



Health

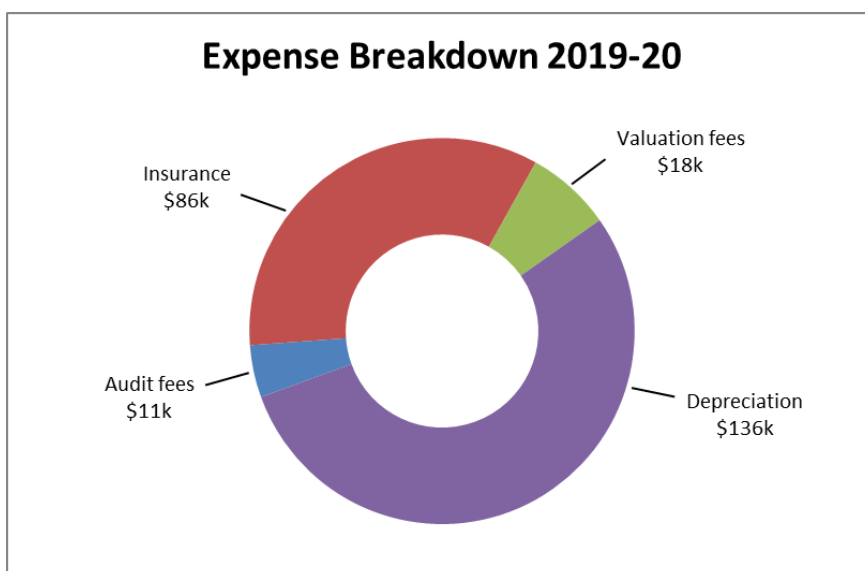
**NSW Health Foundation
Annual Report
30 June 2020**

**NSW Health Foundation
Annual Report
For the year ended 30 June 2020**

The financial statements have been prepared in accordance with applicable *Australian Accounting Standards*, the requirements of the *Public Finance and Audit Act 1983*, applicable clauses of the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

Summary Review of Operations

- **Net Result** for the year was a deficit of (\$227K) compared to a deficit of (\$187K) in 2019.
- **Revenue** for the year was \$24K in interest revenue compared to \$54K in 2019.
- **Expenses** for the year totalled \$251K (2019: \$241K). See diagram for breakdown.



- **Statement of Financial Position:** There were no significant movements compared to 2018-19, except for the transfer of Thomas Walker Convalescent Hospital assets transferred out to Sydney LHD in 2020. Since the transfer was reflected as a prior year error, the assets were also removed from 2018-19 comparatives.
- At 30 June 2020, the Statement of Financial Position mainly comprised of:
 - \$3.541M Cash and Cash Equivalents (2019: \$3.627M)
 - \$5.035M Property Plant and Equipment (2019: \$4.649M)

Cash and Property Plant and Equipment are explained further in the 'Asset Movement Summary'.

Other matters to note:

- No grants were paid during the year.
- A comprehensive revaluation was undertaken on the Foundation's land and buildings as at 31 December 2019 which resulted in an overall percentage increase of 11.41 percent. Gross cost increased by \$0.830M and accumulated depreciation increased by \$0.308M resulting in an increase to the written down value of \$0.522M. Management has recognised the revaluation accordingly.

Due to COVID-19, an additional assessment was performed as at 30 June 2020 but there was no definitive or conclusive market evidence to support any required changes.

- A prior period error on the accounting recognition of the Thomas Walker Convalescent Hospital has been corrected during the year. Historically the Thomas Walker Convalescent Hospital has been reflected in the NSW Health Foundation's Financial Statements as the legal title vested in the NSW Health Foundation.

Section 19A of the Walker Trusts Act 1938, provided for the overall control, management and administration of the Estate to Royal Prince Alfred Hospital, which forms part of Sydney Local Health District, an entity controlled by the parent. On that basis, Sydney Local Health District should have recognised Thomas Walker Convalescent Hospital in their statement of financial position in the current and prior periods.

The error has been corrected during the year, with retrospective adjustments made in the prior periods. Land and building have therefore decreased by \$50.4 million as at 1 July 2018 for the entity, while depreciation expense decreased by \$0.5 million for the year ended 30 June 2019.

Charter

The New South Wales Health Foundation is established in accordance with Section 16 of the *Health Administration Act 1982*.

Aims and Objectives

Section 17 of the *Health Administration Act* defines the functions of the Foundation as:

1. “The Foundation shall have and may exercise the functions conferred or imposed on it by or under this or any other Act.
2. The Foundation may provide funds and make grants, and provide other support, for any purpose connected with:
 - a) the provision of any health service; or
 - b) any of the functions of the Minister, Department, Secretary or Corporation.
3. The Foundation may, subject to such terms and conditions as it thinks appropriate, give or make available real or personal property (with or without consideration) to or for any person, body or organisation who or which provides any health service.
4. The Foundation may promote and facilitate the raising of funds by means of public appeal or otherwise by anybody, institution, association or person for the purposes of subsection (2) or (3)”.

Access

The objectives of the fund do not require the establishment of specialised offices. However, in accordance with Section 18 of the *Health Administration Act*, the Foundation has the power to accept any property by gift devise or bequest and may agree and carry out the conditions of any such gift, devise or bequest.

Management Structure

Section 16 of the *Health Administration Act* vests the management of the affairs of the Foundation in the Minister. No officers are wholly involved with the administration of the Foundation’s activities.

Any act done in the name of, or on behalf of the Foundation by the Minister, or with the authority of the Minister is deemed to have been done by the Foundation.

2019/20 NSW Health Foundation Annual Report

Overview of the Foundation

Thomas Walker Estate

The NSW Health Foundation was set up initially to administer the assets of the Thomas Walker Estate (Concord), donated to the Government in 1985 and is subject to the *Walker Trusts (Amendment) Act 1983* proclaimed on 22 November 1985. The assets acquired are to be applied for the provision of any health service as determined by the Minister for Health and in essence are operated and maintained by Sydney Local Health District as part of the Concord Hospital site. The assets were transferred out to Sydney Local Health District in 2020 and are now reflected in Sydney Local Health District's books.

Drug and Alcohol Foundation

Assets were purchased by the Drug & Alcohol Authority and ownership of State assets transferred to the Drug Foundation in 1990. The Drug Foundation was abolished on 10 March 2000 at which time its assets became those of the NSW Health Foundation. The use of these assets has remained consistent with the provision of Drug & Alcohol NGO services at Berkley in Wollongong, Hamlyn in Central Coast and Nowra in the South Coast region of NSW.

Ambulance Research

In 2007 \$3M was credited to the Foundation for specific use of Ambulance Research activities. The use of the fund has been set up with the broad primary purpose of undertaking research into the clinical aspects of aeromedical and associated road retrieval services. At 30 June 2020 funds remaining are \$534K.

Each year the Chief Executive, NSW Ambulance, can submit a request for research based projects to be funded from this reserve. No projects were approved in 2019/20.

Rintoul Estate

In 2006/07 a donation was received of approximately \$500K as the proceeds of the Rintoul Estate to be used for the treatment and prevention of tuberculosis in accordance with the terms of the estate.

The Centre for Health Protection Branch has created a Clinical Nurse Consultant position to work across the Sydney metropolitan area to provide support in tuberculosis treatment, prevention and control activities. At 30 June 2020 funds have been fully expended.

Bush Nursing Association

Funds were inherited from the NSW Bush Nursing Association which was liquidated on 19 December 1974 following an Extraordinary General Meeting. The funds are currently held in Trust within the NSW Health Foundation. The purpose of the funds is for the provision of any health service in accordance with Section 12 of the *Health Administration Act (1982)*. The balance of funds at 30 June 2020 is \$255K.

Crown St Hospital

The Crown St Hospital was closed on 31 March 1983 and its facilities were transferred to Westmead Hospital. Proceeds from the sale of the property are currently held in Trust within the NSW Health Foundation. The balance of funds at 30 June 2020 is \$2.752M. These funds are mostly related to General Fund and therefore use of monies is at the discretion of the Ministry.



INDEPENDENT AUDITOR'S REPORT

NSW Health Foundation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the NSW Health Foundation (the Foundation), 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Foundation as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B 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 Foundation 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.

Other Information

The Foundation'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 Minister is responsible for the other information.

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 Minister's Responsibilities for the Financial Statements

The Minister 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 Minister 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 Minister is responsible for assessing the Foundation's ability 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/ar4.pdf. The description forms part of my auditor's report.

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

- that the Foundation carried out its activities effectively, efficiently and economically
- 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.



Michael Kharzoo
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

1 October 2020
SYDNEY



NSW Health Foundation

Annual Financial Statements
for the year ended 30 June 2020

NSW Health Foundation
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 NSW Health Foundation 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 NSW Health Foundation; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A large, stylized handwritten signature in black ink, appearing to read "B Hazzard".

Brad Hazzard MP
Minister for Health
30 September 2020

NSW Health Foundation

Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	Actual 2020 \$000	Actual Restated 2019 \$000
Continuing operations			
Expenses excluding losses			
Other expenses	2	115	97
Depreciation	3	136	144
Total expenses excluding losses		251	241
Revenue			
Investment revenue	4	24	54
Total revenue		24	54
Operating result		(227)	(187)
Net result from continuing operations	11	(227)	(187)
Net result from discontinued operations		-	-
Net result		(227)	(187)
Other comprehensive income			
<i>Items that will not be reclassified to net result in subsequent periods</i>			
Changes in revaluation surplus of property, plant and equipment	8	522	-
Total other comprehensive income		522	-
TOTAL COMPREHENSIVE INCOME		295	(187)

See Note 5 for details regarding restated prior year balances.

The accompanying notes form part of these financial statements.

NSW Health Foundation

Statement of Financial Position as at 30 June 2020

	Notes	Actual 2020 \$000	Actual Restated 2019 \$000	Actual Restated 1 July 2018 \$000
ASSETS				
Current assets				
Cash and cash equivalents	6	3,541	3,627	3,672
Receivables	7	1	1	1
Total current assets		3,542	3,628	3,673
Non-current assets				
Property, plant & equipment	8			
- Land and buildings		5,035	4,649	4,793
Total property, plant & equipment		5,035	4,649	4,793
Total non-current assets		5,035	4,649	4,793
Total assets		8,577	8,277	8,466
LIABILITIES				
Current liabilities				
Payables	10	12	7	9
Total liabilities		12	7	9
Net assets		8,565	8,270	8,457
EQUITY				
Reserves		3,990	3,468	3,468
Accumulated funds		4,575	4,802	4,989
Total Equity		8,565	8,270	8,457

See Note 5 for details regarding restated prior year balances.

The accompanying notes form part of these financial statements.

NSW Health Foundation

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

	Notes	Accumulated Funds \$000	Asset Revaluation \$000	Total \$000
Balance at 1 July 2019		4,802	3,468	8,270
Net result for the year		(227)	-	(227)
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	8	-	522	522
Total other comprehensive income		-	522	522
Total comprehensive income for the year		(227)	522	295
Balance at 30 June 2020		4,575	3,990	8,565

	Notes	Accumulated Funds \$000	Asset Revaluation \$000	Total \$000
Balance at 1 July 2018		6,427	52,526	58,953
Correction of errors - Thomas Walker Hospital	5	(1,438)	(49,058)	(50,496)
Restated balance at 1 July 2018		4,989	3,468	8,457
Net result for the year		(187)	-	(187)
Total Comprehensive Income for the Year		(187)	-	(187)
Balance at 30 June 2019		4,802	3,468	8,270

See Note 5 for details regarding restated prior year balances.

The accompanying notes form part of these financial statements.

NSW Health Foundation

Statement of Cash Flows for the year ended 30 June 2020

	Notes	Actual 2020 \$000	Actual 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Suppliers for goods and services		(110)	(100)
Total payments		(110)	(100)
Receipts			
Interest received		24	54
Other		-	1
Total receipts		24	55
NET CASH FLOWS FROM OPERATING ACTIVITIES		(86)	(45)
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(86)	(45)
Opening cash and cash equivalents		3,627	3,672
CLOSING CASH AND CASH EQUIVALENTS		3,541	3,627

The accompanying notes form part of these financial statements.

NSW Health Foundation

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 NSW Health Foundation (the Foundation) was established in accordance with Section 16 of the Health Administration Act 1982 and is a reporting entity controlled by the State of NSW, which is the parent. The Foundation may provide funds, make grants and provide other support for any purpose connected with the provision of any health service or any of the functions of the Minister for Health, the NSW Ministry of Health, an entity controlled by the parent, or the Foundation itself. The Foundation is a not-for-profit entity (as profit is not its principal objective).

These financial statements for the year ended 30 June 2020 have been authorised for issue by the Minister for Health on 30 September 2020.

b) Basis of preparation

The Foundation'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 Foundation have been prepared on a going concern basis.

Property, plant and equipment 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 Foundation'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 Foundation 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) Comparative Information

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

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

1. Statement of Significant Accounting Policies

f) 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. These standards have no material impact on the financial statements.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The Foundation has assessed the potential impact of new standards and interpretations issued but not yet effective and they are unlikely to have a material impact on the financial statements of the Foundation.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

2. Other expenses

	Actual 2020 \$000	Actual 2019 \$000
Auditor's remuneration - audit of financial statements	11	11
Insurance	86	80
Other miscellaneous	18	6
	115	97

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

Recognition and Measurement

Insurance

The Foundation'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 parent.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

3. Depreciation

	Actual 2020 \$000	Actual Restated 2019 \$000
Depreciation - buildings	136	144
	136	144

Refer to Note 8 Property, plant and equipment for recognition and measurement policies on depreciation.

Depreciation - buildings has been restated to be \$0.549 million lower in the prior year. Refer to Note 5.

4. Investment revenue

	Actual 2020 \$000	Actual 2019 \$000
Interest income from financial assets at amortised cost	24	54
	24	54

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

5. Prior period error

Historically the Thomas Walker Convalescent Hospital has been reflected in the NSW Health Foundation's Financial Statements as the legal title vested in the NSW Health Foundation.

Section 19A of the Walker Trusts Act 1938, provided for the overall control, management and administration of the Estate to Royal Prince Alfred Hospital, which forms part of Sydney Local Health District, an entity controlled by the parent. On that basis, Sydney Local Health District should have recognised Thomas Walker Convalescent Hospital in their statement of financial position in the current and prior periods.

The error has been corrected during the year, with retrospective adjustments made in the prior periods. Land and building have therefore decreased by \$50.496 million as at 1 July 2018 for the entity, while depreciation expense decreased by \$0.549 million for the year ended 30 June 2019.

The impact to the Statement of Comprehensive Income and Statement of Financial Position from restating the balances in the prior year due to above matters are shown below.

Statement of Comprehensive Income for the year ended 30 June 2019

		Original Actual 2019 \$000	Adjustment Actual 2019 \$000	Restated Actual 2019 \$000
	Notes			
Continuing operations				
Expenses excluding losses				
Other expenses	2	97	-	97
Depreciation	3	693	(549)	144
Total expenses excluding losses		790	(549)	241
Revenue				
Investment revenue	4	54	-	54
Total revenue		54	-	54
Operating result		(736)	549	(187)
Net result from continuing operations	11	(736)	549	(187)
Net result from discontinued operations		-	-	-
Net result		(736)	549	(187)
Other comprehensive income				
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		(736)	549	(187)

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

5. Prior period error (continued)

Statement of Financial Position as at 01 July 2018 and 30 June 2019

		Original	Adjustment	Restated	Original	Adjustment	Restated
	Notes	01 July 2018		01 July 2018	2019	2019	2019
		\$000	\$000	\$000	\$000	\$000	\$000
ASSETS							
Current assets							
Cash and cash equivalents	6	3,672	-	3,672	3,627	-	3,627
Receivables	7	1	-	1	1	-	1
Total current assets		3,673	-	3,673	3,628	-	3,628
Non-current assets							
Property, plant & equipment	8						
- Land and buildings		55,289	(50,496)	4,793	54,596	(49,947)	4,649
Total non-current assets		55,289	(50,496)	4,793	54,596	(49,947)	4,649
Total assets		58,962	(50,496)	8,466	58,224	(49,947)	8,277
LIABILITIES							
Current liabilities							
Payables	10	9	-	9	7	-	7
Total current liabilities		9	-	9	7	-	7
Total liabilities		9	-	9	7	-	7
Net assets		58,953	(50,496)	8,457	58,217	(49,947)	8,270
EQUITY							
Reserves		52,526	(49,058)	3,468	52,526	(49,058)	3,468
Accumulated funds		6,427	(1,438)	4,989	5,691	(889)	4,802
Total Equity		58,953	(50,496)	8,457	58,217	(49,947)	8,270

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

6. Cash and cash equivalents

	Actual 2020 \$000	Actual 2019 \$000
Cash at bank and on hand	3,541	3,627
	3,541	3,627

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)	3,541	3,627
Closing cash and cash equivalents (per Statement of Cash Flows)	3,541	3,627

Refer to Note 12 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Receivables

	Actual 2020 \$000	Actual 2019 \$000
Current		
Goods and Services Tax	1	1
	1	1

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 Foundation 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 Foundation 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 Foundation expects to receive, discounted at the original effective interest rate.

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

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

8. Property, plant and equipment

(a) Total property, plant and equipment

	Land and Buildings \$000	Total \$000
As at 30 June 2020		
Gross carrying amount	7,473	7,473
Less: accumulated depreciation and impairment	2,438	2,438
Net carrying amount	5,035	5,035
As at 30 June 2019		
Gross carrying amount	6,643	6,643
Less: accumulated depreciation and impairment	1,994	1,994
Net carrying amount	4,649	4,649

See Note 5 for details regarding restated prior year balances.

Land and buildings 'Gross carrying amount' and 'Accumulated depreciation and impairment' have been restated to be \$67.285 million and \$17.338 million, respectively, lower than in the prior year.

(a) Total property, plant and equipment - reconciliation

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

	Land and Buildings \$000	Total \$000
Year ended 30 June 2020		
Net carrying amount at beginning of year	4,649	4,649
Net revaluation increments less revaluation decrements	522	522
Depreciation expense	(136)	(136)
Net carrying amount at end of year	5,035	5,035

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 9.

	Land and Buildings \$000	Total \$000
Year ended 30 June 2019		
Net carrying amount at beginning of year	55,289	55,289
Restatement of land and building assets	(50,496)	(50,496)
Restated net carrying amount at beginning of year (Note 5)	4,793	4,793
Depreciation expense	(144)	(144)
Net carrying amount at end of year	4,649	4,649

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 9.

Land and buildings has been restated to be \$49.947 million lower than the prior year. The following lines have been restated:

- Restatement of opening balance - \$50.496 million lower
- Depreciation expense - \$0.549 million lower

Refer to Note 5.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

8. Property, plant and equipment (continued)

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

The Foundation has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held by the Foundation who has granted the right of the use of its assets to various parties.

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.

Capitalisation thresholds

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

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 Foundation. 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	40 years

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

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.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 9 for further information regarding fair value.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

8. Property, plant and equipment (continued)

Revaluation of property, plant and equipment (continued)

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Foundation conducts a comprehensive revaluation at least every three years for its land and buildings and infrastructure. Interim desktop revaluations are conducted between comprehensive revaluations for those assets, where cumulative changes to indicators suggest fair value may differ materially from carrying value. The Foundation uses an independent professionally qualified valuer for such revaluations.

The last comprehensive revaluation was completed on 31 December 2019 and was based on an independent assessment.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value.

Due to the COVID-19 pandemic in early 2020, the Foundation management performed an additional assessment to determine if the fair value of its property plant and equipment as at 30 June 2020 materially differed from the carrying value. Management concluded that there is no definitive or conclusive market evidence to support any material adjustments. No adjustments were applied as a result.

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

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

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted if appropriate.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

9. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

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

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

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

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

(a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total Fair Value
2020	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 8)				
- Land and buildings	-	2,516	2,519	5,035
	-	2,516	2,519	5,035

There were no transfers between level 1 and 2 during the year ended 30 June 2020.

	Level 1	Level 2	Level 3	Total Fair Value
2019	\$000	\$000	\$000	\$000
Property, plant and equipment (Note 8)				
- Land and buildings	-	2,340	2,309	4,649
	-	2,340	2,309	4,649

Land and buildings has been restated to be \$49.947 million lower than in the prior period. Refer to Note 5.

There were no transfers between level 1 and 2 during the year ended 30 June 2019.

(b) Valuation techniques, inputs and processes

For land and buildings the Foundation obtains external valuations by independent valuers at least every three years. The last revaluation was performed by Egan National Valuers for the 2019-20 financial year. Egan National Valuers is an independent entity and is not an associated entity of the Foundation.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 8 reconciliation).

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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

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

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

- For land, the valuation by the valuer is made on a market approach, comparing similar assets (not identical) and observable inputs. The most significant input is price per square metre.
- All of the restricted land has been classified as level 3 as, although observable inputs have been used, a significant level of professional judgement is required to adjust inputs in determining the land valuations. Certain parcels of land have zoning restrictions, for example hospital grounds, and values are adjusted accordingly.
- For buildings and infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as level 3 as these assets have a high level of unobservable inputs. However, residential properties are valued on a market approach and included in level 2.

The property market is being impacted by the significant uncertainty that the COVID-19 outbreak has caused. Sales evidence have been utilised across the Foundation to assess the land and non-specialised properties, in line with the valuation by the valuers made on a market approach.

(c) Reconciliation of recurring Level 3 fair value measurements

	Land and Buildings \$000	Total Level 3 Recurring \$000
2020		
Fair value as at 1 July 2019	2,309	2,309
Revaluation increments / (decrements) recognised in other comprehensive income – included in line item 'Changes in revaluation surplus of property, plant and equipment' (Note 8)	270	270
Depreciation expense	(60)	(60)
Fair value as at 30 June 2020	2,519	2,519

There were no transfers between level 1 or 2 during the year ended 30 June 2020.

	Land and Buildings \$000	Total Level 3 Recurring \$000
2019		
Fair value as at 1 July 2018	52,863	52,863
Land and buildings restatement	(50,496)	(50,496)
Restated fair value as at 1 July 2018 (Note 5)	2,367	2,367
Depreciation expense	(58)	(58)
Fair value as at 30 June 2019	2,309	2,309

Land and buildings has been restated to be \$49.947 million lower than in the prior year. The following lines have been restated:

- Restatement of opening balance - \$50.496 million lower
- Depreciation expense - \$0.549 million lower

Refer to Note 5.

There were no transfers between level 1 or 2 during the year ended 30 June 2019.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

10. Payables

	Actual 2020 \$000	Actual 2019 \$000
Current		
Other creditors		
- Other	12	7
	12	7

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 12.

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the Foundation 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 Foundation. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

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

	Actual 2020 \$000	Actual 2019 \$000
Net cash used on operating activities	(86)	(45)
Depreciation expense	(136)	(144)
Decrease / (increase) in payables	(5)	2
Net result	(227)	(187)

Depreciation expense has been restated to be \$0.549 million lower in the prior period. Refer to Note 5.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

12. Financial instruments

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

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

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

(a) Financial instrument categories

Class	Category	Carrying Amount 2020 \$000	Carrying Amount 2019 \$000
Financial Assets			
Cash and cash equivalents (Note 6)	Amortised cost	3,541	3,627
Total Financial Assets		3,541	3,627
Financial Liabilities			
Payables (Note 10) ¹	Financial liabilities measured at amortised cost	12	7
Total Financial Liabilities		12	7

Notes

¹ Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

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

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

Cash 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 the monthly average TCorp IM Fund Investments 11am unofficial cash rate, adjusted for a management fee to NSW Treasury in 2019-20. The TCorpIM Funds cash facility is discussed in market risk below.

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

12. Financial instruments (continued)

(b) Financial risk (continued)

i. Credit risk (continued)

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.

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

The Foundation had no trade debtors recognised as financial instruments at balance date.

ii. Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to meet its payment obligations when they fall due. The Foundation 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 table below summarises the maturity profile of the Foundation'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	-	12	-	-	12	12	-	-
		12	-	-	12	12	-	-
2019								
Payables:								
- Creditors ²	-	7	-	-	7	7	-	-
		7	-	-	7	7	-	-

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 Foundation 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).

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

12. 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 Foundation's exposures to market risk are primarily through interest rate risk on the Foundation's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. The Foundation 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 Foundation 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 Foundation's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The Foundation 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 Foundation 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		2019	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(35)	35	(36)	36
Equity	(35)	35	(36)	36

NSW Health Foundation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

13. Services received free of charge

The Foundation receives administrative support services from the NSW Ministry of Health, an entity controlled by the parent. These costs are insignificant and the value received is not recognised in these financial statements.

14. Commitments, contingent assets and contingent liabilities

At reporting date, there are no known contingent liabilities, contingent assets or commitments.

15. Related party transactions

(a) Key management personnel compensation

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the NSW Health Foundation. The compensation for the NSW Minister for Health is disclosed in the financial statements of the parent.

Remuneration for the Secretary and Deputy Secretaries are paid by the NSW Ministry of Health and is not reimbursed by the Foundation. 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 the Foundation had with government related entities during the financial year

There were no individually or in the aggregate significant related party transactions during the year. There were no transactions with the parent during the year.

16. 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