cash and cash equivalents (Note 15)	Amortised cost	212	1,790
Receivables (Note 16) ¹	Amortised cost	629	1,131
Total Financial Assets		841	2,921
Financial Liabilities			
Payables (Note 20) ²	Financial liabilities measured at amortised cost	2,221	3,684
Other Liabilities (Note 23)	Financial liabilities measured at amortised cost	-	-
Total Financial Liabilities		2,221	3,684

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The Institute determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The Institute has transferred substantially all the risks and rewards of the asset; or
- The Institute has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

27. Financial instruments (continued)

(b) Derecognition of financial assets and financial liabilities (continued)

When the Institute has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Institute has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Institute's continuing involvement in the asset. In that case, the Institute also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risk

i. Credit risk

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

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

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

The Institute considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Institute may also consider a financial asset to be in default when internal or external information indicates that the Institute is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Institute.

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.00% (Restricted Funds Bank balance: 1.10%) in 2019-20 compared to 0.00% (Restricted Funds Bank balance: 0.70%) in the previous year.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

27. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

The Institute applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Institute has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 30 June 2020 and 30 June 2019 was determined as follows:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2020						
Expected credit loss rate	0.46%	0.00%	0.00%	0.00%	87.10%	5.53%
Estimated total gross carrying amount ¹	438	55	-	-	31	524
Expected credit loss	2	-	-	-	27	29
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2019 ²						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount ¹	99	-	1	-	35	135
Expected credit loss	-	-	-	-	-	-

Notes

¹ The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB7 Financial Instruments: Disclosures. Therefore the 'total' will not reconcile to the receivables total in Note 16.

² Prior year balances have been restated to include other receivables and contract assets

The Institute is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2020.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

27. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

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

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

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

The Institute has exposure to liquidity risk. However, the risk is minimised by the service agreement with the NSW Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Institute fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 1).

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Until the 30 June 2019, amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received. From 1 July 2019, amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury. For all suppliers, that has a correctly rendered invoice, that has a matched purchase order and where goods have been received, an immediate payment is made irrespective of current contract payment terms.

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 affected 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.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

27. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	EIR ³ %	Nominal Amount ¹ \$000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2020								
Payables:								
- Creditors ²		2,221	-	-	2,221	2,221	-	-
		2,221	-	-	2,221	2,221	-	-
2019								
Payables:								
- Creditors ²		3,684	-	-	3,684	3,684	-	-
		3,684	-	-	3,684	3,684	-	-

Notes:

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

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ Weighted Average Effective Interest Rate (EIR).

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

27. Financial instruments (continued)

iii. Market risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Institute operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2019. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Institute's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The Institute does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in 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 Reserve Bank of Australia 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.

However, the Institute is not permitted to borrow external to the NSW Ministry of Health (except energy loans which are negotiated through NSW Treasury). Both NSW Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2020 \$000		2019 \$000	
	-1%	1%	-1%	1%
Net result	(2)	2	(18)	18
Equity	(2)	2	(18)	18

(e) Fair value measurement

Fair value compared to carrying amount

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.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

Therefore the fair value of the financial instruments does not differ from the carrying amount.

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

28. Related party transactions

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

During the financial year, Health Education and Training Institute obtained key management personnel services from the immediate parent and incurred \$370 thousand (2019: \$382 thousand) for these services.

The Institute's key management personnel is its chief executive (or acting chief executive) during the year.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the NSW Ministry of Health and its controlled entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Remuneration for the Secretary and Deputy Secretaries are paid by the NSW Ministry of Health and is not reimbursed by the health entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

(b) Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members (2019: \$Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2019: \$Nil).

(d) Transactions the Institute had with government related entities during the financial year

During the financial year and comparative year, the Institute entered into the various transactions with other entities consolidated as part of the NSW Ministry of Health (the immediate parent) and the NSW Total State Sector (the ultimate parent) within the normal course of business.

The following operating expenses were incurred with entities controlled by the immediate parent:

- The majority of information management service and corporate support service costs related to shared services provided by Health Administration Corporation
- Short-term leases for Gladesville Hospital office buildings 7, 8, 12 & 13 paid to NSW Ministry of Health
- Some staff related costs in relation to training services
- The majority of 'Grants and Subsidies' towards health training programs and projects. Some of the grants paid to entities controlled by the immediate parent were paid to Western NSW Local Health District and Western Sydney Local Health District

Health Education and Training Institute

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

28. Related party transactions (continued)

(d) Transactions the Institute had with government related entities during the financial year (continued)

The following operating expenses were incurred with entities controlled by the ultimate parent:

- Audit of the statutory financial statements paid to The Audit Office of New South Wales

The following revenues were earned from entities controlled by the immediate parent:

- Revenue from recurrent and capital allocations received from NSW Ministry of Health
- The majority of 'Other' sales of goods and services revenue in respect of development of eLearning modules and delivery of training services received from NSW Ministry of Health, The Sydney Children's Hospital Network and Ambulance Service of NSW
- The majority of 'Other income' primarily related to MyHealth Learning revenue recoup from third schedule hospitals received from eHealth NSW

The following revenues were earned from entities controlled by the ultimate parent:

- Commonwealth government grants related to Commonwealth service contract with Department of Health for Australian Mental Health Outcome & Classification Network (AMHOCN) training and service development
- Revenue from acceptance of long service leave liabilities and defined benefit superannuation received from The Crown Entity

Assets and liabilities as follows:

- The majority of 'trade receivables from contracts with customers' relate to amount receivable from Department of Education, an entity controlled by the ultimate parent.
- The majority of 'Intra Health receivables' relate to balance receivable from The Sydney Children's Hospital Network, an entity controlled by the immediate parent.
- The majority of 'Other creditors' relate to balances payable to various health entities controlled by the immediate parent.
- The majority of 'contract liabilities' relate to scholarship funds received from The Sydney Children's Hospital Network and NSW Ministry of Health, entities controlled by the immediate parent.

29. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS