

# Health Professional Councils of NSW

Annual Report 2019-20

**JOINT ANNUAL REPORT FOR THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL [CHINESE MEDICINE COUNCIL](#)  
CHIROPRACTIC COUNCIL [DENTAL COUNCIL](#) MEDICAL COUNCIL [MEDICAL RADIATION PRACTICE COUNCIL](#) NURSING  
AND MIDWIFERY COUNCIL [OCCUPATIONAL THERAPY COUNCIL](#) OPTOMETRY COUNCIL [OSTEOPATHY COUNCIL](#)  
[PARAMEDICINE COUNCIL](#) PHARMACY COUNCIL [PHYSIOTHERAPY COUNCIL](#) PODIATRY COUNCIL [PSYCHOLOGY COUNCIL](#)



## Health Professional Councils Authority

### **Health Professional Councils Authority (HPCA)**

Level 6, North Wing, 477 Pitt Street, Sydney NSW 2000  
Locked Bag 20, Haymarket NSW 1238

Telephone: 1300 197 177

Fax: (02) 9281 2030

Email: [mail@hpca.nsw.gov.au](mailto:mail@hpca.nsw.gov.au)

Website: [www.hpca.nsw.gov.au](http://www.hpca.nsw.gov.au)

### **Medical Council of New South Wales**

Building 45 Gladesville Hospital Off Punt Road Gladesville NSW 2111  
PO Box 104 Gladesville NSW 1675

Telephone: (02) 9879 2200

Fax: (02) 9816 5307

Email: [hpca-medicalcouncil@health.nsw.gov.au](mailto:hpca-medicalcouncil@health.nsw.gov.au)

Website: [www.mcnsw.org.au](http://www.mcnsw.org.au)

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# Foreword

The 15 NSW Health Professional Councils (Councils) present information about their strategic directions, activities, performance and financial results in the one joint annual report.

The Councils are:

- **Aboriginal and Torres Strait Islander Health Practice Council** of New South Wales
- **Chinese Medicine Council** of New South Wales
- **Chiropractic Council** of New South Wales
- **Dental Council** of New South Wales
- **Medical Council** of New South Wales
- **Medical Radiation Practice Council** of New South Wales
- **Nursing and Midwifery Council** of New South Wales
- **Occupational Therapy Council** of New South Wales
- **Optometry Council** of New South Wales
- **Osteopathy Council** of New South Wales
- **Paramedicine Council** of New South Wales
- **Pharmacy Council** of New South Wales
- **Physiotherapy Council** of New South Wales
- **Podiatry Council** of New South Wales
- **Psychology Council** of New South Wales.

The Councils' joint annual report has two parts.

## **Part 1 – Information about all Councils**

The 15 NSW Health Professional Councils present information about their strategic directions, activities, performance and financial results in the one joint annual report.

## **Part 2 – Council specific financial information**

Includes audited financial statements for each Council.

The full 2020 report and earlier reports are available on the Health Professional Councils Authority (HPCA) website [www.hpca.nsw.gov.au](http://www.hpca.nsw.gov.au).

Part 1 of the report and the relevant financial report is also on each Council's website.

The HPCA collates information provided by each Council, data sourced from the HPCA database and registration data provided by the Australian Health Practitioner Regulation Agency (Ahpra) to prepare this annual report.



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Email: [mail@hpcanew.gov.au](mailto:mail@hpcanew.gov.au) Online: [www.hpcanew.gov.au](http://www.hpcanew.gov.au)

10 October 2020

The Hon. Brad Hazzard MP  
Minister for Health  
Minister for Medical Research

GPO Box 5341  
SYDNEY NSW 2001

The NSW Health Professional Councils are pleased to submit their joint Annual Report and Financial Statements for the year ending 30 June 2020 for presentation to the NSW Parliament.

The report has been prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

The Councils are responsible for administering the *Health Practitioner Regulation National Law (NSW)* and act in the interests of public safety.

Yours faithfully

**Mr Christopher O'Brien**  
President  
Aboriginal and Torres Strait Islander Health  
Practice Council

**Ms Rosemary MacDougal**  
Deputy President  
Aboriginal and Torres Strait Islander Health  
Practice Council

**Adjunct Professor Danforn Lim**  
President  
Chinese Medicine Council

**Ms Christine Berle**  
Deputy President  
Chinese Medicine Council

**Dr Wayne Minter AM**  
President  
Chiropractic Council

**Dr Lawrence Whitman**  
Deputy President  
Chiropractic Council

**Conjoint Associate Professor  
Frederic (Shane) Fryer OAM**  
President  
Dental Council

**Dr Kavita Lobo**  
Deputy President  
Dental Council



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**Dr John Sammut**  
President  
Medical Council

**Dr Jennifer Kendrick AM**  
Deputy President  
Medical Council

**Ms Tracy Vitucci**  
President  
Medical Radiation Practice Council

**Dr Karen Jovanovic**  
Deputy President  
Medical Radiation Practice Council

**Associate Professor Bethne Hart**  
President  
Nursing and Midwifery Council

**Adjunct Professor Greg Rickard OAM**  
Deputy President  
Nursing and Midwifery Council

**Mr Kim Nguyen**  
President  
Occupational Therapy Council

**Ms Carolyn Fozzard**  
Deputy President  
Occupational Therapy Council

**Mr Albert Lee**  
President  
Optometry Council

**Ms Pauline O'Connor**  
Deputy President  
Optometry Council

**Ms Anne Cooper**  
President  
Osteopathy Council

**Dr Kerrin Murnane**  
Deputy President  
Osteopathy Council

**Mr Alan Morrison ASM**  
President  
Paramedicine Council

**Mr Peter Lang**  
Deputy President  
Paramedicine Council



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**Dr Joyce Cooper**  
President  
Pharmacy Council

**Ms Veronica Murdoch**  
Deputy President  
Pharmacy Council

**Ms Elizabeth Ward**  
President  
Physiotherapy Council

**Mr Toni Andary**  
Deputy President  
Physiotherapy Council

**Mr Luke Taylor**  
President  
Podiatry Council

**Dr Kristy Robson**  
Deputy President  
Podiatry Council

**Ms Gail Purkis**  
President  
Psychology Council

**Conjoint Associate Professor  
Christopher Willcox**  
Deputy President  
Psychology Council

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**PART 1**  
**Governance,**  
**responsibilities,**  
**membership, strategic**  
**directions, compliance,**  
**data reports and trends**

# NSW Health Professional Councils

## Charter

The NSW health professional Councils (the Councils) are established under the *Health Practitioner Regulation National Law (NSW)* (National Law). Each Council is an independent statutory body exercising the powers, authorities, duties and functions set out in the National Law.

The purpose of the Councils is to protect public safety and wellbeing.

## Council responsibilities

The Councils are responsible for regulatory decision making relating to the conduct, performance and health of registered health practitioners in NSW. Councils also manage conduct and health matters involving registered students in NSW health professional training programs.

Councils act in the interests of the public by ensuring that registered practitioners are fit to practise and registered students in approved programs of study are fit to have contact with members of the public.

Councils assess and decide the appropriate management pathway for complaints about health practitioners in consultation with the Health Care Complaints Commission (HCCC).

Councils also have processes and programs that support registered practitioners to maintain proper and appropriate standards of conduct and professional performance, and to manage impairments.

The Pharmacy Council has an additional role of regulating pharmacy ownership and is required to maintain a register of NSW pharmacies.

## Councils' regulatory partner - the HPCA

The HPCA is an executive agency of the NSW Ministry of Health (MoH) working in partnership with the Councils.

The HPCA supports the Councils' regulatory purpose by providing shared executive services and fulfilling corporate functions.

All staff working both directly and indirectly with Councils are employed by the HPCA under the Government Sector Employment Act. The National Law precludes Councils from employing staff.

HPCA responsibilities include:

- Delegated regulatory responsibilities
- Legal advice and legal representation
- Human resources
- Corporate governance, policy and risk management
- Information and communications technology (ICT) and data
- Finance and procurement systems and management.

## **NSW Health Professional Councils** continued

The HPCA also liaises with:

- The Ministry of Health to provide advice and responses to the Secretary and Minister for Health on regulatory matters, member appointments and other matters as required
- The HCCC on complaints management issues
- The Australian Health Practitioner Regulation Agency (Ahpra) regarding finances, registration, research and reporting matters.

The HPCA's shared support structures and systems assist Councils to achieve efficiencies that would not be possible if each Council had to manage these independently.

### **The co-regulatory context**

The Councils are part of the National Registration and Accreditation Scheme (NRAS) which was established in 2010. The Councils work under co-regulatory arrangements with the Health Care Complaints Commission (HCCC) in NSW, and with the health professional Boards (National Boards) and the Australian Health Practitioner Regulation Agency (Ahpra) at a national level.

The HCCC is an independent NSW agency established under the Health Care Complaints Act. The Councils and the HCCC jointly assess and decide on the appropriate management pathway for all complaints about registered health practitioners in NSW.

In addition the HCCC:

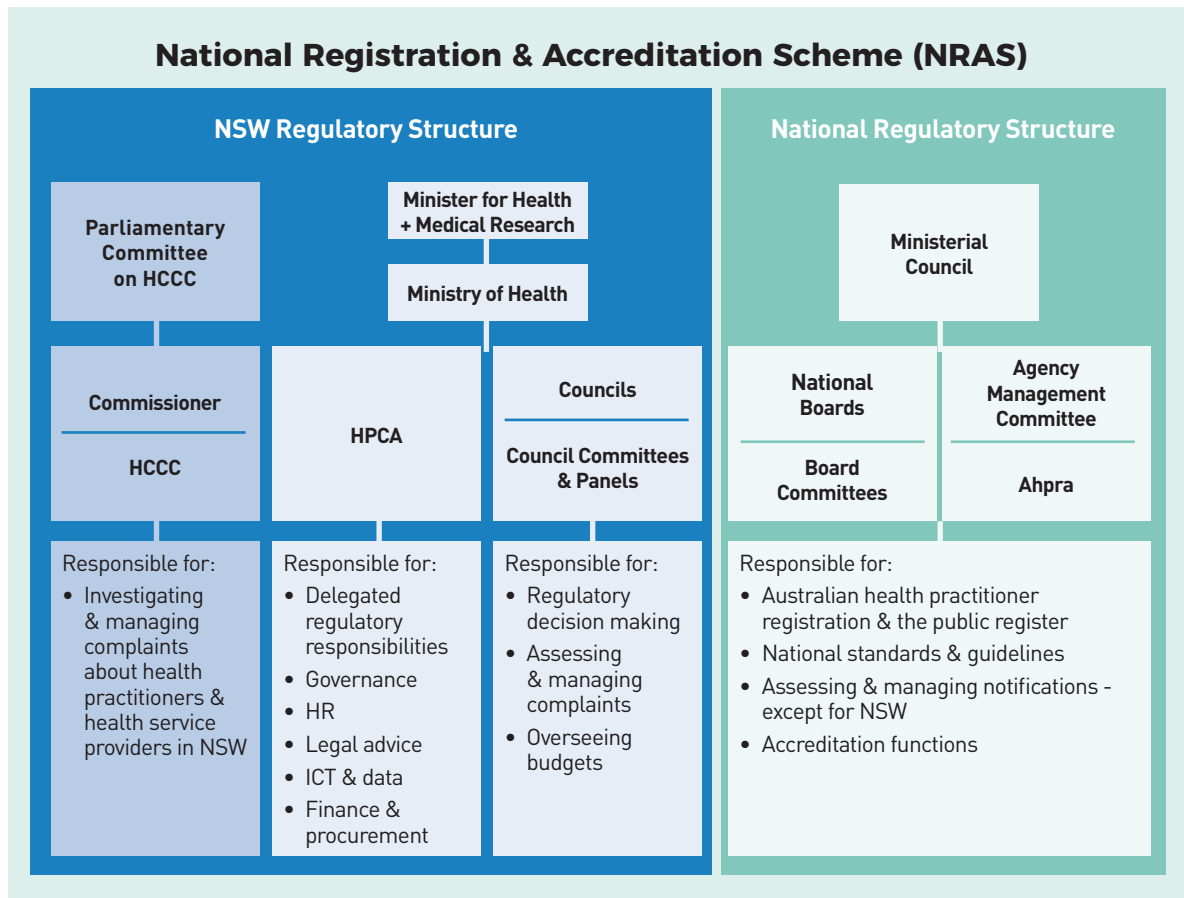
- investigates and may prosecute serious complaints.
- deals with complaints about unregistered health practitioners and health services.

The National Boards and Ahpra are established under the *Health Practitioner Regulation National Law* (National Law).

The National Boards and Ahpra:

- Register health practitioners Australia wide and maintain the public register
- Register students in approved programs of study
- Manage notifications (complaints) about health practitioners in most other states and territories of Australia
- Set national health professional standards
- Accredite education programs.

**NSW Health Professional Councils** continued



# Council membership, panels and committees

## Council membership

The membership of each Council is set out in the National Law and the *Health Practitioner Regulation (New South Wales) Regulation 2010*.

Council members are appointed by the Governor, except for half of the Pharmacy Council members who are elected. A term of appointment is three years and a member may serve up to a maximum of nine years.

## Regulatory panels and committees

The National Law prescribes panels and committees to assist Councils with their regulatory responsibilities. These include:

- Performance Review Panel (PRP)
- Impaired Registrants Panel (IRP)
- Assessment Committee – applicable to all Councils except the Medical Council and the Nursing and Midwifery Council
- Professional Standards Committee (PSC) – only applicable to the Medical Council and the Nursing and Midwifery Council.

In addition, the National Law provides that lower level conduct complaints can be dealt with by an Inquiry in a Council meeting. This process is not available to the Medical and Nursing and Midwifery Councils.

### Performance Review Panel

A Performance Review Panel (PRP) may review matters where unsatisfactory professional practice is indicated. The PRP examines evidence to establish whether a practitioner is performing to a standard reasonably expected of a practitioner with their level of training and experience.

A PRP consists of three people who may or may not be Council members. At least two panel members must be registered in the same profession as the practitioner who is subject of the complaint and one member must not be a health practitioner. Panel members are required to undergo probity checks.

### Impaired Registrants Panel

An Impaired Registrants Panel (IRP) deals with matters where a registered health practitioner has a physical or mental impairment that detrimentally affects, or is likely to affect, their capacity to practise safely.

An IRP consists of two or three people who may or may not be Council members. At least one member must be registered in the same profession as the practitioner who is subject of the complaint and at least one panel member must be a medical practitioner. Each panel draws on a pool of members who have undergone probity checks and are experienced in working with practitioners who have health problems.

## Council membership, panels and committees continued

### Assessment Committee

Councils, other than Medical and Nursing and Midwifery, may refer matters to an Assessment Committee for review, but not complaints that are:

- being investigated by the HCCC
- referred to a Tribunal
- related to a criminal offence or conviction
- involve a practitioner who is not of good character.

An Assessment Committee may obtain medical, legal, financial or other advice considered necessary for this function. Recommendations are made to the Council on appropriate management of the complaint, for instance through Council Inquiry, counselling or dismissal of the complaint.

An Assessment Committee consists of four members who must not be Council members. Three members must be health practitioners registered in the same profession as the practitioner who is subject of the complaint and one must not be a health practitioner. Assessment Committee members are required to undergo probity checks.

### Professional Standards Committee

The Professional Standards Committee (PSC) is only applicable to the Medical Council and Nursing and Midwifery Council.

A PSC hears matters where unsatisfactory conduct is indicated and has the following powers:

- cautioning or reprimanding a practitioner
- directing that conditions are imposed on a practitioner's registration
- ordering a practitioner to:
  - undergo medical or psychiatric treatment or counselling
  - complete an educational course
  - report on practice
  - take advice about management of practice.

A PSC consists of four members who must not be Council members. Two PSC members must be registered in the same profession as the practitioner who is subject of the complaint, one member must be an Australian lawyer and not a registered health practitioner and one member must not be a health practitioner.

### Council committees

The Councils may also establish other committees to assist with Council functions. These vary across Councils depending on the needs of each Council. Committee members are not necessarily Council members.

### Executive Officers

Councils are supported by Executive Officers and other staff employed by the HPCA, an executive agency of the Ministry of Health. Councils cannot employ staff under the National Law.

**Council membership, panels and committees** continued

# Aboriginal and Torres Strait Islander Health Practice Council members, panels and committees

## Council membership

Four members sit on the Aboriginal and Torres Strait Islander Health Practice Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Mr Christopher O'Brien is the President of the Aboriginal and Torres Strait Islander Health Practice Council and Ms Rosemary MacDougal is the Deputy President of the Aboriginal and Torres Strait Islander Health Practice Council.

Registered Aboriginal and Torres Strait Islander health practitioner members:

- Mr Christopher O'Brien ATSIHP, Dip Mgt, Cert IV TAE, JP
- Ms Rae Reed ATSIHP, Aboriginal Liaison Officer.

Legal member:

- Ms Rosemary MacDougal Dip Law (LPAB).

## Council meeting attendance

The Aboriginal and Torres Strait Islander Health Practice Council did not need to meet during the year.

## Council panels and committees

The Aboriginal and Torres Strait Islander Health Practice Council did not establish any panels or committees during the year.

## Executive Officer

Ms Farina Bains is the Executive Officer for the Aboriginal and Torres Strait Islander Health Practice Council. The Executive Officer leads a team of 12. This team works with 11 of the health professional Councils.



## Council membership, panels and committees continued

# Chinese Medicine Council members, panels and committees

### Council membership

Six members sit on the Chinese Medicine Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Adjunct Professor Danforn Lim is the President of the Chinese Medicine Council and Ms Christine Berle is the Deputy President of the Chinese Medicine Council.

Registered Chinese Medicine practitioner members:

- Adjunct Professor Danforn (Chi Eung) Lim PhD (UNSW), EDBA(INE PAN), MBBS(UNSW), BSc(Med) (UNSW), BHltSc(CSU), DCH(Syd), ClinDipPallMed(RACP), GradDipAcup(RMIT), MMed(Syd), MAppSc(Acup)(RMIT), MAppMgt(Health)(Newcastle), RCMP(Acup&CHM), FRACGP, FASLM, FIML, Cert BSM (Cambridge UK), Chartered Manager (UK & Aust), AFRACMA, AFCHSM, FFACMA, FFCMASA, JP
- Ms Christine Berle MSc (Research), DipAc
- Dr Wenbo Peng, BMed, MMed, PhD (UTS)
- Dr Li Mei-Kin Rees PhD (TCM), Master of Health Sc (TCM-UTS), BAppSc Acup (UTS), GradCert Pharm/Cosmetic Tech, Dip Training & Assessment.

Legal member:

- Ms Christina Lam LLB.

Community member:

- Mr Stephen Woods BEc, FIAA, FFin, GradDipFP, JP.

### Council Meeting Attendance

The Chinese Medicine Council met eleven times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Adjunct Professor Danforn Lim	11	11	1 July 2012	1 July 2018 – 30 June 2021
<b>Deputy President</b> Ms Christine Berle	10	11	1 July 2012	1 July 2018 – 30 June 2021
Ms Christina Lam	9	11	1 July 2018	1 July 2018 – 30 June 2021
Dr Wenbo Peng	11	11	1 July 2018	1 July 2018 – 30 June 2021
Dr Li Mei-kin Rees	10	11	1 July 2018	1 July 2018 – 30 June 2021
Mr Stephen Woods	10	11	1 July 2015	1 July 2018 – 30 June 2021

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

## **Council membership, panels and committees** continued

### **Regulatory Committees and Panels**

The Chinese Medicine Council appointed one Impaired Registrants Panel during the year with the following membership.

**Chair**

- Dr Karryn Koster

**Non Council members**

- A/Prof. Ian Rewell
- Ms Sue Cochrane

### **Council Committees**

The Chinese Medicine Council did not appoint any Council committees this year.

### **Executive Officer**

Ms Heather Comino is the Executive Officer for the Chinese Medicine Council.

The Executive Officer is part of a team of 12 led by Ms Farina Bains. This team works with 11 of the health professional Councils.

## Council membership, panels and committees continued

# Chiropractic Council members, panels and committees

### Council membership

Four members sit on the Chiropractic Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Dr Wayne Minter AM is the President of the Chiropractic Council and Dr Lawrence Whitman is the Deputy President of the Chiropractic Council.

Registered Chiropractic practitioner members:

- Dr Wayne Minter AM, BEc, BAppSc (Chiro), DP Dip, (NMS Rehabilitation), FICC
- Dr Lawrence Whitman BSc, DC Chiro
- Dr Christopher Burrell BSc, LLB, MChiro, MRes.

Legal member:

- Mr Matthew Seisun B App Sc (Chiro), LLB.

### Council Meeting Attendance

The Chiropractic Council met eleven times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Dr Wayne Minter AM	10	10	1 July 2012	1 July 2017 – 20 June 2020
<b>Deputy President</b> Dr Lawrence Whitman	11	11	6 March 2013	1 July 2018 – 30 June 2021
Dr Christopher Burrell	11	11	1 July 2018	1 July 2018 – 30 June 2021
Mr Matthew Seisun	10	11	29 August 2018	29 August 2018 – 30 June 2021

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

### Regulatory Committees and Panels

The Chiropractic Council appointed three Impaired Registrants Panels during the year with the same following membership for each panel.

#### Chair

- Dr Karen Arnold

#### Non Council Members

- Ms Julie Uren

### Council Committees

The Chiropractic Council did not appoint any Council committees this year.

### Executive Officer

Ms Heather Comino is the Executive Officer for the Chiropractic Council.

The Executive Officer is part of a team of 12 led by Ms Farina Bains. This team works with 11 of the health professional Councils.

## Council membership, panels and committees continued

# Dental Council members, panels and committees

### Council membership

Twelve members sit on the Dental Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Conjoint Associate Professor Frederic (Shane) Fryer OAM is the President of the Dental Council and Dr Kavita Lobo is the Deputy President of the Dental Council.

Registered dental practitioner members:

- Conjoint Associate Professor Frederic (Shane) Fryer OAM, BDS, MSc (Syd), FRACDS, MRACDS(Orth) (Dentist/Dental Specialist)
- Dr Kavita Lobo BDS (Hons), FICD, FPFA, FADI (Dentist)
- Dr Christine Biscoe BDS (Syd), FPFA, FADI, FICD (Dentist)
- Dr Anthony Burges BDS, FRACDS, FICD, FPFA, FADI (Dentist)
- Mr Christiaan Claassens Adv Dip DP(Syd), Dip DT (Syd) (Dental Prosthetist)
- Conjoint Associate Professor William O'Reilly AM, BDS (Syd), Dip Law BAB (Dentist)
- Dr Colyn Pavey BDS (Hons), FADI (Dentist)
- Dr John Pearman BDS (Syd), FPFA, FADI, FICD (Dentist)
- Associate Professor Janet Wallace PhD, GCPTT, BOH, Dip DT, Dip BM, Hon FADI (Oral Health Therapist).

Legal member:

- Ms Rosemary MacDougal Dip Law (LPAB).

Community members:

- Mr David Owen MBA BSc
- Ms Jebby Phillips BA (Hons).

## Council membership, panels and committees continued

### Council Meeting Attendance

The Dental Council met 11 times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Conjoint Associate Professor Frederic (Shane) Fryer OAM	11	11	1 May 2014	1 July 2019 – 30 June 2022
<b>Deputy President</b> Dr Kavita Lobo	10	11	1 July 2015	1 July 2018 – 30 June 2021
Dr Christine Biscoe	9	11	1 July 2015	1 July 2018 – 30 June 2021
Dr Anthony Burges	10	11	1 July 2012	28 March 2018 – 30 June 2020
Mr Christiaan Claassens	11	11	1 July 2018	1 July 2018 – 30 June 2021
Ms Rosemary MacDougal	9	11	17 July 2013	1 July 2019 – 30 June 2022
Conjoint Associate Professor William O'Reilly AM	9	11	1 July 2012	1 July 2018 – 30 June 2021
Mr David Owen	11	11	1 July 2012	28 March 2018 – 30 June 2020
Dr Colyn Pavey	9	11	1 July 2019	1 July 2019 – 30 June 2022
Dr John Pearman	10	11	1 July 2015	28 March 2018 – 30 June 2020
Ms Jebby Phillips	4	11	28 March 2018	28 March 2018 – 30 June 2020
Associate Professor Janet Wallace	8	11	1 July 2012	28 March 2018 – 30 June 2020

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

### Regulatory Committees and Panels

The Dental Council appointed the following regulatory panels and committees during the year.

Regulatory Committees and Panels	Number of Regulatory Committee and Panels
Impaired Registrants Panels	12
Performance Review Panels	1
Assessment Committees	1

## Council membership, panels and committees continued

### Membership of the regulatory panels and committees.

Impaired Registrants Panel	Performance Review Panel	Assessment Committee
<b>Chair</b> Nil	<b>Chair</b> Dr Penny Burns	<b>Chair</b> Dr Mark Sinclair
<b>Non Council Members</b> Dr Karen Arnold Professor Ron Grunstein Dr Robert Smith Professor F. A. Clive Wright AM	<b>Non Council Members</b> Mr Robert Farrugia Professor F. A. Clive Wright AM	<b>Non Council Members</b> Dr Megan Phillips Ms Frances Taylor Dr David Wheatley

### Council Committees

The Dental Council appointed/reappointed three Council committees this year.

Complaints and Notifications Committee	Education and Research Committee	Health Committee
<b>Chair</b> Dr Anthony Burges	<b>Chair</b> Associate Professor Janet Wallace	<b>Chair</b> N/A
<b>Council Members</b> Mr Christiaan Claassens Dr Kavita Lobo Mr David Owen Dr Colyn Pavey Dr John Pearman	<b>Council Members</b> Dr Anthony Burges Conjoint Associate Professor F. Shane Fryer OAM Mr David Owen	<b>Council Members</b> Dr Christine Biscoe Conjoint Associate Professor William O'Reilly AM Ms Jebby Phillips Associate Professor Janet Wallace

### Executive Officer

Mr Colin Borg is the Executive Officer for the Dental Council.

The Executive Officer leads a team of seven who work directly with the Council.

## Council membership, panels and committees continued

# Medical Council members, panels and committees

### Council membership

Up to 19 members sit on the Medical Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Adjunct Associate Professor Richard George Walsh was the President of the Medical Council and Dr John Frank Charles Sammut was the Deputy President of the Medical Council during the year.

Adjunct Associate Professor Walsh resigned as President on 30 June 2020 but remains on Council as a member. Dr John Sammut was subsequently appointed as President and Dr Jennifer Kendrick was appointed as Deputy President.

Practitioner members:

- Adjunct Associate Professor Richard George Walsh AM MBBS (Sydney), FANZCA – Australian and New Zealand College of Anaesthetists nominee
- Dr John Frank Charles Sammut MBBS (Hons) (Sydney), FACEM – Australasian College for Emergency Medicine nominee
- Dr Jennifer Kendrick AM, BSc (Sydney), MBBS (Sydney), MPH (UNSW), GAICD, FRACGP – Royal Australian College of General Practitioners nominee
- Associate Professor Mark Arnold MBBS (Sydney)
- Dr Merran Auland FACRRM, BM.BCh (Oxon), PhD, B.Pharm – Australian College of Rural and Remote Medicine nominee
- Dr Claire Blizard – Royal Australasian College of Medical Administrators nominee
- Dr Geoffrey Mark Brieger MBBS (Syd), CU FRANZCOG, FHKAM, MHKCOG, MRACOG - Royal Australian and New Zealand College of Obstetrics and Gynaecology nominee
- Dr Stephen Richard Buckley MBBS (UNSW), FACRM, FAFRM (RACP) – Royal Australasian College of Physicians nominee
- Associate Professor Ross Kerridge MBBS, FRCA, FANZCA – Australian Medical Association (NSW) nominee
- Dr Brian Morton AM, MBBS (UNSW), FRACGP, FAMA – Australian Medical Association (NSW) nominee
- Dr Julian Parmegiani MBBS (Hons) (UNSW), FRANZCP, GAICD – Royal Australian and New Zealand College of Psychiatrists nominee
- Dr Elizabeth Tompsett MBBS (Hons) (UNSW), BMedSc (UNSW), PhD (UNSW), FRACS - Royal Australasian College of Surgeons nominee.

## Council membership, panels and committees continued

Legal member:

- Prof Cameron Stewart BEc LLB (Hons) (Macquarie), GradDipLegalPrac (College of Law), GradDipJur, PhD (Sydney), FACLM (Hon).

Community members:

- Mr David Bell MBA (Sydney), BEcon (UQld), BA (UNSW), GAICD, JP (NSW)
- Ms Maria Cosmidis BA, BSW, MM
- Dr Alix Genevieve Magney BA Sociology (Hons), PhD Sociology (UNSW)
- Mr Jason Masters BEc (Flinders), GAICD, CFIAA, CRMA, CGEIT, CFE, JP
- Ms Margaret Piper AM – Multicultural NSW nominee
- Mrs Frances Taylor BA/BSocWk (Sydney).

### Council Meeting Attendance

The Medical Council met 6 times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Adjunct Associate Professor Richard Walsh	6	6	1 July 2012	1 July 2018 – 30 June 2021
<b>Deputy President</b> Dr John Sammut	4	6	1 July 2017	1 July 2019 – 30 June 2022
Associate Professor Mark Arnold	5	5	2 October 2019	1 July 2020 – 30 June 2023
Dr Merran Auland	5	6	2 June 2017	1 July 2019 – 30 June 2022
Mr David Bell <sup>^</sup>	0	1	12 Nov 2014	1 January 2018 – 30 June 2020
Dr Claire Blizard	6	6	1 July 2019	1 July 2019 - 30 June 2022
Dr Geoffrey Brieger	5	6	1 July 2018	1 July 2018 – 30 June 2021
Dr Stephen Buckley	5	6	1 July 2015	1 July 2018 – 30 June 2021
Ms Maria Cosmidis	5	6	1 July 2017	1 July 2017 – 30 June 2020
Dr Jennifer Kendrick	5	6	1 July 2015	1 July 2018 – 30 June 2021
Professor Ross Kerridge	5	6	1 July 2015	1 July 2018 – 30 June 2021
Dr Alix Magney	6	6	1 July 2012	1 January 2018 – 30 June 2020
Mr Jason Masters	6	6	1 July 2012	1 January 2018 – 30 June 2020
Dr Brian Morton	4	6	1 July 2015	1 July 2018 – 30 June 2021
Dr Julian Parmegiani	6	6	1 July 2015	1 January 2018 – 30 June 2020
Ms Margaret Piper	3	3	27 November 2019	27 November 2019 – 30 June 2022
Prof Cameron Stewart	4	6	1 July 2017	1 July 2019 – 30 June 2022
Mrs Frances Taylor	5	6	1 July 2015	1 July 2018 – 30 June 2021
Ms Elizabeth Tompsett	6	6	1 July 2018	1 July 2018 – 30 June 2021

\*Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

<sup>^</sup> Mr David Bell retired from Council on 17 August 2019.



## Council membership, panels and committees continued

### Regulatory Committees and Panels

The Medical Council appointed the following regulatory panels and committees during the year.

Regulatory Committees and Panels	Number of Regulatory Committee and Panels
Impaired Registrants Panels	56
Performance Review Panels	9
Professional Standards Committees	7

### Council Committees

Medical Council members generally serve on at least two Council committees to assist the Council to exercise its functions.

The Medical Council appointed the following committees during the year.

- Executive Committee – acts on behalf of the Council between full Council meetings.
- Research Committee – plans research activities which contribute to building the evidence base for effective regulatory action.
- Special Committee – addresses the backlog of matters in the performance program and oversees implementation of recommendations arising from reviews.
- Three generic committees (green, blue and orange) – assess and manage complaints received about medical practitioners and students. These committees replaced the conduct, performance and health committees which were dissolved in November 2019.

### Membership of Medical Council Committees.

Executive Committee	Research Committee	Special Committee
<b>Chair</b> Adjunct Associate Professor Richard Walsh	<b>Chair</b> Professor Cameron Stewart	<b>Chair</b> Adjunct Associate Professor Richard Walsh
<b>Council Members</b> Dr John Sammut Mr Jason Masters Dr Jennie Kendrick Dr Liz Tompsett Prof Cameron Stewart Dr Alix Magney	<b>Council Members</b> Dr Alix Magney Adjunct Associate Professor Richard Walsh Mr Jason Masters	<b>Council Members</b> Dr John Sammut Dr Jennifer Kendrick Dr Alix Magney
	<b>Non Council Members</b> Professor Peter Procopis Professor Tony Evers	<b>Non Council Members</b> Ms Leanne O'Shannessy

## Council membership, panels and committees continued

Generic Complaints Committees		
Green Committee	Blue Committee	Orange Committee
<b>Chair</b> Dr John Sammut	<b>Chair</b> Dr Jennifer Kendrick	<b>Chair</b> Dr Alix Magney
<b>Council Members</b> Adjunct Associate Professor Richard Walsh Dr Merran Auland Mrs Frances Taylor Professor Cameron Stewart Dr Stephen Buckley Dr Claire Blizard	<b>Council Members</b> Adjunct Associate Professor Richard Walsh Dr Brian Morton Ms Maria Cosmidis Mr Jason Masters Dr Elizabeth Tompsett Dr Geoff Brieger Associate Professor Mark Arnold	<b>Council Members</b> Adjunct Associate Professor Richard Walsh Dr Julian Parmegiani Mrs Frances Taylor Ms Margaret Piper Dr Ross Kerridge Dr John Sammut
<b>Non Council Members</b> Dr Greg Kesby Dr Glen Smith	<b>Non Council Members</b> Dr Choong-Siew Yong	<b>Non Council Members</b> Dr Keith Edwards Dr Martine Walker

Performance Committee	Conduct Committee	Health Committee
<b>Chair</b> Dr Jennifer Kendrick	<b>Chair</b> Dr John Sammut	<b>Chair</b> Dr Alix Magney
<b>Council Members</b> Adjunct Associate Professor Richard Walsh Dr Merran Auland Dr Brian Morton Mrs Frances Taylor Dr John Sammut Dr Stephen Buckley Dr Claire Blizard Ms Maria Cosmidis Dr Ross Kerridge Dr Elizabeth Tompsett	<b>Council Members</b> Adjunct Associate Professor Richard Walsh Dr Alix Magney Dr Brian Morton Ms Maria Cosmidis Mr Jason Masters Dr Elizabeth Tompsett Dr Geoff Brieger Dr Stephen Buckley Prof Cameron Stewart Dr Julian Parmegiani	<b>Council Members</b> Adjunct Associate Professor Richard Walsh Dr Geoff Brieger Dr Julian Parmegiani Dr Merran Auland Dr Claire Blizard Dr Ross Kerridge Dr Jennifer Kendrick Ms Maria Cosmidis
<b>Non Council Members</b> Dr Martine Walker Dr Choong-Siew Yong	<b>Non Council Members</b> Dr Greg Kesby	<b>Non Council Members</b> Dr Keith Edwards Dr Martine Walker Dr Glen Smith

### Senior Officers

#### Executive Officer

Ms Caroline Lamb BA, LLB, M.Bioethics, GAICD, FCIS was the Assistant Director Medical and Executive Officer for the Medical Council until March 2020 when Mr John Jamieson became the Executive Officer for the Medical Council. The Executive Officer leads a team that works directly with the Council.

#### Medical Director

Dr Annette Pantle, MBBS, MPH, FRACMA, FAICD, FAAQHC is the Medical Director of the Medical Council.

## Council membership, panels and committees continued

# Medical Radiation Practice Council members, panels and committees

### Council membership

Six members sit on the Medical Radiation Practice Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Ms Tracy Vitucci is the President of the Medical Radiation Practice Council and Dr Karen Jovanovic is the Deputy President of the Medical Radiation Practice Council.

Registered Medical Radiation Practice practitioner members:

- Ms Tracy Vitucci MBA, MHSM, BAppSc (MedImaging), DMU, GradDipUltrason, FIR
- Dr Karen Jovanovic HScD, MMedSc, GradDipClinEpid, DCR (T)
- Ms Nadine Thompson BAppSc (MRS) DR Hons I, MEd, MHM, GradCert ClinEd, Cert3 Customer Contact, FASMIRT
- Ms Justine Trpezanovski MPH, MHM, BAppSc (MRS - Nuc Med), MANZSNM.

Legal member:

- Mr Greg Ross LLB.

Community member:

- Mr Warren Stretton FAICD, FCPA, FCIS, FGIA, FTI, FAMI, CPM.

### Council Meeting Attendance

The Medical Radiation Practice Council met 10 times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Tracy Vitucci	9	10	1 July 2012	1 July 2018 to 30 June 2021
<b>Deputy President</b> Karen Jovanovic	10	10	1 July 2012	1 July 2018 to 30 June 2021
Greg Ross	10	10	1 July 2018	1 July 2018 to 30 June 2021
Warren Stretton	10	10	1 July 2012	1 July 2018 to 30 June 2021
Nadine Thompson	10	10	1 July 2018	1 July 2018 to 30 June 2021
Justine Trpezanovski	10	10	1 July 2017	1 July 2017 to 30 June 2020

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

## **Council membership, panels and committees** continued

### **Regulatory Committees and Panels**

The Medical Radiation Practice Council appointed three Impaired Registrants Panels during the year with the following membership.

#### **Chairs**

Dr Karen Arnold

Dr Alison Reid

#### **Non Council Members**

Mr Trevor Brown

Mr Darrin Gray

Mr Robert Lin

### **Council Committees**

The Medical Radiation Practice Council did not appoint any Council committees this year.

### **Executive Officer**

Ms Asha Mears is the Executive Officer for the Medical Radiation Practice Council.

The Executive Officer is part of a team of 12 led by Ms Farina Bains. This team works with 11 of the health professional Councils.

## Council membership, panels and committees continued

# Nursing and Midwifery Council members, panels and committees

### Council membership

Fifteen\* members sit on the Nursing and Midwifery Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Associate Professor Bethne Hart is the President of the Nursing and Midwifery Council and Adjunct Professor Greg Rickard OAM is the Deputy President of the Nursing and Midwifery Council.

Registered nurse and midwife members:

- Associate Professor Bethne Hart RN, Cert 1V TAA, Dip Clin Hypnotherapy, BA (Soc. Sci), MHPEd, PhD (UNSW) (MHRN)
- Adjunct Professor Greg Rickard OAM, RN, BAppSc (Nursing), Grad Dip Comm Counselling, MHSM, DrPH, MACN (Nominee of the College)
- Ms Elisabeth Black RN, RM, BN, PGD, MNSc, Cert IV TAE, FACN, Clinical Fellow, ACU
- Ms Kate Cheney RN, RM, Sexual Health (GCert), PhD (Syd), MA Midwifery (New), B Nursing (Syd) MACN, MACM, JP
- Ms Veronica Croome, RN, MPHealth (UNSW), GCert HEc (Monash), BHSc (CSU), Hon.D (UC)
- Ms Maryann Curry RN, MHM (UNE), GAICD – resigned 17 November 2019
- Associate Professor Murray Fisher RN, PhD (USyd), ITU Cert (SVPH), DipAppSc (Nursing) (CCES), BHSc (Nursing) (UTS), MHPEd (UNSW)
- Ms Angela Garvey RN, B Nursing (QUT), B Arts (USyd) - nominee of the Association
- Ms Karyn Godier EN
- Ms Karen Hay EN, Adv Dip Nursing (Perioperative Nursing), MACORN, MNSWOTA.

Legal member:

- Ms Joanne Muller BSc (Syd), LLB (UTS), DipEd (STC), GAICD.

Community members:

- Ms Kerryn Boland PSM, LLB, GDLP
- Mr David Spruell BComm (B'ham), Fellow FINSIA, Fellow AICD
- Ms Jennifer Thommeny, GradCert Appl Mgmt. AIPM, BA (Soc) (UNSW), JP.

\* The Council carried one vacancy during the year after a member resigned in late May 2019.

## Council membership, panels and committees continued

### Council Meeting Attendance

The Nursing and Midwifery Council met six times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Bethne Hart	5	6	1 July 2012	11 July 2018 – 30 June 2021
<b>Deputy President</b> Greg Rickard	4	6	1 July 2018	11 July 2018 – 30 June 2021
Elisabeth Black	5	6	1 July 2015	11 July 2018 – 30 June 2021
Kerryn Boland	5	6	1 January 2018	1 January 2018 – 30 June 2020
Kate Cheney	5	6	1 July 2015	11 July 2018 – 30 June 2021
Veronica Croome	5	6	1 July 2019	1 July 2019 – 30 June 2022
Maryann Curry <sup>^</sup>	1	6	27 August 2014	1 July 2017 – 17 November 2019
Murray Fisher	5	6	5 August 2015	11 July 2018 – 30 June 2021
Angela Garvey	5	6	1 January 2018	1 January 2018 – 30 June 2020
Karyn Godier	5	6	27 August 2014	1 July 2017 – 30 June 2020
Karen Hay	4	6	1 July 2015	11 July 2018 – 30 June 2021
Joanne Muller	5	6	1 January 2018	1 January 2018 – 30 June 2020
David Spruell	5	6	1 July 2012	1 January 2018 – 30 June 2020
Jennifer Thommeny	4	6	1 July 2018	11 July 2018 – 30 June 2021

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

<sup>^</sup> Maryann Curry resigned from Council on 17 November 2019.

### Regulatory Committees and Panels

The Nursing and Midwifery Council appointed the following regulatory panels and committees during the year.

Regulatory Committees and Panels	Number of Regulatory Committee and Panels
Impaired Registrants Panels	71
Performance Review Panels	26
Professional Standards Committees	2

**Council membership, panels and committees** continued

Membership of the regulatory panels and committees.

Impaired Registrants Panel	Performance Review Panel	Professional Standards Committee
<p><b>Chair</b> Decided by committee in each case</p>	<p><b>Chair</b> Elizabeth Angel Ian McQualter</p>	<p><b>Chair</b> Mark Paul</p>
<p><b>Non Council Members</b> Christine Anderson Elizabeth Angel Deborah Armitage Karen Arnold Anita Bizzotto Leeanne Carlin Jane Cotter Kathryn Crews Michael Diamond Janice Dilworth Kelly-Anne Eyre Julie Flood Mary-Anne Friend Valerie Gibson Linda Gregory Michael Hagarty Scott Hillsley Lynette Hopper Susan Kennedy Maxwell Kettle Beth Kotze Kerry Mawson Maureen McGovern Ian McQualter Rebekkah-Jane Middleton Barbra Monley Suellen Moore Patricia Morey Jennifer O’Baugh Alison Reid Leigh Schalk Deirdre Sinclair Sheree Smiltnieks Gerda Tolhurst Jullianne Williams Ronald Wilson</p>	<p><b>Non Council Members</b> Geoffrey Alder Christine Anderson Kurt Andersson-Noorgard Jeanette Barker Amanda Currie Julie Flood Valerie Gibson Alison Gray Lynette Hopper Jennifer Houen Maria Kelly Susan Kennedy Susan Lovrovich Maryanne Maher Bernie Seth Deirdre Sinclair Sheree Smiltnieks</p>	<p><b>Non Council Members</b> Rose Leontini Gerda Tolhurst Ronald Wilson</p>

**Council Committees**

The Nursing and Midwifery Council appointed seven Council committees this year.

**Strategic Management Committee**

The Strategic Management Committee provides strategic oversight of the management of the finance and resourcing, complaints process, administrative complaints, policy and project management, planning and governance, legal issues and stakeholder engagement, on behalf of the Council.

**Notifications Committee**

The Notifications Committee, in consultation with the HCCC, manages complaints about the conduct, performance and health of registered health practitioners and the health of students. The Committee’s purpose is to protect the public by ensuring safe professional practice, maintaining public safety, and proactively identifying and minimising risk early.

## Council membership, panels and committees continued

### Monitoring and Review Committee

The Monitoring and Review Committee oversees monitoring and reviews of registered health practitioners and students with restrictions on registration related to conduct, performance and conduct issues. The Committee's purpose is to protect the public by ensuring safe professional practice, maintaining public safety, and proactively identifying and minimising risk early.

### Education, Quality and Research Committee

The Education Quality and Research Committee provides oversight, input and recommendations on education, quality and research projects on behalf of the Council.

### Performance Interview and Counselling Committee

The purpose of the Performance Interview and Counselling Committee is to deal with complaints referred by the Council to:

- make inquiries into a complaint and advise the Council in managing an individual matter under Part 8 of the *Health Practitioner Regulation National Law (NSW)*.
- counsel registered health practitioners and students about professional standards to ensure safe professional practice and maintain public safety.

### s150 Review Committee

The Section 150 Review Committee deals with complaints referred by the Council to determine whether urgent interim action is required on a practitioner's or student's registration to maintain public safety, minimise risk early or otherwise in the public interest.

### s152J Committee

The Section 152J Committee enables timely decision-making regarding the recommendations of the Impaired Registrants Panel (IRP), on behalf of the Council.

Membership of the Council committees.

Strategic Management Committee	Notifications Committee	Monitoring and Review Committee
<b>Chair</b> Bethne Hart	<b>Chair</b> Bethne Hart Karyn Godier	<b>Chair</b> Angela Garvey
<b>Council Members</b> Greg Rickard Joanne Muller David Spruell	<b>Council Members</b> Greg Rickard Karen Hay Jennifer Thommeny Veronica Croome Elisabeth Black Kate Cheney Kerryn Boland Murray Fisher Joanne Muller	<b>Council Members</b> Greg Rickard Kate Cheney Joanne Muller Maryann Curry (to 17 November 2019)
<b>Non Council Members</b> Nil	<b>Non Council Members</b> Carole Doyle Frances Taylor Margo Gill	<b>Non Council Members</b> Margo Gill Frances Taylor



## Council membership, panels and committees continued

Membership of the Council committees (continued)

Education, Quality and Research Committee	Performance Interview and Counselling Committee	S150 Review Committee
<b>Chair</b> Kate Cheney	<b>Chair</b> Decided by committee for each case	<b>Chair</b> Decided by committee for each case
<b>Council Members</b> Greg Rickard Angela Garvey Murray Fisher Karen Hay Kerryn Boland	<b>Council Members</b> Joanne Muller Murray Fisher Elisabeth Black Veronica Croome Jennifer Thommeny Kerryn Boland Karyn Godier Kate Cheney Karen Hay Maryann Curry Greg Rickard	<b>Council Members</b> Bethne Hart Karen Hay Veronica Croome Kate Cheney Elisabeth Black Karyn Godier Kerryn Boland Jennifer Thommeny Murray Fisher Joanne Muller
<b>Non Council Members</b> Nil	<b>Non Council Members</b> Susan Kennedy Frances Taylor Zena Wilson Deirdre Sinclair Marie Clarke Rebecca Roseby	<b>Non Council Members</b> Frances Taylor Marie Clarke Jann Gardner

### S152J Committee

**Chair**  
Nil

**Council Members**  
Joanne Muller  
Angela Garvey  
Karyn Godier  
Kate Cheney  
Kerryn Boland  
Veronica Croome

**Non Council Members**  
Nil

### Executive Officer

Ms Kim Bryant RN, BN (USyd) MEd is the Executive Officer for the Nursing and Midwifery Council. Ms Bryant replaces Dr Margaret Cooke RN, RM, PhD who commenced extended leave in January 2020.

The Executive Officer leads a team of 27 who work directly with the Council.

## Council membership, panels and committees continued

# Occupational Therapy Council members, panels and committees

### Council membership

Six members sit on the Occupational Therapy Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Mr Kim Nguyen is the President of the Occupational Therapy Council and Ms Carolyn Fozzard is the Deputy President of the Occupational Therapy Council.

Registered Occupational Therapy practitioner members:

- Mr Kim Nguyen BAppSc(OT), Dip HRMgt, GradDipPH, GradDipStratLDRSHP, FRSPH, FIML, AFCHSM
- Ms Carolyn Fozzard BAppSc(OT), JD (Juris Doctor)
- Ms Melinda Hunt BAppSc(OT), LLB (Hons)
- Dr Alison Wicks PhD, M HSC (OT), B App SC (OT), Adjunct Associate Professor University of Canberra, JP.

Legal member:

- Mr Barry Dean – B Optom (Hons), LLB (Hons), LLM.

Community member:

- Mr Robert Farrugia – RN, Onc.Cert., BCom (UOW), MHSM (CSU).

### Council Meeting Attendance

The Occupational Therapy Council met eleven times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Mr Kim Nguyen	10	11	1 July 2012	1 July 2018 – 30 June 2021
<b>Deputy President</b> Ms Carolyn Fozzard	10	11	1 July 2012	1 July 2018 – 30 June 2021
Mr Barry Dean	8	11	1 July 2018	1 July 2018 – 30- June 2021
Mr Robert Farrugia	9	11	1 July 2018	1 July 2018 – 30 June 2021
Ms Melinda Hunt	11	11	1 July 2012	1 July 2018 – 30 June 2021
Dr Alison Wicks	11	11	1 July 2018	1 July 2018 – 30 June 2021

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

## **Council membership, panels and committees** continued

### **Regulatory Committees and Panels**

The Occupational Therapy Council appointed one Impaired Registrants Panel this year with the following membership.

**Chair**

- Dr Susan Messner

**Non Council Members**

- Mrs Michelle Williams

### **Council Committees**

The Occupational Therapy did not appoint any Council committees this year.

### **Executive Officer**

Ms Heather Comino is the Executive Officer for the Occupational Therapy Council.

The Executive Officer is part of a team of 12 led by Ms Farina Bains. This team works with 11 of the health professional Councils.

## Council membership, panels and committees continued

# Optometry Council members, panels and committees

### Council membership

Four members sit on the Optometry Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Mr Albert Lee is the President of the Optometry Council and Ms Pauline O'Connor is the Deputy President of the Optometry Council.

Registered Optometry practitioner members:

- Mr Albert Lee MOptom, GradCertOcTher, BOptom
- Mr John Davis BOptom (Hons)
- Mr Derek Fails BSc (Hons), MCOptom (UK), CertOcTher (SUNY), GDipBus (Tas), FAICD.

Legal member:

- Ms Pauline O'Connor LLM, GAICD, AGIA, ACIS.

### Council Meeting Attendance

The Optometry Council met 10 times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Albert Lee	10	10	1 July 2012	1 July 2018 to 30 June 2021
<b>Deputy President</b> Pauline O'Connor	8	10	1 July 2012	1 July 2018 to 30 June 2021
John Davis	10	10	1 July 2015	1 July 2018 to 30 June 2021
Derek Fails	10	10	1 July 2015	1 July 2018 to 30 June 2021

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

### Regulatory Panels and Committees

The Optometry Council appointed two Impaired Registrants Panels during the year with the following membership.

#### Chair

- Dr Karen Arnold

#### Non Council Members

- Mr Gavin Bigland
- Mrs Tsu Shan Chambers

### Council Committees

The Optometry Council did not appoint any Council committees this year.

### Executive Officer

Ms Asha Mears is the Executive Officer for the Optometry Council.

The Executive Officer is part of a team of 12 led by Ms Farina Bains. This team works with 11 of the health professional Councils.

## Council membership, panels and committees continued

# Osteopathy Council members, panels and committees

### Council membership

Four members sit on the Osteopathy Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Ms Anne Cooper is the President of the Osteopathy Council and Dr Kerrin Murnane is the Deputy President of the Osteopathy Council.

Registered Osteopath practitioner members:

- Ms Anne Cooper RN, DO, MMedHum
- Dr (Osteopath) Kerrin Murnane M0steo (UWS), BAppSc(OsteoSt) (UWS)
- Dr (Osteopath) Terry Stewart Grad Cert Health Fitness and Sports Training, DipHealthSc, BAppSc (Osteo), Masters Osteo, MScMed(PainMgt).

Legal member:

- Ms Soraya Mir BSc (Hons), LLB, LLM, Grad Dip Corp Govn, BPsych(Hons), MPsych(Clin).

### Council Meeting Attendance

The Osteopathy Council met six times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Anne Cooper	6	6	1 July 2012	1 July 2018 to 30 June 2021
<b>Deputy President</b> Kerrin Murnane	6	6	1 July 2018	1 July 2018 to 30 June 2021
Soraya Mir	6	6	6 March 2013	1 July 2018 to 30 June 2021
Terry Stewart <sup>^</sup>	3	3	1 July 2018	1 July 2018 to 20 December 2019

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

<sup>^</sup>Dr Terry Stewart resigned from Council in December 2019.

### Regulatory Committees and Panels

The Osteopathy Council did not appoint any regulatory panels or committees during the year.

### Council Committees

The Osteopathy Council did not appoint any Council committees this year.

### Executive Officer

Ms Asha Mears is the Executive Officer for the Osteopathy Council.

The Executive Officer is part of a team of 12 led by Ms Farina Bains. This team works with 11 of the health professional Councils.

## Council membership, panels and committees continued

# Paramedicine Council members, panels and committees

### Council membership

Six members sit on the Paramedicine Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Mr Alan Morrison is the President of the Paramedicine Council and Mr Peter Lang is the Deputy President of the Paramedicine Council.

Registered paramedicine practitioner members:

- Mr Alan Morrison ASM, MPET, GradDipPubAdmin, GradDipEd, BParaPrac, BAppSc, AdvDipParaSc
- Mr Peter Lang AdvDipParaSc, BHLthSc (PreHospCare), FACPara
- Mr Brian Parsell ASM, FPA, AFCHSE, BHSc, BN, GradDipHSM, GradDipPSc
- Ms Cassandra McKenzie BHSc (Nursing), AdvDipParaSc, DipEMD, GradCert Redesign,RN.

Legal member:

- Mr Greg McAllan BA (Hons), BLegStudies (Hons), CM, CN, LLM, GradDipPubAdmin.

Community member:

- Ms Margo Gill MBA, MAppSc.

### Council Meeting Attendance

The Paramedicine Council met 11 times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Alan Morrison	10	11	25 October 2018	25 October 2018 to 30 June 2021
<b>Deputy President</b> Peter Lang	10	11	25 October 2018	25 October 2018 to 30 June 2021
Margo Gill	11	11	25 October 2018	25 October 2018 to 30 June 2021
Greg McAllan <sup>^</sup>	4	6	25 October 2018	25 October 2018 to 7 January 2020
Cassandra McKenzie	8	11	25 October 2018	25 October 2018 to 30 June 2021
Brian Parsell	9	11	25 October 2018	25 October 2018 to 30 June 2021

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

<sup>^</sup>Mr Greg McAllan resigned from Council in January 2020.

## **Council membership, panels and committees** continued

### **Regulatory Panels and Committees**

The Paramedicine Council appointed five Impaired Registrants Panels during the year with the following membership.

#### **Chair**

- Dr Karen Arnold

#### **Non Council Members**

- Ms Kelly Ferguson
- Ms Whitney Hughes
- Mr Michael Smith
- Ms Tanya Somani
- Mr Craig Watkins

### **Council Committees**

The Paramedicine Council did not appoint any Council committees during the year.

### **Executive Officer**

Ms Asha Mears is the Executive Officer for the Paramedicine Council.

The Executive Officer is part of a team of 12 led by Ms Farina Bains. This team works with 11 of the health professional Councils.

## Council membership, panels and committees continued

# Pharmacy Council members, panels and committees

### Council membership

Ten members sit on the Pharmacy Council as set out in the National Law.

Five members are nominated by the Minister for Health and appointed by the Governor and five members are pharmacists elected by local pharmacists.

The President and Deputy President are nominated by the Minister for Health and appointed by the Governor.

Dr Joyce Cooper is the President of the Pharmacy Council and Ms Veronica Murdoch is the Deputy President of the Pharmacy Council.

Members appointed by the Governor include the following.

Registered pharmacist members:

- Dr Joyce Cooper PhD, BSc(Pharmacy), GradDipClinPharm, GradCertClinEpi, GradCertTertiaryTeach, FSHP
- Ms Veronica Murdoch BPharm, M Health Management, MSHPA.

Legal member:

- Ms Penny Ho LLB (Hons), LLM.

Community members:

- Ms Carolyn Burlew BA, MPubAd, FAICD
- Ms Marilyn Starr.

Pharmacists elected by local pharmacists include the following.

- Mr Paul Sinclair AM, BPharm, MAICD
- Mr Mike Anderson BPharm, AACP
- Mrs Majella Hill MSc, BPharm, ADTT
- Ms Marina Holt BPharm, Dip Quality Auditing , Cert IV TAE, MPS
- Dr Erica Sainsbury BPharm (Hons), MSc, GradDipEdStud (Higher Ed), PhD, MPS, MSHP, MACE.



## Council membership, panels and committees continued

### Council Meeting Attendance

The Pharmacy Council met 13 times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Joyce Cooper	12	13	1 July 2015	1 July 2018 to 30 June 2021
<b>Deputy President</b> Veronica Murdoch	13	13	1 July 2018	1 July 2018 to 30 June 2021
Mike Anderson	13	13	1 April 2016	1 April 2019 to 31 March 2022
Carolyn Burlew	11	13	4 July 2012	1 July 2018 to 30 June 2021
Majella Hill	12	13	1 April 2019	1 April 2019 to 31 March 2022
Penny Ho	13	13	1 July 2015	1 July 2018 to 30 June 2021
Marina Holt	11	13	1 April 2019	1 April 2019 to 31 March 2022
Erica Sainsbury	12	13	1 April 2019	1 April 2019 to 31 March 2022
Paul Sinclair	13	13	17 November 2011	1 April 2019 to 16 November 2020
Marilyn Starr	11	13	4 July 2012	1 July 2018 to 30 June 2021

\* Council members are appointed/elected for a term up to three years and may be reappointed/re-elected up to a maximum of nine years.

### Regulatory Panels and Committees

The Pharmacy Council appointed the following regulatory panels and committees during the year.

Regulatory Panels and Committees	Number of Regulatory Panels and Committees
Impaired Registrants Panels	14
Performance Review Panels	2
Assessment Committees	Nil

Membership of the regulatory panels and committees.

Impaired Registrants Panels	Performance Review Panels
<b>Pharmacist member</b> Mr Peter Murney	<b>Chair</b> Ms Rosemary Kusuma
<b>Medical practitioner members</b> Dr Alison Reid Dr Karen Arnold	<b>Pharmacist members</b> Mr Jonathan Chen Ms Zaheeda Patel

## Council membership, panels and committees continued

### Council Committees

The Pharmacy Council reappointed six Council committees this year.

Notifications Committee	Finance Committee	Ownership Committee
<b>Chair</b> Paul Sinclair	<b>Chair</b> Carolyn Burlew	<b>Chair</b> Paul Sinclair
<b>Members</b> Joyce Cooper Carolyn Burlew Majella Hill Marina Holt Veronica Murdoch	<b>Members</b> Mike Anderson Joyce Cooper Majella Hill Erica Sainsbury	<b>Members</b> Joyce Cooper Majella Hill Penny Ho Marina Holt Maria Watts
Communications Committee	Education and Research Committee	Compounding * Working Group
<b>Chair</b> Veronica Murdoch	<b>Chair</b> Penny Ho	<b>Chair</b> Paul Sinclair
<b>Members</b> Mike Anderson Joyce Cooper Marina Holt Erica Sainsbury Marilyn Starr	<b>Members</b> Mike Anderson Joyce Cooper	<b>Members</b> Joyce Cooper Penny Ho Marina Holt Erica Sainsbury

\* The last meeting of the Compounding Working Group was held on 5 September 2019, the objectives of the Working Group having been met and the work effectively concluded.

### Executive Officer

Ms Nina Beeston is the Executive Officer for the Pharmacy Council.

The Executive Officer leads a team of 12 who work directly with the Council.

## **Council membership, panels and committees** continued

# Physiotherapy Council members, panels and committees

### **Council membership**

Ten members sit on the Physiotherapy Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Professor Darren Rivett was the President of the Physiotherapy Council and Ms Elizabeth Ward was Deputy President of the Physiotherapy Council. Professor Rivett resigned on 24 October 2019. Ms Elizabeth Ward was subsequently appointed as President and Mr Toni Andary was appointed as Deputy President.

Registered Physiotherapy practitioner members:

- Professor Darren Rivett, BAppSc(Phty), GradDipManipTher, MAppSc(ManipPhty), PhD, APAM, MAICD
- Ms Elizabeth Ward BSc, PGD (Phty), MPH, MHIthSc (Phty), GAICD, APAM, Life Member AHTA
- Mr Toni Andary BAppSc (Physiotherapy), APAM
- Associate Professor Jane Butler PhD, MTertEdMgmt, MEd, GradDipAppSci, DipPhys
- Mr David Cross BAppSc (Pty) (Cumb), Master Physio (Rural and Remote) Uni SA, APAM
- Dr Hassan Kadous DBA MPhty, BAppSc (EXSS).

Legal member:

- Ms Athena Harris Ingall – BHA , LLB , GDipHthMedLaw , GDipLegalPrac , MEd.

Community members:

- Ms Janene Eagleton GAICD, FGIA, MBA, BHA, RD
- Mrs Marie Clarke RN, RM, DipNEd, DipNAdmin, BBus, GradCertMgmt
- Professor Rodney Hill PhD.

## Council membership, panels and committees continued

### Council Meeting Attendance

The Physiotherapy Council met 11 times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Darren Rivett <sup>^</sup>	3	4	1 July 2014	1 July 2017 – 24 October 2019
<b>Deputy President</b> Elizabeth Ward	10	11	1 July 2015	1 July 2018 – 30 July 2021
Toni Andary	11	11	1 July 2018	1 July 2018 – 30 June 2021
Jane Butler	11	11	1 July 2018	1 July 2018 – 30 June 2021
Marie Clarke	10	11	1 July 2015	1 July 2018 – 30 June 2021
David Cross	10	11	1 July 2018	1 July 2018 – 30 June 2021
Janene Eagleton	9	11	1 July 2014	1 July 2017 – 30 June 2020
Athena Harris Ingall	11	11	1 July 2018	1 July 2018 – 30 June 2021
Rodney Hill	10	11	12 December 2018	12 December 2018 – 30 June 2021
Hassan Kadous	8	11	26 July 2017	26 July 2017 – 30 June 2020

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

<sup>^</sup>Professor Darren Rivett resigned as President and as a Council member on 24 October 2019.

### Regulatory Panels and Committees

The Physiotherapy Council appointed one Impaired Registrants Panel during the year with the following membership.

#### Chair

- Dr Karen Arnold

#### Non Council Members

- Mr Gaetano Milazzo

### Council Committees

The Physiotherapy Council appointed one Council committee this year.

#### Complaints and Notifications Committee

##### Chair

Elizabeth Ward – to December 2019  
 Marie Clarke – 4 February 2020 to 3 March 2020  
 Toni Andary – from 7 April 2020

##### Council Members

David Cross  
 Athena Harris Ingall  
 Marie Clarke  
 Toni Andary – from 4 February 2020

### Executive Officer

Ms Heather Comino is the Executive Officer for the Physiotherapy Council.

The Executive Officer is part of a team of 12 led by Ms Farina Bains. This team works with 11 of the health professional Councils.

## Council membership, panels and committees continued

# Podiatry Council members, panels and committees

## Council membership

Four members sit on the Podiatry Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Mr Luke Taylor is the President of the Podiatry Council and Dr Kristy Robson is the Deputy President of the Podiatry Council.

Registered Podiatry practitioner members:

- Mr Luke Taylor BApp Sci (Pod), Grad Cert (Diabetes)
- Dr Kristy Robson PhD, MHSc (Education), DipHSc (Podiatry)
- Ms Verona du Toit MAppSc (Ex&SpSc), AssDipPod, BTeach (AdVocEd).

Legal member:

- Mr Ebenezer Banful BA (Hons), MA, LLB (Hons), GDLP.

## Council Meeting Attendance

The Podiatry Council met 11 times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Luke Taylor	11	11	1 July 2015	1 July 2017 to 30 June 2020
<b>Deputy President</b> Kristy Robson	11	11	1 July 2015	1 July 2017 to 30 June 2020
Ebenezer Banful <sup>^</sup>	6	6	1 January 2011	1 July 2018 to 31 December 2019
Verona du Toit	9	11	1 July 2015	1 July 2018 to 30 June 2021

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

<sup>^</sup>Mr Ebenezer Banful retired from Council in December 2019 having served the maximum consecutive terms of office as a Council member.

## Regulatory Panels and Committees

The Podiatry Council appointed one Impaired Registrants Panel during the year with the following membership.

### Chair

- Dr Karen Arnold

### Non Council Members

- Ms Anna Spencer
- Ms Jessica Knox

## Council Committees

The Podiatry Council did not appoint any Council committees during the year.

## Executive Officer

Ms Asha Mears is the Executive Officer for the Podiatry Council.

The Executive Officer is part of a team of 12 led by Ms Farina Bains. This team works with 11 of the health professional Councils.

## Council membership, panels and committees continued

# Psychology Council members, panels and committees

### Council membership

Eight members sit on the Psychology Council as set out in the National Law.

The President, Deputy President and Council members are nominated by the Minister for Health and appointed by the Governor.

Ms Gail Purkis is the President of the Psychology Council and Conjoint Associate Professor Christopher Willcox is the Deputy President of the Psychology Council.

Registered Psychologist practitioner members:

- Ms Gail Purkis BSc(Applied Psych), Dip Psychol, GAICD
- Conjoint Associate Professor Christopher Willcox BSc (Psych) Hons, MPsy (Clin), GC (PSM), MAPS, FCCLP
- Dr Lizabeth Tong AM, BA (Hons)(Psych), MA, Dip Clin Psych, PhD (Med), Cert TSL (Eng), AFBPS, MACPA, MACAPP, MAPS FCCLP, JP
- Associate Professor Maree J Abbott BA, hon (Psych), M Clin Psych, PhD, FACPA, MAACBT
- Mr Thomas O'Neill BA (Hons)(Psych), MPsy (Clin), FAPS.

Legal member:

- Mr Hugh Macken BA, LLB, LLM.

Community members:

- Ms Joanne Jousif BA, Dip Crim, Cert IV Training & Assessment
- Mr Robert Lorschy JP.

### Council Meeting Attendance

The Psychology Council met 11 times during the year.

Member	Meetings Attended	Meetings Eligible to Attend	Date first appointed	Current Term of Office*
<b>President</b> Gail Purkis	10	11	1 July 2018	1 July 2018 to 30 June 2021
<b>Deputy President</b> Christopher Willcox	9	11	1 July 2018	1 July 2018 to 30 June 2021
Maree Abbott	11	11	1 July 2018	1 July 2018 to 30 June 2021
Joanne Jousif	10	11	1 July 2018	1 July 2018 to 30 June 2021
Robert Lorschy	10	11	1 July 2016	1 July 2018 to 30 June 2021
Hugh Macken	8	11	1 July 2016	1 July 2018 to 30 June 2021
Thomas O'Neill	11	11	1 July 2012	1 July 2018 to 30 June 2021
Lizabeth Tong AM	11	11	1 July 2015	1 July 2018 to 30 June 2021

\* Council members are appointed for a term up to three years and may be reappointed up to a maximum of nine years.

## Council membership, panels and committees continued

### Regulatory Panels and Committees

The Psychology Council appointed 13 regulatory panels and committees during the year.

Regulatory Committees and Panels	Number of Regulatory Committee and Panels
Impaired Registrants Panels	11
Performance Review Panels	2
Assessment Committees	0

Membership of the regulatory panels and committees.

Impaired Registrants Panel	Performance Review Panel
<b>Non Council Members</b> Dr Karen Arnold Dr Emma Collins Dr Michael Diamond Mr Christopher Allan Dr Wendy Roberts Dr Alison Reid Mr John Haigh	<b>Non Council Members</b> Dr Amanda White Ms Frances Taylor Mr Peter Walker Mr Robert Farrugia Ms Margaret Crawley

### Council Committees

The Psychology Council did not appoint any Council committees this year.

### Executive Officer

Ms Farina Bains is the Executive Officer for the Psychology Council. The Executive Officer leads a team of 12. This team works with 11 of the health professional Councils.

# Strategic Priorities

## Planning Process

All Councils and the HPCA participate in development of a joint three year strategic plan. This joint strategic plan is then supported by action plans developed by individual Councils and the HPCA.

The Council specific action plans assist in identifying opportunities for collaborative effort across Councils, as well as addressing profession specific issues.

The HPCA annual action plans complement the Council plans in addressing the strategic priorities. The HPCA action plans also incorporate the enablers, or tools that facilitate achievement of strategic goals. The HPCA provides quarterly progress reports to Councils.

## Current Councils and HPCA Joint Strategic Plan

The Councils and HPCA joint strategic plan from July 2018 to June 2021 sets out four key strategic priorities:

1. Expertise
2. Engagement
3. Effectiveness
4. Education and research.

The enablers that are the responsibility of the HPCA are also captured in the plan and include:

1. Governance
2. Human resources
3. ICT and data
4. Finance and procurement.

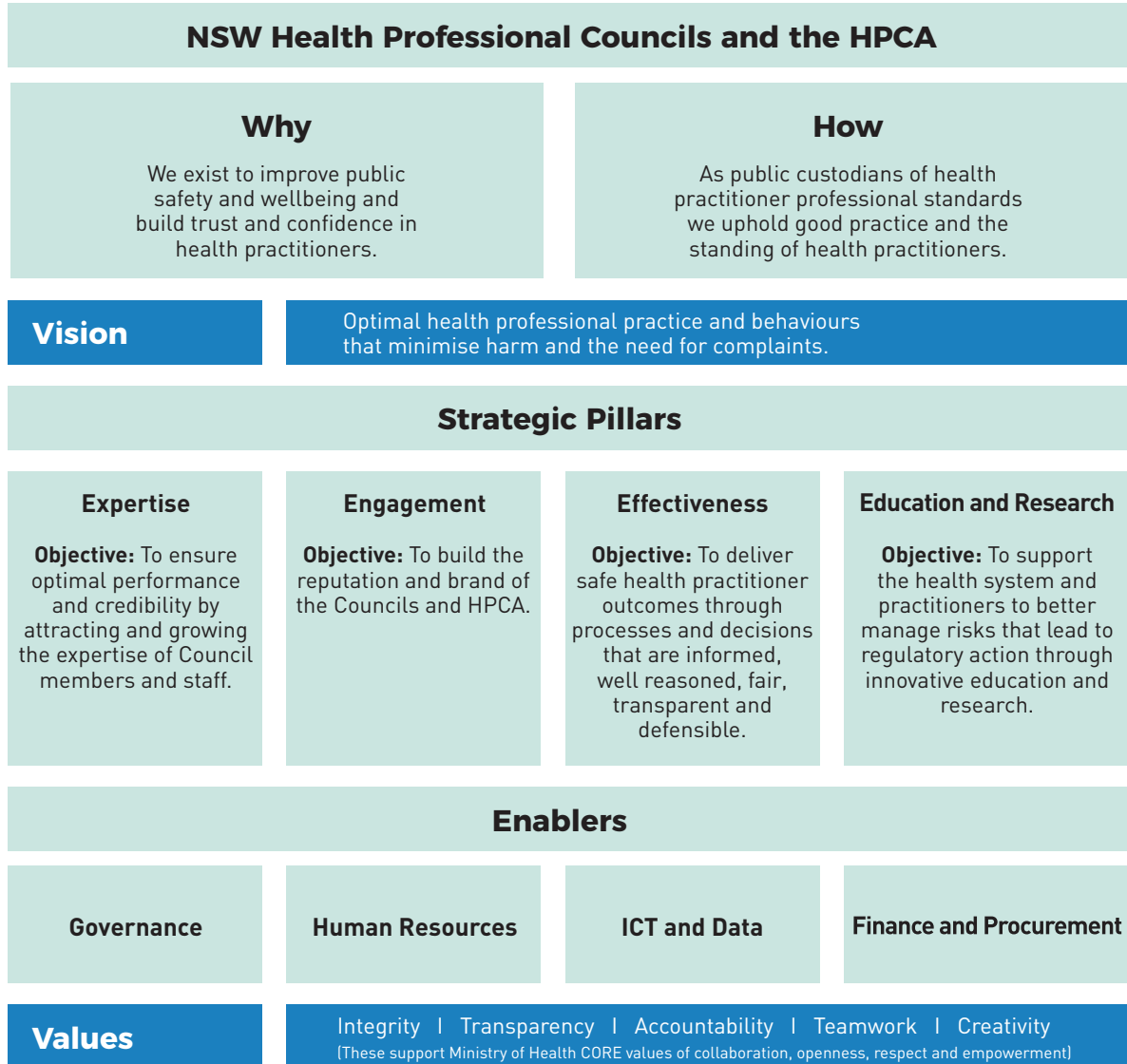
Council Presidents and the HPCA Executive undertook a mid-point review of progress with the current three year strategic plan at a workshop in August 2019.

Cross-Council collaboration in support of shared learning and improved efficiency was a key consideration, as was prevention messaging. All four strategic priorities set out in the strategic plan were endorsed at the workshop.



**Strategic Priorities** continued

**Overview of the Councils and HPCA joint strategic plan 2018 to 2020**



**Impact of COVID-19**

Early in 2020 the HPCA developed a pandemic plan to manage the emergence of COVID-19. Management of the COVID-19 situation included closure of the offices at the end of March 2020. All staff moved to work from home arrangements for three months. Council meetings, committee meetings, hearings, engagement with external bodies and other business all moved to conferencing or other remote working arrangements.

At the end of June 2020, implementation of a recovery roadmap commenced with approximately 25% of the HPCA staff returning to office based work on a trial basis and with comprehensive safety measures in place. The offices remained closed to members and visitors and will continue to be closed until a later stage of recovery.

The pandemic has impacted to some extent on business as usual and work included in the action plans. The impact has primarily been a delay in progressing some projects or time lags rather than more serious disruptions.

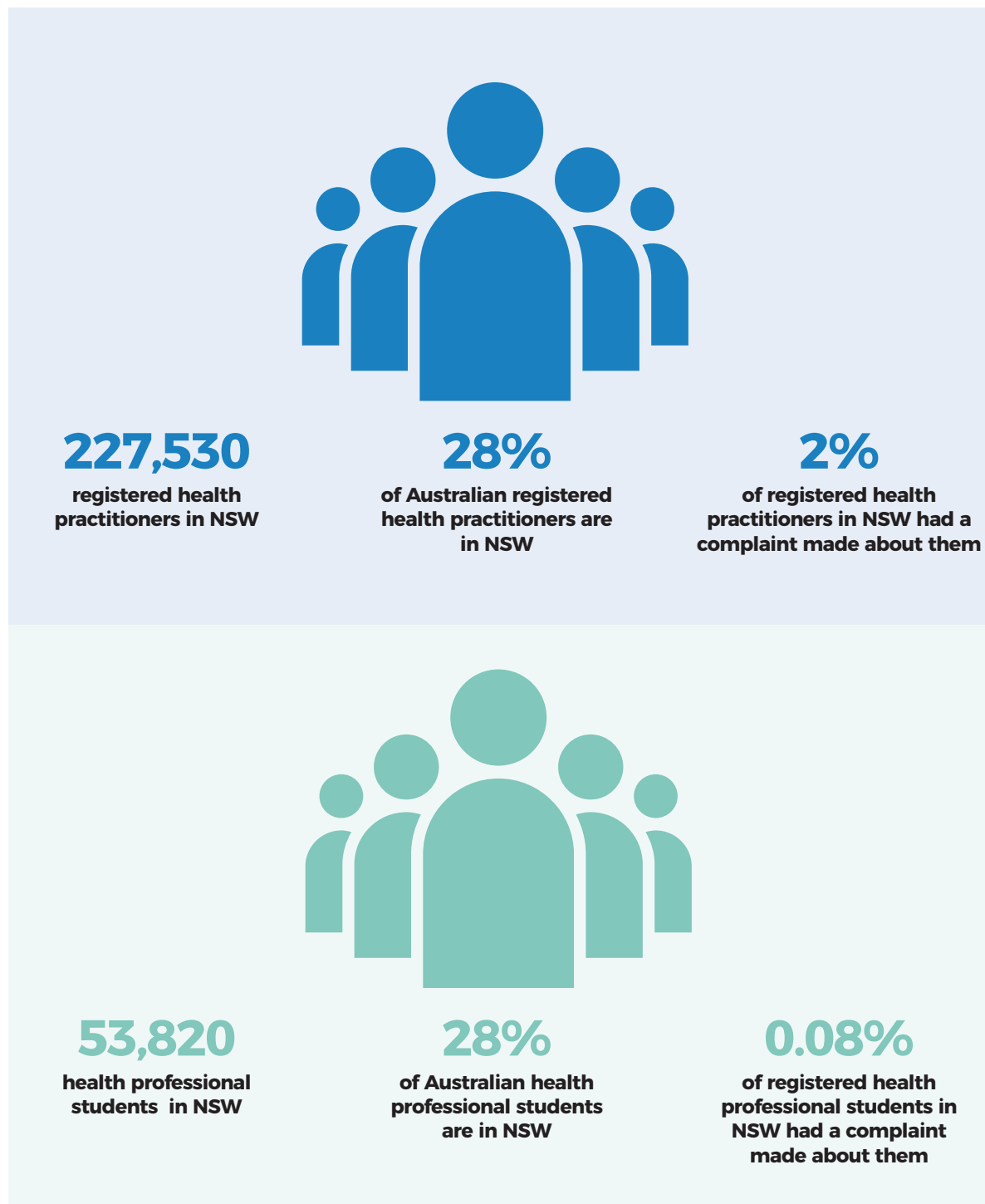
The focus has been on achieving the right balance to maintain our public protection responsibilities and ensure the safety of our people.

# What the data says about practitioners and complaints

## 2019/20 overview of health practitioners and students

Councils regulate registered health practitioners who primarily practise in NSW.

Councils also regulate NSW students in health professional programs of study. Students are registered, except for psychology students. New graduates in psychology work under provisional registration for a year instead of being registered as a student.



## What the data says about practitioners and complaints continued

### Registered health practitioners

In NSW 227,530 registered health practitioners identified NSW as their principal place of practice as at 30 June 2020. This is 28% of all health practitioners registered in Australia.

The national public register on the Ahpra website [www.ahpra.gov.au](http://www.ahpra.gov.au) includes all registered health practitioners in Australia. The number of practitioners in NSW, the total number of practitioners in Australia, and NSW practitioners as a percentage of all Australian practitioners is presented in Table 1.

**Table 1: Registered practitioners as at 30 June 2020<sup>1</sup>**

Profession	NSW registered practitioners	Total Australian registered practitioners	% of Australian registered practitioners with NSW PPP <sup>2</sup>
Aboriginal and Torres Strait Islander Health Practitioner	179	812	22.0%
Chinese Medicine Practitioner	1,989	4,921	40.4%
Chiropractor	1,886	5,777	32.6%
Dental Practitioner	7,272	24,406	29.8%
Medical Practitioner	38,003	125,641	30.2%
Medical Radiation Practitioner	6,025	18,243	33.0%
Midwife	1,506	6,309	23.9%
Nurse	112,094	415,433	27.0%
Nurse and Midwife <sup>3</sup>	8,300	29,736	27.9%
Occupational Therapist	6,643	23,997	27.7%
Optometrist	2,001	6,043	33.1%
Osteopath	607	2,753	22.0%
Paramedic	5,089	19,838	25.7%
Pharmacist	10,335	34,512	29.9%
Physiotherapist	10,850	37,113	29.2%
Podiatrist <sup>4</sup>	1,565	5,608	27.9%
Psychologist	13,186	40,517	32.5%
<b>Total 2019/20</b>	<b>227,530</b>	<b>801,659</b>	<b>28.4%</b>
<b>Total 2018/19</b>	<b>212,207</b>	<b>744,437</b>	<b>28.5%</b>

**Notes:**

1 The 2019/20 data includes practitioners registered on the temporary pandemic sub-register created in response to the COVID-19 pandemic.

2 PPP refers to 'principal place of practice'.

3 Registrants who hold dual registration as both a nurse and a midwife.

4 Throughout this report the term 'podiatrist' refers to both podiatrists and podiatric surgeons unless otherwise specified.

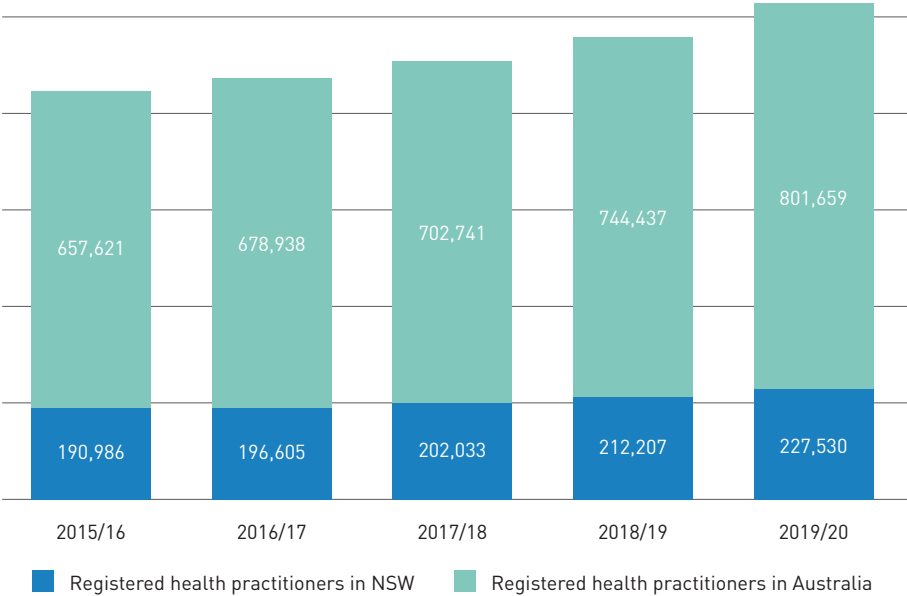
Registration data is sourced from Ahpra.

The overall growth in practitioner numbers for the year was 7% in NSW and 8% Australia-wide.

**What the data says about practitioners and complaints** continued

The five year trend in growth of practitioner numbers is presented in Graph 1.

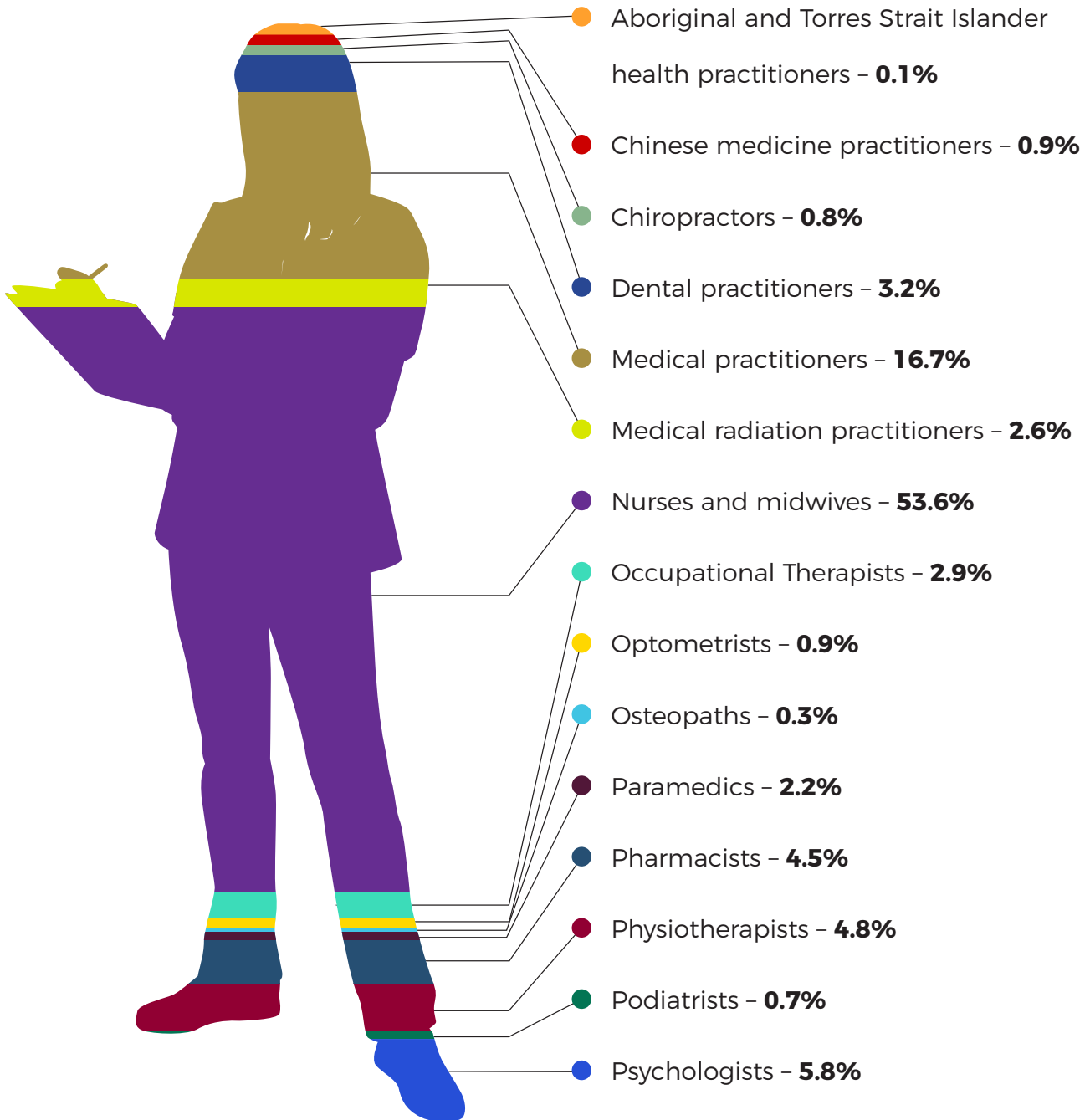
**Graph 1: Growth in registered health practitioner numbers - 5 year trend**



## What the data says about practitioners and complaints continued

The number of practitioners in each profession varies significantly. Aboriginal and Torres Strait Islander Health Practitioners are lowest in number and Nurses and Midwives are highest in number.

### NSW practitioners by profession as a percentage of total NSW practitioners



## What the data says about practitioners and complaints continued

### Health professional students

There are 53,820 health professional students in NSW making up almost 28% of all registered health professional students in Australia.

Students do not pay registration fees and are not published on the national register.

Table 2 shows the number of health professional students in NSW, the total number of health professional students in Australia, and NSW health professional students as a percentage of all Australian health professional students.

**Table 2: Registered students in 2019/20**

Students by profession <sup>1</sup>	Registered NSW <sup>1</sup> Students	Total Registered Students in Australia	NSW Students as % of Australian Students
Aboriginal and Torres Strait Islander Health Practice	128	548	23.4%
Chinese Medicine	380	1,556	24.4%
Chiropractic	653	2,147	30.4%
Dental	1,222	4,416	27.7%
Medical	6,465	22,415	28.8%
Medical Radiation Practice	2,654	5,670	46.8%
Midwifery	967	4,135	23.4%
Nursing	29,432	111,746	26.3%
Occupational Therapy	2,802	9,843	28.5%
Optometry	344	1,746	19.7%
Osteopathy	215	1,885	11.4%
Paramedicine	1,883	9,026	20.9%
Pharmacy	2,540	7,147	35.5%
Physiotherapy	3,584	10,167	35.3%
Podiatry	551	1,353	40.7%
<b>Total 2019/20</b>	<b>53,820</b>	<b>193,800</b>	<b>27.8%</b>
<b>Total 2018/19</b>	<b>50,483</b>	<b>182,657</b>	<b>27.6%</b>

**Notes:**

<sup>1</sup> NSW students are based on the recorded residential state of students.

NSW students that have not provided a valid residential state may not be captured in the NSW data but are captured in Ahpra's total registered student numbers.

Student figures are the number of students reported to be in an approved program of study/clinical training program in the financial year. This may include ongoing students or students completing study within the period. Education providers submit this data to Ahpra.

Approved programs of study refer to courses approved by a National Board and leading to general registration.

Clinical training is any form of clinical experience that does not form part of an approved program of study.

Psychology students are not included in the table as they are not registered. New psychology graduates work under provisional registration instead.

## **What the data says about practitioners and complaints** continued

### **Complaints about health practitioners**

Anyone can make a complaint (or notification) that the performance, conduct or health of a health practitioner is unsatisfactory or unacceptable.

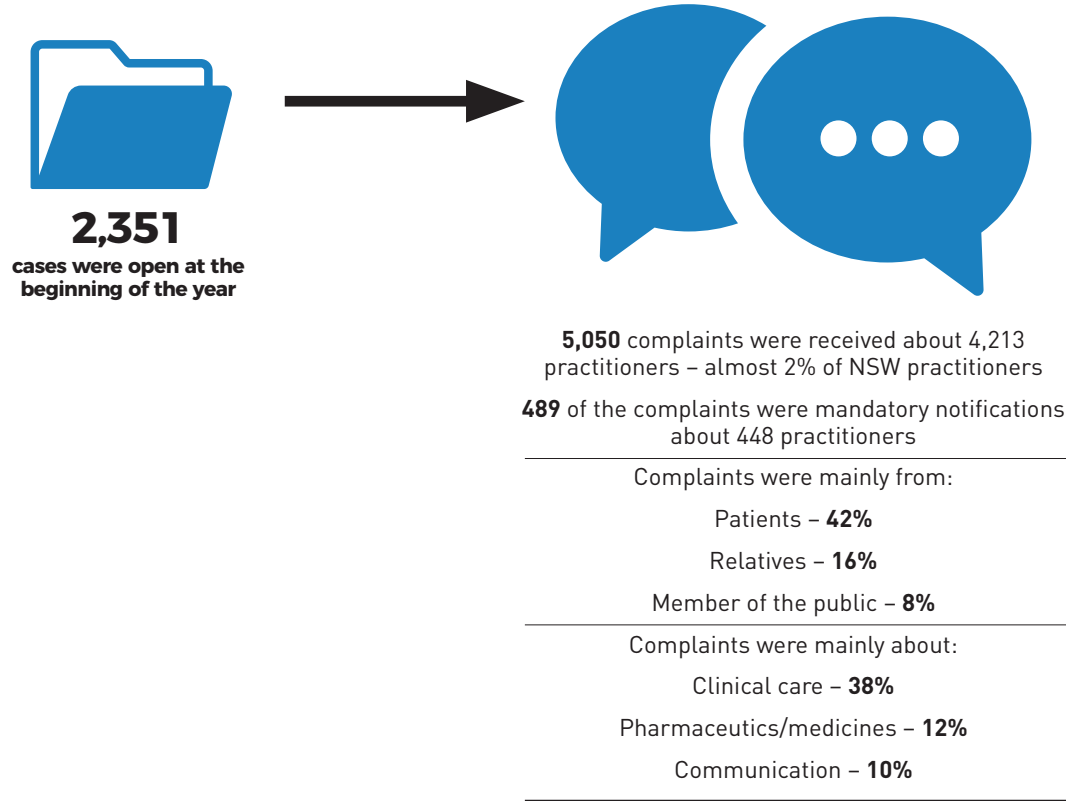
Health practitioners, employers and education providers must make a mandatory notification if they consider a practitioner's behaviour is notifiable conduct. Notifiable conduct includes:

- Practising while intoxicated by alcohol or drugs
- Sexual misconduct relating to practice of the profession
- Placing the public at risk of harm because of a significant departure from accepted professional standards
- Placing the public at risk of substantial harm due to a practitioner's health or impairment.

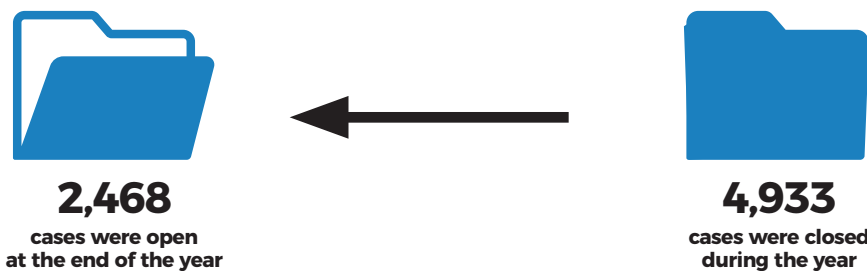
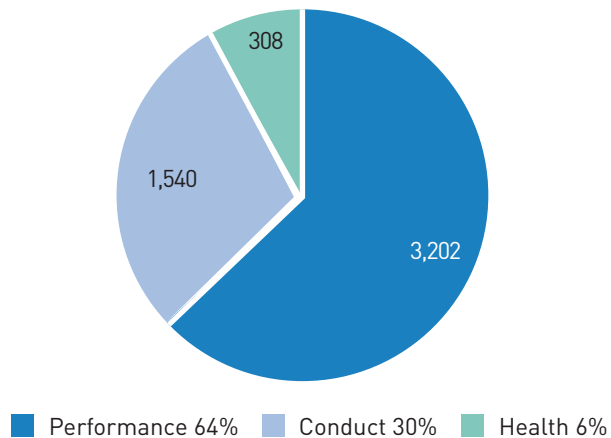
Complaints may be made through a Council, the HCCC or Ahpra. Councils and the HCCC must consult with each other on complaints, irrespective of where the complaint is lodged.

While complaints overall involve less than 2% of NSW health practitioners, the regulatory work of Councils is critical to safe health service delivery and public protection.

## 2019/20 overview of complaints



### Complaints received by performance, conduct and health streams 2019/20





## What the data says about practitioners and complaints continued

### Complaints data

Profession specific information about complaints received, mandatory notifications and complaints/ mandatory notifications about students is included in Tables 3, 4 and 5.

**Table 3: NSW complaints 2019/20**

Profession	Number of cases open at 1/7/19	Number of complaints received in 2019/20	Number of complaints closed in 2019/20	Number of cases open at 30/6/20	Number of practitioners with complaints received in 2019/20	Practitioners with a complaint in 2019/20 as % of registered practitioners in NSW
Aboriginal and Torres Strait Islander Health Practitioner	1	2	2	1	2	1.1%
Chinese Medicine Practitioner	31	32	37	26	31	1.6%
Chiropractor	23	56	54	25	49	2.6%
Dental Practitioner	265	501	460	306	389	5.4%
Medical Practitioner	1,157	2,653	2,615	1,195	2,165	5.7%
Medical Radiation Practitioner	5	16	19	2	16	0.3%
Midwife <sup>1</sup>	21	51	57	15	51	0.6% <sup>3</sup>
Nurse <sup>2</sup>	402	761	811	352	677	
Occupational Therapist	15	31	38	8	27	0.4%
Optometrist	11	16	24	3	16	0.8%
Osteopath	4	15	8	11	9	1.5%
Paramedic	25	63	56	32	51	1.0%
Pharmacist	217	450	310	357	381	3.7%
Physiotherapist	34	65	65	34	56	0.5%
Podiatrist	10	36	39	7	31	2.0%
Psychologist	130	302	338	94	262	2.0%
<b>Total 2019/20</b>	<b>2,351</b>	<b>5,050</b>	<b>4,933</b>	<b>2,468</b>	<b>4,213</b>	<b>1.9%</b>
<b>Total 2018/19</b>	<b>2,449</b>	<b>4,861</b>	<b>4,815</b>	<b>2,495</b>	<b>4,037</b>	<b>1.9%</b>

**Notes:**

Data includes mandatory notifications and complaints about students.

<sup>1</sup> Includes midwifery complaints about practitioners with registration as both midwife and nurse

<sup>2</sup> Includes nursing complaints about practitioners with registration as both nurse and midwife

<sup>3</sup> Number of nurses and midwives with a complaint as a percentage of all NSW nursing and midwifery practitioners.

## What the data says about practitioners and complaints continued

**Table 4: Mandatory notifications received about practitioners 2019/20**

Profession	Mandatory Notifications	Number of Practitioners Subject of Mandatory Notification	Mandatory Notifications as % of all Complaints Received by Profession
Aboriginal and Torres Strait Islander Health Practice	-	-	-
Chinese Medicine	-	-	-
Chiropractic	1	1	1.8%
Dental	17	16	3.4%
Medical	107	99	4.0%
Medical Radiation Practice	6	6	37.5%
Midwifery	13	13	25.5%
Nursing	245	227	32.2%
Occupational Therapy	4	4	12.9%
Optometry	-	-	-
Osteopathy	2	2	13.3%
Paramedicine	27	24	42.9%
Pharmacy	24	21	5.3%
Physiotherapy	10	7	15.4%
Podiatry	3	3	8.3%
Psychology	30	25	9.9%
<b>Total 2019/20</b>	<b>489</b>	<b>448</b>	<b>9.7%</b>
<b>Total 2018/19</b>	<b>596</b>	<b>518</b>	<b>12.3%</b>

**Notes:**

Mandatory notifications data is also included in Table 3.

## What the data says about practitioners and complaints continued

**Table 5: Complaints and mandatory notifications received about health professional students**

Profession	Number of Complaints and Mandatory Notifications About Students
Aboriginal and Torres Strait Islander Health Practice	1
Chinese Medicine	-
Chiropractic	-
Dental	3
Medical	4
Medical Radiation Practice	-
Midwifery	2
Nursing	21
Occupational Therapy	6
Optometry	-
Osteopathy	-
Paramedicine	1
Pharmacy	4
Physiotherapy	-
Podiatry	-
Psychology	-
<b>Total 2019/20</b>	<b>42</b>
<b>Total 2018/19</b>	<b>38</b>

**Notes:**

Student complaints and mandatory notifications data is also included in Table 3.

## What the data says about practitioners and complaints continued

### Who makes complaints

Patients made the highest number of complaints during the year, totalling 42% of all complaints received. Relatives (of a patient or practitioner) made the second highest number of complaints accounting for 16% of all complaints, followed by a member of the public accounting for 8% of complaints. Information about who makes complaints is provided in Table 6.

**Table 6: Complaints by source**

Notification source	Aboriginal and Torres Strait Islander Health Practitioner	Chinese Medicine Practitioner	Chiropractor	Dental Practitioner	Medical Practitioner	Medical Radiation Practitioner	Midwife	Nurse	Occupational Therapist	Optometrist	Osteopath	Paramedic	Pharmacist	Physiotherapist	Podiatrist	Psychologist	Total 2019/20	Total 2018/19
Ahpra		1	4	2	16	1		33	1				1	1		4	64	88
Anonymous		1	2	51	51	1	2	34			2	6	15	6	1	8	180	165
Council		6	3	24	17			29			1	1	24		1	3	109	127
Courts / Coroner					1			4									5	3
Drugs and poisons				3	25			1				1	71				101	100
Education provider			1	1	2		2	7	1				1			2	17	15
Employee				7	16			4					11	1		1	40	41
Employer				3	57	4	9	189	3			20	17	3	3	10	318	427
Government department			1	1	16			5	1				3	1		2	30	38
Hospital					2			2									4	6
HPCA/HCCC					6			10									16	17
Insurance company		3												1	1		5	5
Lawyer					39			4								2	45	39
Medicare					1												i	1
Member of the public <sup>1</sup>		4	16	29	177		4	63	8	1	1	1	36	8	10	29	387	314
Other Board/ Council <sup>4</sup>					2												2	
Other practitioner <sup>2</sup>	1	2	4	31	122		3	89	3	2	1	8	53	13	6	38	376	326
Others					8												8	
Patient		10	22	262	1,404	6	24	58	3	6	8	7	143	22	10	115	2,100	1,976
Police		2		1	12			5			1	1	1	1			24	25
Relative	1	2	2	71	509	1	4	96	9	6		5	47	2	1	64	820	812
Self			1	5	74	1	1	72	1	1		11	5	4	2	8	186	115
Treating practitioner <sup>3</sup>		1		10	96	2	2	56	1		1	2	22	2	1	16	212	221
<b>Total 2019/20</b>	<b>2</b>	<b>32</b>	<b>56</b>	<b>501</b>	<b>2,653</b>	<b>16</b>	<b>51</b>	<b>761</b>	<b>31</b>	<b>16</b>	<b>15</b>	<b>63</b>	<b>450</b>	<b>65</b>	<b>36</b>	<b>302</b>	<b>5,050</b>	<b>-</b>
<b>Total 2018/19</b>	<b>2</b>	<b>57</b>	<b>58</b>	<b>462</b>	<b>2,518</b>	<b>21</b>	<b>54</b>	<b>784</b>	<b>47</b>	<b>31</b>	<b>11</b>	<b>90</b>	<b>320</b>	<b>64</b>	<b>47</b>	<b>295</b>	<b>-</b>	<b>4,861</b>

**Notes:**

<sup>1</sup> Includes paid carers; friends of patient or practitioner; students.

<sup>2</sup> Includes other service providers; colleagues.

<sup>3</sup> Includes practitioners treating the patient or treating the practitioner.

<sup>4</sup> Includes Regulation Authority – overseas.

## What the data says about practitioners and complaints continued

### What complaints are about

The most frequent type of complaint during the year was about clinical care, making up 38% of all complaints received. This was followed by pharmaceutical or medication issues, accounting for 12% of all complaints, then communications accounting for 10% of complaints. Information about the type of complaints received for each profession is presented in Table 7.

**Table 7: Type of complaints received**

Complaint Category	Aboriginal and Torres Strait Islander Health Practitioner	Chinese Medicine Practitioner	Chiropractor	Dental Practitioner	Medical Practitioner	Medical Radiation Practitioner	Midwife	Nurse	Occupational Therapist	Optometrist	Osteopath	Paramedic	Pharmacist	Physiotherapist	Podiatrist	Psychologist	Total 2019/20	Total 2018/19
Behaviour			2	18	79	4	4	64	2	2		3	23	4	2	13	220	200
Billing		1	2	22	64				1	1	1	1	28	3	5	8	137	132
Boundary violation		1	3	3	83	1	3	40	1		4	6	3	6	1	29	184	202
Clinical care		10	13	292	1,266	2	23	157	4	8	2	11	5	16	6	102	1,917	1,878
Communication		1	1	16	380	2	9	39	3	1		5	34	4		26	521	494
Confidentiality			4	2	29	1	1	28					11	2	2	20	100	108
Conflict of interest					7			1				1				7	16	15
Discrimination					12								2			4	18	5
Documentation	1	2	2	4	168		1	6	6		1	1	3	3		28	226	224
Health impairment				7	79	5	4	151	2	1	1	17	8	10	3	20	308	378
Infection / hygiene				36	102		1	12					8	1	1		161	50
Informed consent				3	22			1	1							6	33	16
Medico-legal conduct					17												17	15
National Law breach		2	2	36	47		3	43	1	2		1	9	5	2	9	162	169
National Law offence	1	12	23	41	20		1	42	7	1	2	5	11	5	11	20	202	198
Offence <sup>1</sup>		2	4	3	57	1	1	83	3		4	8	20	6	2	3	197	138
Pharmacy / medication		1		7	213			78				4	283			1	587	586
Research / teaching / assessment				8	3								1		1	3	16	7
Response to adverse event					1			1									2	3
Teamwork / supervision				3	4			15					1			3	26	43
<b>Total 2019/20</b>	<b>2</b>	<b>32</b>	<b>56</b>	<b>501</b>	<b>2,653</b>	<b>16</b>	<b>51</b>	<b>761</b>	<b>31</b>	<b>16</b>	<b>15</b>	<b>63</b>	<b>450</b>	<b>65</b>	<b>36</b>	<b>302</b>	<b>5,050</b>	<b>-</b>
<b>Total 2018/19</b>	<b>2</b>	<b>57</b>	<b>58</b>	<b>462</b>	<b>2,518</b>	<b>21</b>	<b>54</b>	<b>784</b>	<b>47</b>	<b>31</b>	<b>11</b>	<b>90</b>	<b>320</b>	<b>64</b>	<b>47</b>	<b>295</b>	<b>-</b>	<b>4,861</b>

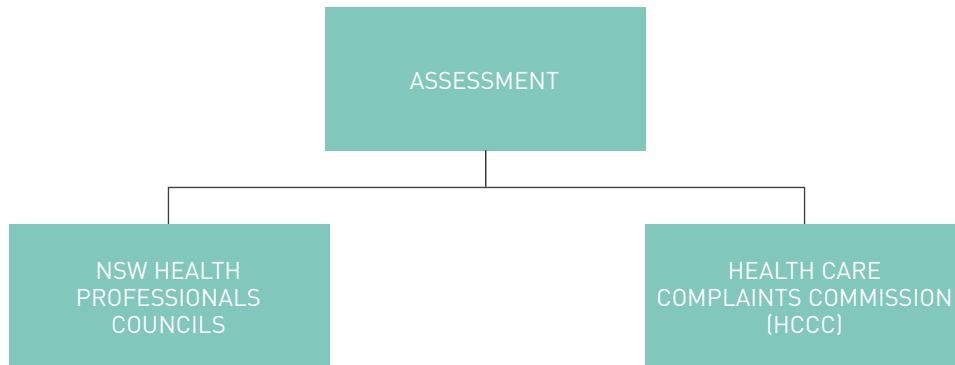
**Note:**

<sup>1</sup> Offence includes offences by student.

# How Councils Manage Complaints

## Complaints management pathways

When Councils receive a complaint, a preliminary assessment determines if immediate action is necessary because of an imminent or serious risk to public health and safety. A complaint is then jointly considered by the Council and the HCCC to decide which management pathway is the most appropriate, or whether the complaint should be discontinued. The management pathway depends on the nature and seriousness of a matter.



Under the National Law, Councils have powers to deal with complaints relating to a practitioner’s performance, conduct or health. In some cases more than one of these streams may be applicable. However, usually a primary stream is identified based on the most serious issue.



### PERFORMANCE MATTERS

#### Performance

Performance issues are generally about the standard of a practitioner’s clinical performance and whether the practitioner’s knowledge, skill, judgement or care taken is significantly below the standard reasonably expected of a practitioner with comparable training or experience.



### CONDUCT MATTERS

#### Conduct

Conduct issues relate to a practitioner’s behaviours and may call into question the character or suitability of a practitioner. Conduct issues may constitute unsatisfactory professional conduct or professional misconduct, as defined in the National Law.



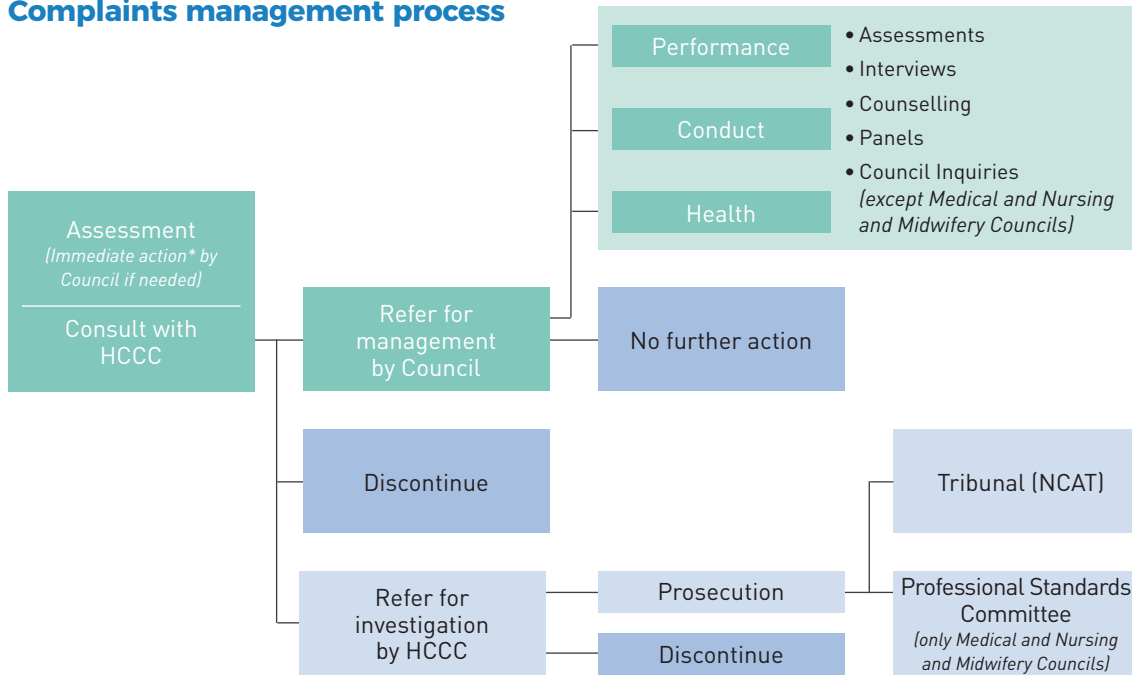
### HEALTH MATTERS

#### Health

Both physical and psychological impairments can affect the health of a practitioner. This includes the abuse of alcohol and other drugs. Health assessments and panels help Councils to decide whether or not a practitioner can continue to practise and what safeguards are needed, such as certain restrictions on practice, supervision or monitoring arrangements.

## How councils manage complaints continued

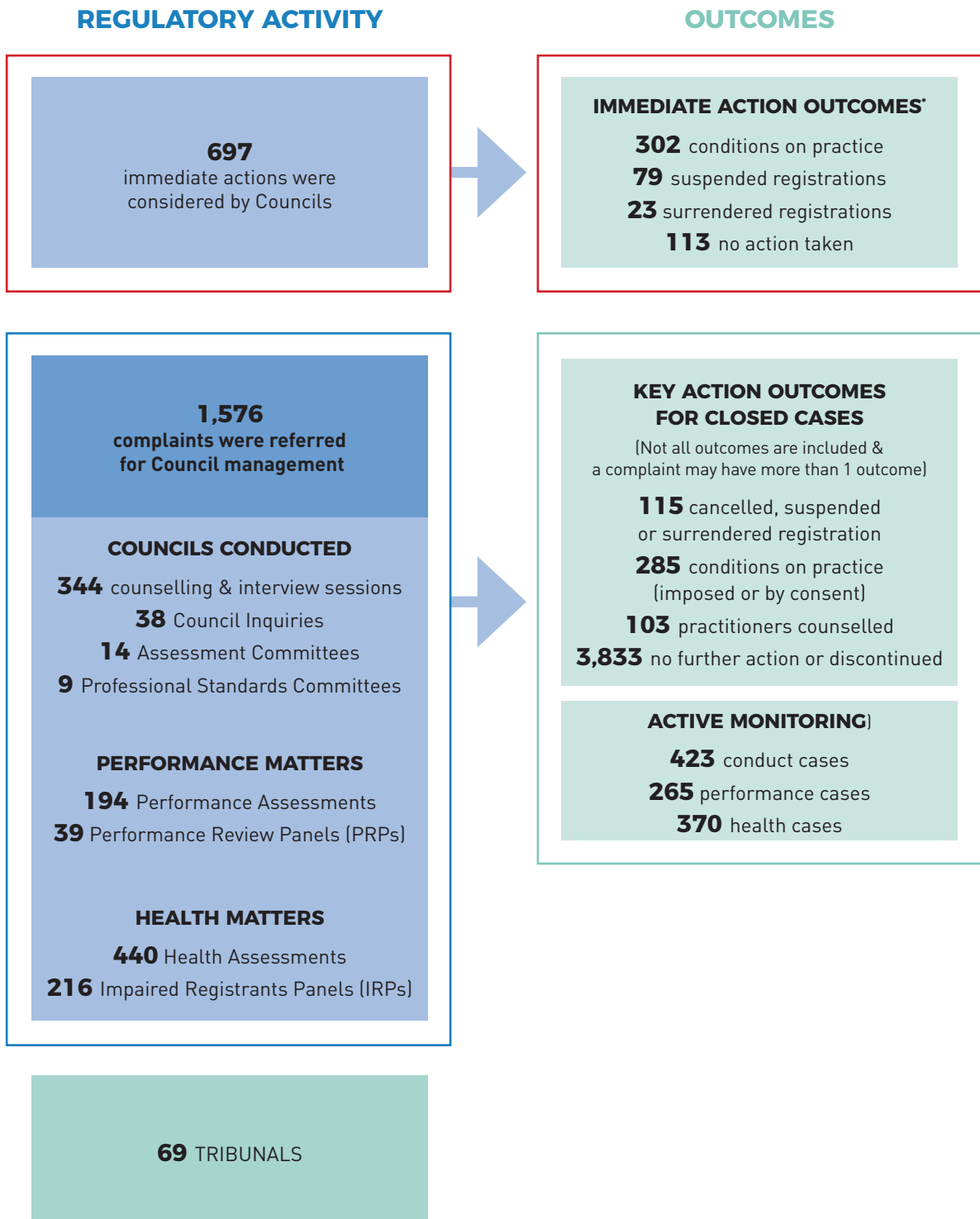
### Complaints management process



\* Councils continue to monitor immediate risk throughout the process and take immediate action if needed.

How councils manage complaints continued

# 2019/20 Overview of Councils' regulatory activity and outcomes



\* Excludes reviews of immediate action decisions.



## How councils manage complaints continued

### Immediate action

On receipt of a complaint, and at any time during a complaint, Councils may need to protect public health and safety by considering immediate action. This may result in placing conditions on a practitioner or suspending a practitioner pending further assessment. This does not interfere with any other actions required to manage a complaint. Immediate actions considered by Councils this year are presented in Table 8 and outcomes are presented in Table 9.

**Table 8: Immediate action considered or taken by Councils by complaint category, including review hearings**

Profession	Boundary	Health	Infection Control	Offence	Breach of conditions	Pharmacy / Medication	Clinical Care	Other	Total 2019/20	Total 2018/19
Aboriginal and Torres Strait Islander Health Practitioner										1
Chinese Medicine Practitioner				4			9		13	11
Chiropractor	1				1				2	4
Dental Practitioner		7	14		3	4	22	1	51	42
Medical Practitioner	37	49		20	22	46	55	29	258	229
Medical Radiation Practitioner										2
Midwife		2					3		5	5
Nurse	17	36		26	17	25	47	28	196	188
Occupational Therapist							1	1	2	1
Optometrist										1
Osteopath	1								1	1
Paramedic	2	7		2					11	2
Pharmacist	1	9		11	1	91		14	127	76
Physiotherapist		3		3	1		1	3	11	9
Podiatrist		1		1					2	1
Psychologist	3	8		1	2		1	3	18	19
<b>Total 2019/20</b>	<b>62</b>	<b>122</b>	<b>14</b>	<b>68</b>	<b>47</b>	<b>166</b>	<b>139</b>	<b>79</b>	<b>697</b>	<b>-</b>
<b>Total 2018/19</b>	<b>60</b>	<b>136</b>	<b>19</b>	<b>38</b>	<b>27</b>	<b>128</b>	<b>99</b>	<b>85</b>	<b>-</b>	<b>592</b>

**Notes:**

Data includes matters where the practitioner surrendered registration and also review inquiries.

Data excludes matters that did not otherwise proceed to an inquiry.

## How councils manage complaints continued

**Table 9: Immediate action outcomes - excluding review hearings**

Profession	No action taken	Accept surrender of registration	Action taken		Total
			Suspend registration	Impose conditions	
Aboriginal and Torres Strait Islander Health Practitioner					
Chinese Medicine Practitioner	2		4	5	11
Chiropractor			1	1	2
Dental Practitioner	11		8	20	39
Medical Practitioner	36	13	24	108	181
Medical Radiation Practitioner					
Midwife	1			3	4
Nurse	39	7	9	101	156
Occupational Therapist				3	3
Optometrist					
Osteopath			1		1
Paramedic	3		2	7	12
Pharmacist	17	1	26	39	83
Physiotherapist	1	1	1	3	6
Podiatrist			1	1	2
Psychologist	3	1	2	11	17
<b>Total 2019/20</b>	<b>113</b>	<b>23</b>	<b>79</b>	<b>302</b>	<b>517</b>
<b>Total 2018/19</b>	<b>116</b>	<b>30</b>	<b>61</b>	<b>309</b>	<b>516</b>

**Note:**

Data includes initial actions only.

Data excludes reviews of immediate action decisions and matters that did not proceed to an inquiry.

## How councils manage complaints continued

### Complaints managed by Councils

Complaints to be managed by Council are identified when Councils and the HCCC jointly assess a new complaint. Councils then take the appropriate regulatory action which may involve assessments, regulatory committees, panels or hearings in managing these complaints.

**Table 10: Complaints identified for management by a Council following consultation with the HCCC**

Council	Complaints referred for Council management prior to 2019/20 and still open at 1.7.19	Complaints referred for Council management in 2019/20 <sup>1</sup>	Total complaints managed directly by Councils in 2019/20 <sup>2</sup>
Aboriginal and Torres Strait Islander Health Council			
Chinese Medicine Council	11	24	35
Chiropractic Council	11	14	25
Dental Council	173	192	365
Medical Council	335	467	802
Medical Radiation Practice Council	1	9	10
Nursing and Midwifery Council	169	458	627
Occupational Therapy Council	5	11	16
Optometry Council	3	6	9
Osteopathy Council	1	2	3
Paramedicine Council	4	48	52
Pharmacy Council	84	222	306
Physiotherapy Council	11	21	32
Podiatry Council	2	17	19
Psychology Council	45	85	130
<b>Total 2019/20</b>	<b>855</b>	<b>1,576</b>	<b>2,431</b>

	Complaints referred for Council management prior to 2018/19 and still open at 1.7.18	Complaints referred for Council management in 2018/19	Total complaints managed directly by Councils in 2018/19
<b>Total 2018/19</b>	<b>710</b>	<b>1,676</b>	<b>2,386</b>

**Notes:**

<sup>1</sup> Includes matters where a Council took immediate action. Excludes matters discontinued, pre-resolved or referred to resolution or conciliation; matters withdrawn, where there was no jurisdiction or referred elsewhere at the initial consultation decision with the HCCC; matters referred to HCCC for investigation, to Director Proceedings or Tribunal or PSC; and matters still being assessed by the HCCC at 30 June 2020.

<sup>2</sup> Complaints received pre July 2019 and during 2019/20 that were managed by the Council in 2019/20.

## How councils manage complaints continued

### Assessments and hearings

Councils may refer practitioners for performance or health assessments and conduct counselling or interview sessions, as well as using regulatory committees and panels.

Councils, other than the Medical Council (MCNSW) and Nursing and Midwifery Council (NMC), may also conduct a Council Inquiry.

Professional Standards Committees (PSC) are only available to the Medical and Nursing and Midwifery Councils.

Information about Council assessments and hearings is presented in table 11.

**Table 11: Assessments and hearings concluded in 2019/20 for each Council**

Council	Applicable to all Councils						Applicable to all Councils except Medical and Nursing and Midwifery Councils	Medical and Nursing and Midwifery Councils Only	
	Health Assessments	Impaired Registrants Panels	Performance Assessments	Performance Review Panels	Tribunals (Complaint Hearings)	Counselling / Interviews	Assessment Committees	Council Inquiries	Professional Standards Committees
Aboriginal and Torres Strait Islander Health Practice									
Chinese Medicine		1	1			9		2	
Chiropractic		2			2	9			
Dental	12	12	11	1	2	64	14	21	
Medical	176	59	117	11	29	55			7
Medical Radiation Practice	4	3			1	1			
Nursing and Midwifery	198	111	41	23	21	86			2
Occupational Therapy	5	1			1	3			
Optometry		2				3			
Osteopathy	1		1						
Paramedicine	15	5				9			
Pharmacy	10	6	20	2	8	60		12	
Physiotherapy	2	1			4	15			
Podiatry	3	1				4			
Psychology	14	12	3	2	1	26		3	
<b>Total 2019/20</b>	<b>440</b>	<b>216</b>	<b>194</b>	<b>39</b>	<b>69</b>	<b>344</b>	<b>14</b>	<b>38</b>	<b>9</b>
<b>Total 2018/19</b>	<b>498</b>	<b>203</b>	<b>95</b>	<b>51</b>	<b>51</b>	<b>499</b>	<b>13</b>	<b>43</b>	<b>7</b>

**Notes:**

Excludes reassessments and reviews.

Includes matters that did not proceed, for example, complaints withdrawn or where the practitioner ceased to be registered.

## How councils manage complaints continued

### NSW Civil and Administrative Tribunal

The HCCC, after investigating a serious matter, may prosecute the matter before the NSW Civil and Administrative Tribunal (NCAT). Substantiated serious complaints could result in cancelled or suspended registration for a practitioner. Disciplinary hearings may involve more than one complaint about the same practitioner.

NCAT functions also include:

- adjudicating appeals by a practitioner against certain decisions by a Council, a Professional Standards Committee, a Performance Review Panel or the National Boards
- undertaking reviews of previous orders cancelling a practitioner's registration and in some cases orders imposing conditions on registration.

NCAT decisions are publically available on the NSW Case Law website.

An overview of matters referred to NCAT for each Council during the year is provided in Table 12.

**Table 12: Overview of complaints matters referred to NCAT for each Council**

Council	Number of open hearings at 30/6/19	Number of new hearings referred in 2019/20	Number of hearings closed in 2019/20	Number of open hearings at 30/6/20
Aboriginal and Torres Strait Islander Health Practice				
Chinese Medicine		1		1
Chiropractic	1	1	2	
Dental	2	6	2	6
Medical	27	30	29	28
Medical Radiation Practice	1		1	
Nursing and Midwifery	11	34	21	24
Occupational Therapy		1	1	
Optometry				
Osteopathy				
Paramedicine				
Pharmacy	7	16	8	15
Physiotherapy	2	3	4	1
Podiatry				
Psychology	1		1	
<b>Total 2019/20</b>	<b>52</b>	<b>92</b>	<b>69</b>	<b>75</b>
<b>Total 2018/19</b>	<b>57</b>	<b>50</b>	<b>51</b>	<b>56</b>

# Outcomes of action by Councils

## Closed complaints

The outcome for each complaint depends on the findings and options available to best manage the complaint. More than one outcome may apply to a single complaint, for example, a reprimand and conditions on practice.

A large number of complaints are discontinued at assessment. Councils also decide 'no further action' is required for a significant number of complaints during the complaints management process, for instance, if a practitioner has acted on Council advice or acknowledged areas of concern and taken steps to improve.

During the year 3,833 complaints were either discontinued or resulted in no further action, making up 77% of closed complaints outcomes.

On the serious end of the spectrum, 116 registrations were cancelled, suspended or surrendered, approximately 2% of closed complaints outcomes. Conditions on practice, imposed or by consent, applied to a further 285 cases, just over 6% of closed complaints outcomes.

Information about outcomes for closed complaints by profession, including mandatory notification outcomes, is provided in Table 13.

Outcomes for mandatory notifications by profession are presented in Table 14.

**Outcomes of action by Councils** continued

**Table 13: Outcomes<sup>1</sup> for closed complaints**

Profession	No further action <sup>2</sup>	No jurisdiction <sup>3</sup>	Discontinued	Withdrawn	Refer all or part of complaint to another body	Caution	Reprimand	Orders - No conditions	Finding - No orders	Counselling/Interview	Resolution/Conciliation by HCCC	Refund/Payment /Withhold fee/Retreat	Conditions by consent	Order/Impose conditions/Conditions would apply if registered	Accept surrender	Accept change to non-practising registration	Suspend	Cancelled registration/Disqualified from registering	Total 2019/20	Total 2018/19
Aboriginal and Torres Strait Islander Health Practice			2																2	1
Chinese Medicine Practitioner	13	3	9		6					6									37	32
Chiropractor	11	2	19		13		1			3				4		2			55	47
Dental Practitioner	120	3	191	17	90	8	3	1		10			4	16			1	6	470	476
Medical Practitioner	307	15	1,921	68	158	2	23			4			18	63	22	2	17	22	2,642	2,529
Medical Radiation Practitioner	8	2	6		1									1				1	19	21
Midwife	16	1	32										4	3				1	57	57
Nurse	239	57	310	4	11	3	6		1	29	1		73	48	3	12	7	15	819	838
Occupational Therapist	3	1	18		9					3				1				3	38	42
Optometrist	5	8	7		2					2									24	27
Osteopath	1		7																8	11
Paramedic	20	10	15							4				6	1				56	64
Pharmacist	94	6	140	11	8		4			23	2		6	15	1		1	4	315	304
Physiotherapist	7	2	27		11				1	11				1				5	65	51
Podiatry Practitioner	7	1	10	2	13					3				3					39	45
Psychologist	74	15	194	13	12	1				5			2	17	4			2	339	307
<b>Total 2019/20</b>	<b>925</b>	<b>126</b>	<b>2,908</b>	<b>115</b>	<b>334</b>	<b>14</b>	<b>37</b>	<b>1</b>	<b>2</b>	<b>103</b>	<b>3</b>	<b>0</b>	<b>107</b>	<b>178</b>	<b>31</b>	<b>16</b>	<b>26</b>	<b>59</b>	<b>4,985</b>	
<b>Total 2018/19</b>	<b>1,043</b>	<b>98</b>	<b>2,816</b>	<b>88</b>	<b>182</b>	<b>16</b>	<b>27</b>	<b>5</b>	<b>0</b>	<b>167</b>	<b>2</b>	<b>1</b>	<b>108</b>	<b>152</b>	<b>53</b>	<b>28</b>	<b>8</b>	<b>58</b>		<b>4,852</b>

**Note:**

<sup>1</sup> Each complaint may have more than one outcome, all outcomes are included.

<sup>2</sup> No further action includes matters resolved before assessment; apology; advice; Council letter; comments by HCCC; deceased; or no further action following Council processes.

<sup>3</sup> No jurisdiction includes non-renewal of registration.

## Outcomes of action by Councils continued

Table 14: Outcomes<sup>1</sup> for closed mandatory notifications

Profession	Discontinued/Proceedings withdrawn	Changed to non-practising	Other/No jurisdiction <sup>2</sup>	Counselling	No further action	Refer all or part of the notification to another body	Caution or reprimand	Impose conditions <sup>3</sup>	Accept surrender of registration	Suspend registration	Cancel registration/Disqualify	Total 2019/20	Total 2018/19
Aboriginal and Torres Strait Islander Health Practitioner													
Chinese Medicine Practitioner													1
Chiropractor	1						1	2				4	4
Dental Practitioner	3				4	5		3			4	19	29
Medical Practitioner	53		2		14	11	1	8	4	2	2	97	106
Medical Radiation Practitioner					4	1		1				6	3
Midwife	4		1		5			5				15	15
Nurse	34	5	29	17	110	5	5	75	2	6	10	298	260
Occupational Therapist			1			2		1			3	7	16
Optometrist													2
Osteopath													
Paramedic	3		8	2	12			5				30	61
Pharmacist	4		1	6	3			2			1	17	13
Physiotherapist	2			3	1	4		1			1	12	2
Podiatry Practitioner					1			1				2	1
Psychologist	10		6	1	11	1		5	1		2	37	20
<b>Total 2019/20</b>	<b>114</b>	<b>5</b>	<b>48</b>	<b>29</b>	<b>165</b>	<b>29</b>	<b>7</b>	<b>109</b>	<b>7</b>	<b>8</b>	<b>23</b>	<b>544</b>	
<b>Total 2018/19</b>	<b>191</b>	<b>8</b>	<b>29</b>	<b>47</b>	<b>127</b>	<b>18</b>	<b>6</b>	<b>81</b>	<b>11</b>	<b>1</b>	<b>14</b>		<b>533</b>

## Notes:

<sup>1</sup> Each mandatory notification may have more than one outcome, all outcomes are included.

<sup>2</sup> Includes practitioners who did not renew registration.

<sup>3</sup> Includes conditions by consent.



## Outcomes of action by Councils continued

### Active monitoring

Some complaints result in orders or conditions on practice. Councils need to monitor and ensure practitioner compliance with these orders and conditions. This allows a practitioner to continue to practise in a way that is safe for consumers.

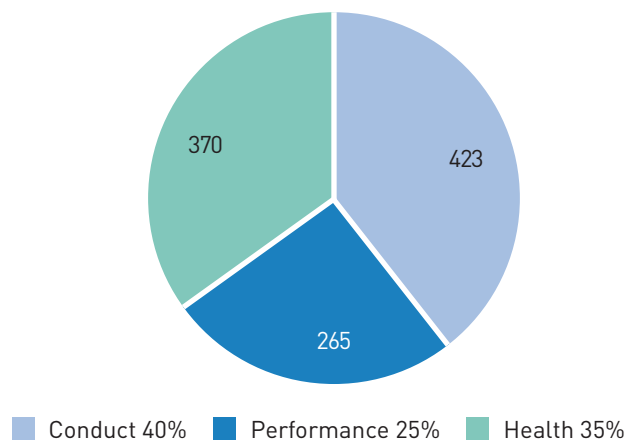
Conditions may be:

- Public conditions that are published on the national register on the Ahpra website [www.ahpra.gov.au](http://www.ahpra.gov.au)
- Private conditions due to a practitioner's impairment – these are recorded by Ahpra but not published on the national register because of privacy and confidentiality considerations.

Active monitoring is applicable to the three streams of conduct, performance and health. A practitioner may be monitored in more than one stream.

At year end 1,058 cases were being actively monitored, with the greatest number in the conduct stream. The graph below shows the distribution of monitoring cases across the three streams and Table 15 provides information about monitoring cases for each Council.

**Active Monitoring Cases as at 30 June 2020**



## Outcomes of action by Councils continued

**Table 15: Number of active monitoring cases for each Council by stream as at 30 June 2020**

Council	Conduct	Performance	Health	Total
Aboriginal and Torres Strait Islander Health Practice	1	0	0	1
Chinese Medicine	5	9	0	14
Chiropractic	3	0	2	5
Dental	20	40	14	74
Medical	200	88	129	417
Medical Radiation Practice	0	0	3	3
Nursing and Midwifery	80	83	172	335
Occupational Therapy	1	0	2	3
Optometry	0	0	1	1
Osteopathy	3	0	1	4
Paramedicine	3	0	11	14
Pharmacy	91	29	14	134
Physiotherapy	4	2	1	7
Podiatry	1	1	2	4
Psychology	11	13	18	42
<b>Total 2019/20</b>	<b>423</b>	<b>265</b>	<b>370</b>	<b>1,058</b>
<b>Total 2018/19</b>	<b>433</b>	<b>196</b>	<b>352</b>	<b>981</b>

**Note:**

<sup>1</sup> A practitioner may be monitored in more than one stream.

## Outcomes of action by Councils continued

### Regulation of Pharmacy Businesses

The Pharmacy Council is responsible for the registration of NSW pharmacies and financial interests in NSW pharmacy businesses in addition to management of complaints about pharmacists.

As at 30 June 2020 there were 1,995 pharmacies registered in NSW.

#### Register of Pharmacies

The National Law requires the Council to keep a Register of Pharmacies.

Changes to the Register occur upon the approval of applications to the Council, satisfactory inspection of premises where required and payment of the relevant fee.

The Council received 323 applications/notices during the year. This resulted in 580 changes to the Register of Pharmacies.

**Table 16: Changes to the register of pharmacies**

Changes	Number
New pharmacy	22
Pharmacy change of address	51
New professional services room	4
Professional services room change of address	0
Change of pharmacy ownership	128
Registration of new financial interest in a pharmacy business	277
Change of pharmacy name	84
Pharmacy closure	14

## Outcomes of action by Councils continued

### Fees

Pharmacy application fees are prescribed by the *Health Practitioner Regulation (New South Wales) Regulation 2016* (Clause 15). Fees are payable for initial approval of pharmacy premises, annual renewal of pharmacy premises and registration of financial interest in a pharmacy business.

Application forms are available on the Council's website.

### Offences under the National Law (Schedule 5F)

The National Law sets out provisions related to the holding of a financial interest in a pharmacy business and the responsibilities of pharmacy owners. If these provisions are contravened the Council may initiate a Local Court prosecution.

No Local Court prosecutions were conducted during the year.

### Pharmacy Inspectors

Two pharmacy inspectors assist the Council by conducting inspections and investigations to enforce compliance with the National Law and Regulations.

The inspectors are appointed as authorised persons under section 164 of the National Law, with powers under section 164A to enter and inspect premises, to copy and/or seize records and to require persons to answer questions. The Inspectors also have responsibilities under the *Poisons and Therapeutic Goods Act 1966* regarding safe handling of medications and are authorised by the NSW Ministry of Health Pharmaceutical Services to destroy and dispose of unusable Schedule 8 medications.

**Table 17: Pharmacy Council inspector activities in 2019/20**

Activity	Number
Routine inspections	1,008
Inspections of relocated pharmacies and new pharmacy premises	73
Compliance/complaint related inspections	35
Drug destructions	227

# Trends

In July 2010 the National Registration and Accreditation Scheme (NRAS) commenced and 10 Councils were established for the 10 registered health professions. In July 2012 a further four professions became registered and Councils for these professions were established, including Aboriginal and Torres Strait Islander Health Practice, Chinese Medicine, Medical Radiation Practice and Occupational Therapy Councils.

In 2018/19 Paramedicine also became part of the NRAS and the Paramedicine Council was established.

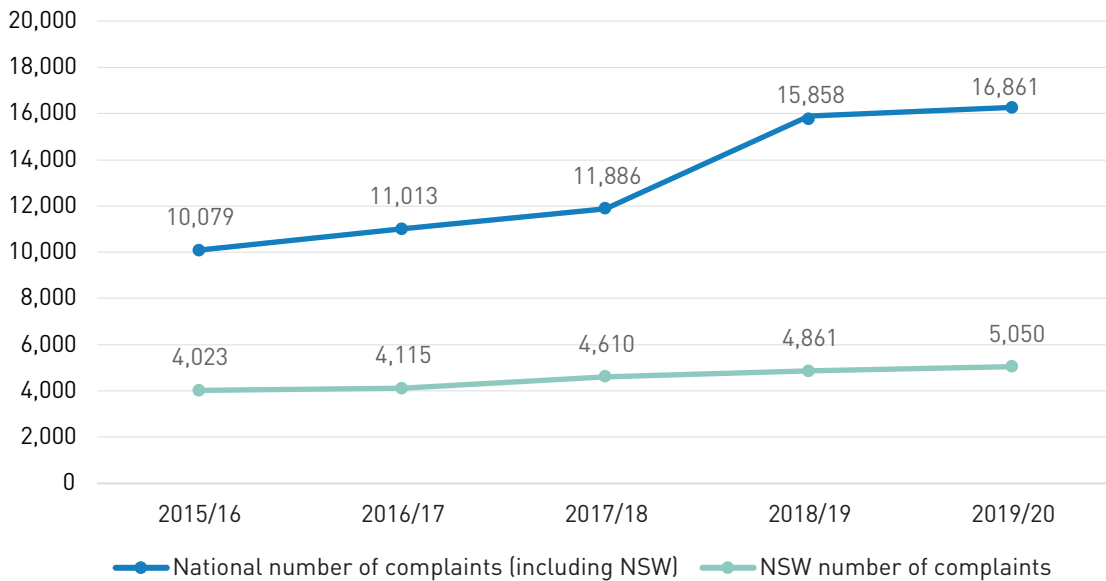
Five year trend data for complaints and regulatory action across all Councils is included in this section of the annual report. Trends may be affected by a number of factors and these can differ between the professions.

## Trend in complaints received

The number of complaints received each year continues to grow, both in NSW and at a National level.

The number of complaints received about NSW health practitioners in 2019/20 was almost 4% more than in 2018/19.

**Graph 2: Five year trend in complaints received**



**Notes:**

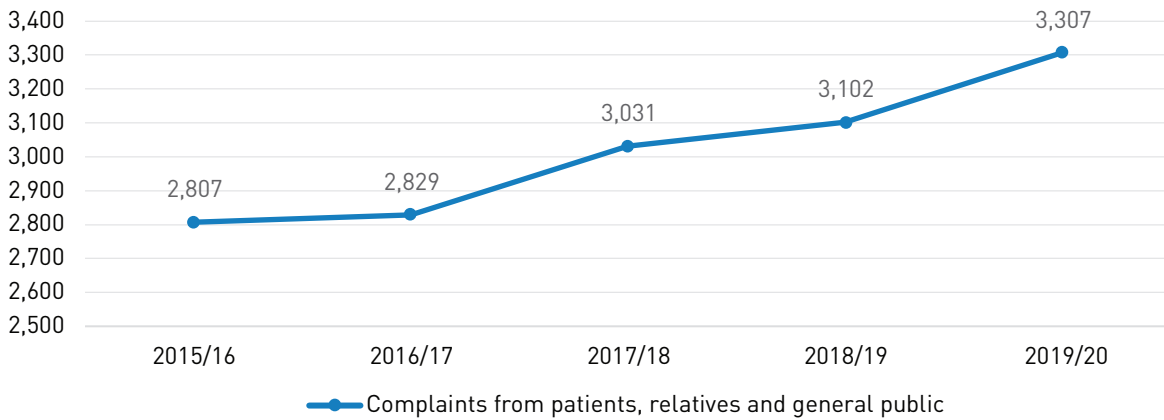
National data for 2018/19 and 2019/20 includes complaints received by Ahpra, Queensland Office of the Health Ombudsman (OHO) and the Councils in NSW.

**Trends** continued

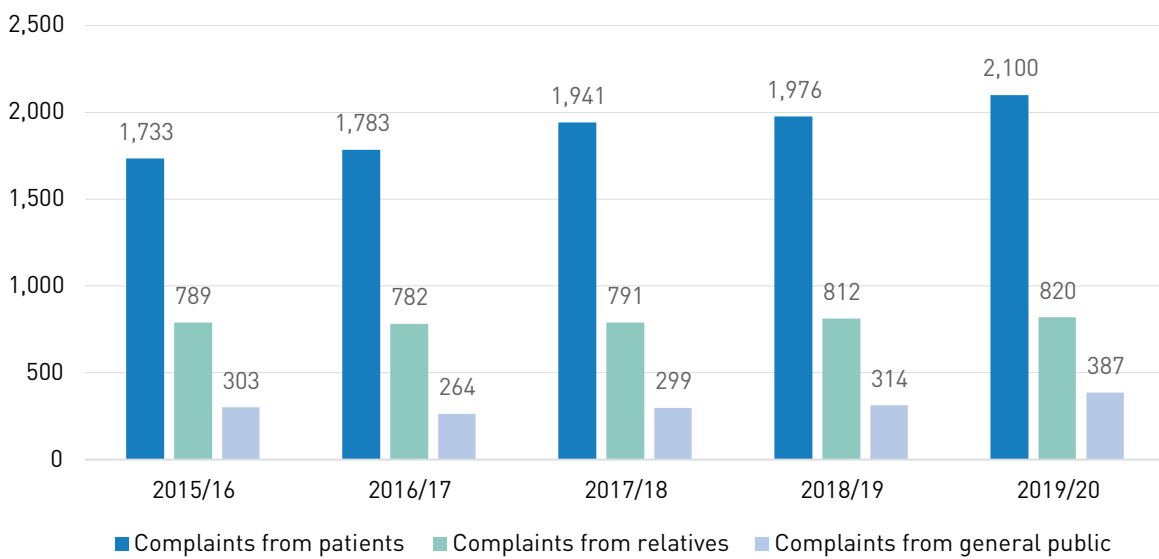
**Trend in source of complaints in NSW**

Patients make complaints about health practitioners more frequently than other complainant groups, followed by relatives and members of the public. This year patients accounted for 42% of complaints received in NSW. Patients, relatives and members of the public together accounted for 65% of complaints received.

**Graph 3: Complaints from patients, relatives and general public combined**



**Graph 4: Complaints from patients, relatives and general public**



## Trends continued

Other key sources of complaints include professionals (treating or other health practitioners), employers and self-reports by the practitioner.

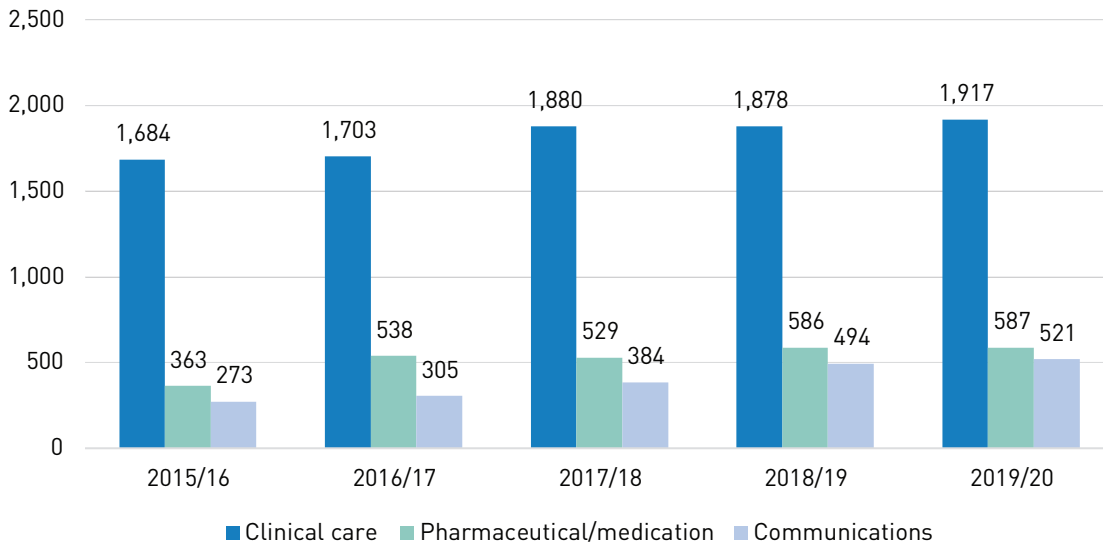
**Graph 5: Complaints from professionals, employers and self-reports by the practitioner**



## Trend in types of complaints

Clinical care is the most common reason for a complaint, followed by pharmaceutical or medication issues, then communications. This year complaints about clinical care made up 38% of complaints received in NSW.

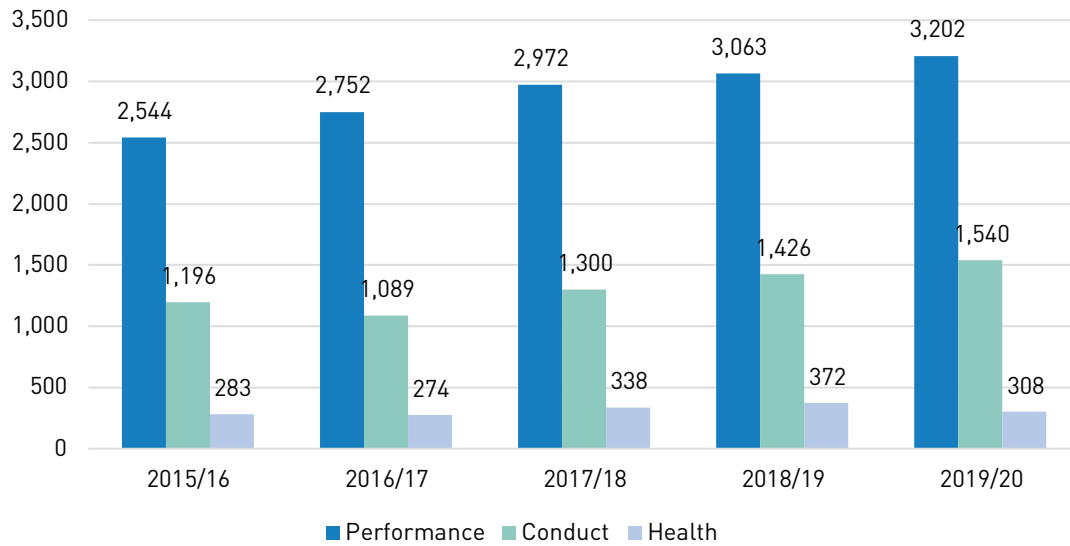
**Graph 6: Complaints about clinical care, pharmaceutical/medication issues and communications**



## Trends continued

Complaints are categorised into three main streams of performance, conduct and health. Performance matters make up the greatest proportion of complaints received, followed by conduct matters and then health issues.

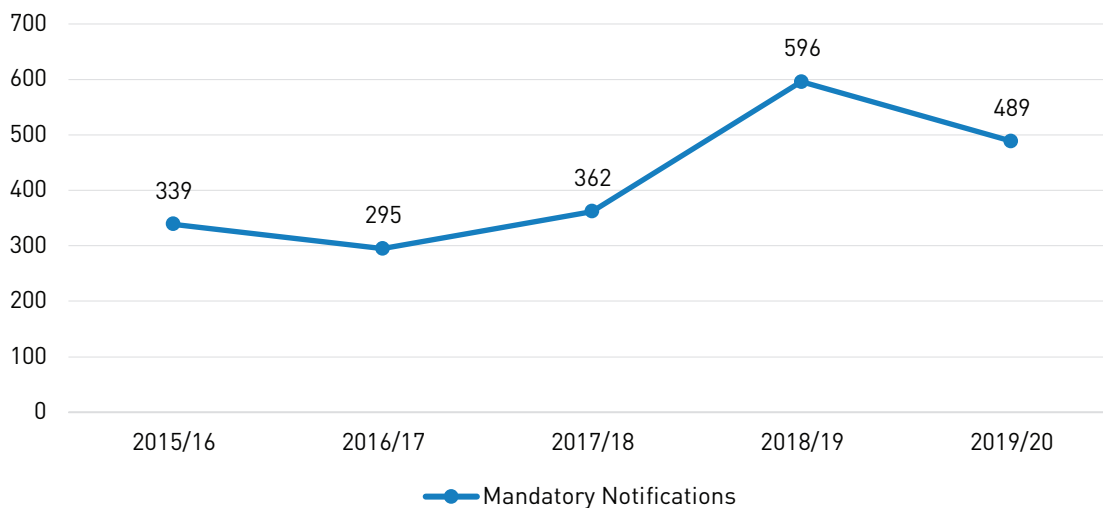
**Graph 7: Complaints by performance, conduct and health streams**



## Trend in mandatory notifications

After a spike last year, the number of mandatory notifications has decreased this year by almost 18%. Mandatory notifications made up almost 10% of complaints received this year.

**Graph 8: NSW mandatory notifications**



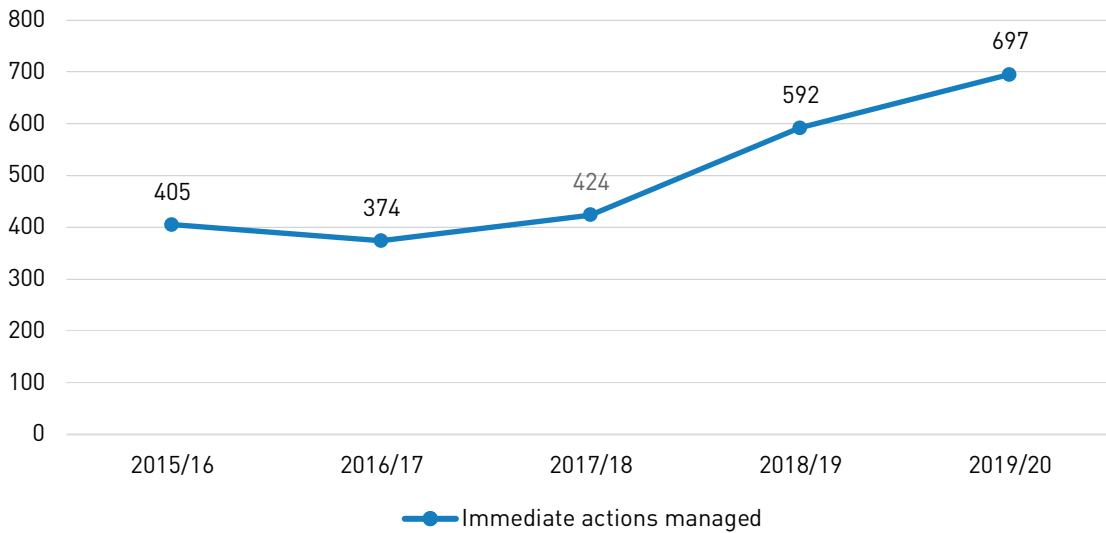


## Trends continued

### Trend in immediate action matters

Immediate actions considered or taken by Councils increased by 17% this year.

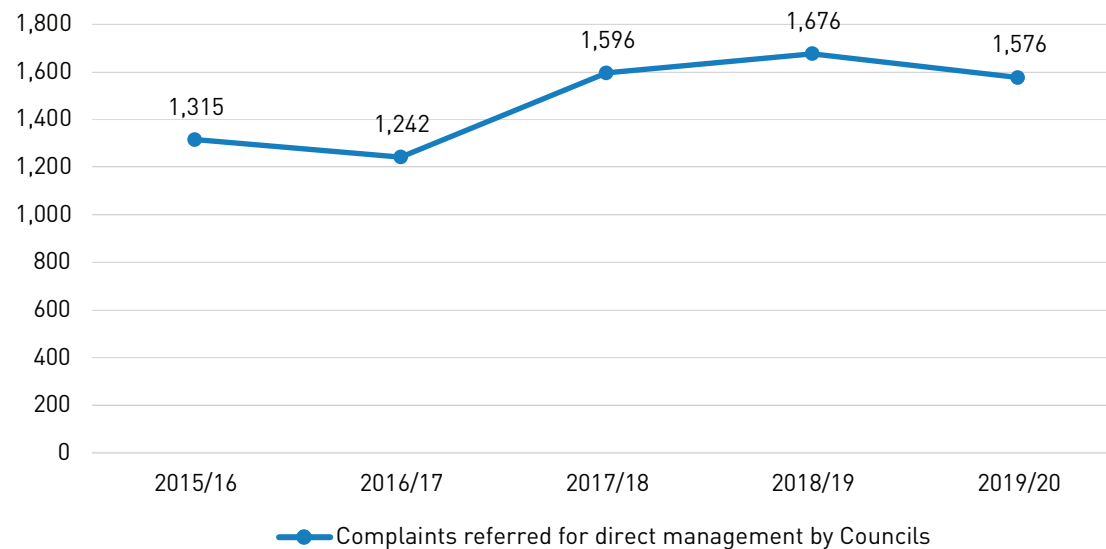
**Graph 9: Immediate actions considered or taken by Councils**



### Trend in complaints referred for management by Councils

The number of complaints referred for management by Councils after the initial joint assessment with HCCC decreased this year by almost 6%.

**Graph 10: Complaints referred for management by Councils**

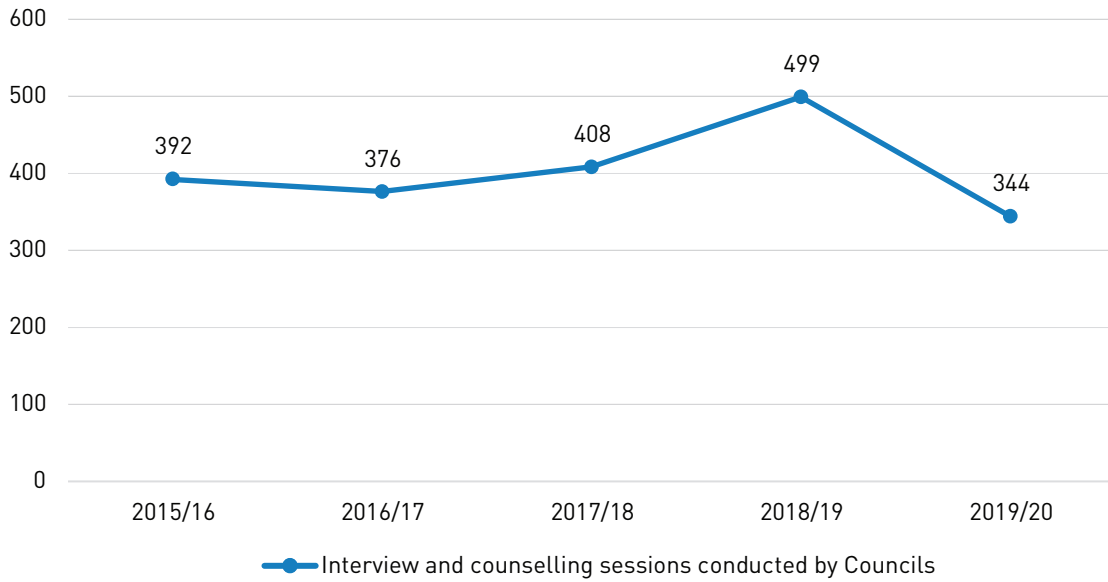


## Trends continued

### Trend in interviews and counselling conducted by Councils

A common action taken by Councils in managing complaints about practitioners is to conduct interviews and/or counselling sessions. This year these sessions decreased by 31%.

**Graph 11: Council interviews and counselling**



# Financial information

## Funding

Councils are funded through a portion of registration fees that NSW practitioners pay to Ahpra. Councils also receive a portion of fees collected from practitioners who do not identify a principal place of practice.

The HPCA is responsible for financial systems, managing the funds through a Health Administration Corporation (HAC) account and proper expenditure of these public monies. Each Council oversees its budget to ensure responsible financial management.

## Education and Research fund

Thirteen Councils maintain an Education and Research fund. This can be used to support activities that promote a better understanding of professional standards and compliance, issues that lead to complaints and how complaints are managed. The funds may also be used for research activity including Council specific initiatives and collaborative projects.

**Table 18: Expenditure from Education and Research funds during 2019/20**

Council	Expenditure \$	Purpose	Balance in account \$
Aboriginal and Torres Strait Islander Health Practice Council	N/A		N/A
Chinese Medicine Council	Nil		\$22,453.54
Chiropractic Council	Nil		\$19,206.94
Dental Council	<b>\$9,770</b>	Grant to the University of Sydney for a research project <i>Money Where Your Mouth Is: How do dentists manage conflicts between commercial pressures of practice and professional obligations.</i>	\$430,388.14
Medical Council	Nil		\$2,713.26
Medical Radiation Practice Council	<b>Total \$5,970.45</b> \$1,425.00  \$4,545.45	Payment for booth booking and Council attendance at the Rural Alliance in Nuclear Scintigraphy Conference in November 2019.  Payment for booth booking and Council attendance at the Australian and New Zealand Society of Nuclear Medicine Annual Scientific Meeting – postponed to 2021.	\$36,529.73
Nursing and Midwifery Council	<b>Total 9,791.62</b> \$6,669.00 <i>(final instalment)</i>  \$3,122.62	Final payment to Associate Professor Michael Roche at UTS for the project <i>Pathways and perceptions within the Nursing and Midwifery Council</i> commenced in prior financial year.  Expenses carried over from prior financial year for Council President (John Kelly) attendance at the ICN Conference in Singapore from 26 June to 1 July 2019.	\$1,036,045.80

## Financial information continued

**Table 18: Expenditure from Education and Research funds during 2019/20** (continued)

Council	Expenditure \$	Purpose	Balance in account \$
Occupational Therapy Council	Nil		\$47,845.08
Optometry Council	Nil		\$48,060.02
Osteopathy Council	Nil		\$235.61
Paramedicine Council	N/A		N/A
Pharmacy Council	<b>Total \$7,440.00</b> \$2,440.00 <i>(second and final instalment of a \$10,000 grant – first instalment paid in 2018/19)</i>  \$5,000.00 <i>(first instalment of \$10,000 grant)</i>	Grant to the University of Newcastle for a research project by Hayley Croft entitled <i>Simulation based assessment for evaluating pharmacists' competence in clinical decision making during medication review and supply.</i>  Grant to Joanne Zeilinga for a research project entitled <i>Applying reflective learning to pharmacy practice regarding drugs of addiction.</i>	\$93,061.23
Physiotherapy Council	Nil		\$172,194.66
Podiatry Council	Nil		\$67,167.70
Psychology Council	Nil		\$78,406.19

## Financial information continued

### Council member remuneration

Remuneration for Council members aligns with the Public Service Commission Remuneration Framework for NSW Government Boards and Committees. Council members receive additional payment for interviews, counselling sessions, immediate action inquiries, panels and Council Inquiries and are reimbursed for expenses when travelling on official business at Council direction. No additional payments are made for other regulatory work such as official visits, committee meetings, training, conferences or preparation for meetings.

Member remuneration rates for each Council follow.

Member remuneration rates for the Chinese Medicine, Chiropractic, Medical Radiation Practice, Occupational Therapy, Optometry, Osteopathy, Paramedicine, Podiatry and Physiotherapy Councils.

President	\$4,465 per annum
Deputy President	\$4,214 per annum
Council Members	\$3,665 per annum

Member remuneration rates for the Dental, Nursing and Midwifery and Psychology Councils.

President	\$20,000 per annum
Deputy President	\$11,143 per annum
Council Members	\$9,690 per annum

Member remuneration rates for the Medical Council.

President	\$45,464 per annum
Deputy President	\$27,162 per annum
Council Members	\$15,000 per annum

Member remuneration rates for Pharmacy Council.

President	\$37,000 per annum
Deputy President	\$22,176 per annum
Council Members	\$15,000 per annum

The structure for remuneration of Aboriginal and Torres Strait Islander Health Practice Council members differs to the other Councils. Aboriginal and Torres Strait Islander Health Practice Council members are entitled to the following remuneration.

President	\$720 per meeting more than 3 hours
	\$360 per meeting up to 3 hours
Deputy President	\$590 per meeting more than 3 hours
	\$295 per meeting up to 3 hours
Council Members	\$590 per meeting more than 3 hours
	\$295 per meeting up to 3 hours

## Financial information continued

### Overseas travel

The Nursing and Midwifery Council incurred the only overseas travel costs this year.

**Table 19: Overseas travel**

Council	Expenditure	Purpose
Nursing and Midwifery Council	\$3,122.62	Expenses carried over from the prior financial year for Council President attendance at the ICN Conference in Singapore from 26 June to 1 July 2019.

### Consultants

Consultants engaged during 2019/20 at a cost of less than \$50,000 per consultancy are set out in table 20.

**Table 20: Consultant engagements costing less than \$50,000**

Service Provided	Number	Total Cost incl GST \$
HPCA Pandemic Preparedness Plan	1	\$19,580
<b>Total</b>	<b>1</b>	<b>\$19,580</b>

There were no consultancy engagements of \$50,000 or more during the year.

### Financial Statements

#### Format

The Financial Statements in Part 2 of this report include the accounts of the Councils' administrative operations, any Education and Research fund activities, and the Independent Auditor's Report.

#### Investment Performance

The Councils' banking arrangements are with Westpac Banking Corporation as part of the Treasury banking system. This is in accordance with the agreement between NSW Treasury and Westpac Banking Corporation for the provision of transactional banking.

The bank pays interest monthly, based on daily cash balances.

#### Payments Performance

The Councils' accounts are managed by the Health Administration Corporation (HAC).

Tables 21 and 22 include the consolidated accounts payable performance report for all 15 Councils.

## Financial information continued

Table 21: Consolidated Councils' accounts payable performance (1)

Quarter	CURRENT	LESS THAN	BETWEEN	BETWEEN	MORE THAN
	(Within Due Date)	30 DAYS	30 to 60 days overdue	60 to 90 days overdue	90 days overdue
	\$	\$	\$	\$	\$
<b>All Suppliers</b>					
September 2019	52,276	9,469	16,230	0	5,148
December 2019	126,201	47,356	2,685	11,578	105
March 2020	190,255	68,131	10,393	0	4,840
June 2020	162,933	47,056	-962	0	1,682
<b>Small Business Suppliers</b>					
September 2019	0	380	0	0	0
December 2019	0	5,280	0	0	0
March 2020	0	0	0	0	0
June 2020	0	0	0	0	0

Table 22: Consolidated Councils' accounts payable performance (2)

Measure	September 2019	December 2019	March 2020	June 2020
<b>All Suppliers</b>				
Number of accounts due for payment	1,378	1,346	1,323	882
Number of accounts paid on time	1,211	1,232	1,174	786
% of accounts paid on time (based on number of accounts)	88%	92%	89%	89%
\$ amount of accounts due for payment	9,022,492	9,337,568	9,487,336	10,245,227
\$ amount of accounts paid on time	7,752,844	8,752,205	8,449,885	8,756,633
% of accounts paid on time (based on \$)	86%	94%	89%	85%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
<b>Small Business Suppliers</b>				
Number of accounts due for payment	29	16	29	32
Number of accounts paid on time	22	16	26	31
% of accounts paid on time (based on number of accounts)	76%	100%	90%	97%
\$ amount of accounts due for payment	112,049	92,306	107,577	90,797
\$ amount of accounts paid on time	87,958	92,306	99,275	85,847
% of accounts paid on time (based on \$)	78%	100%	92%	95%
Number of payments for interest on overdue accounts	0	0	0	0

## Financial information continued

### Aboriginal and Torres Strait Islander Health Practice Council financial management

The Aboriginal and Torres Strait Islander Health Practice Council's accounts performance was reported in the Financial Statement as follows.

Accounts Performance 2019/20	\$
Revenue	47,969
Operating expenditure	13,834
Gain / (loss) on disposal	(509)
Net result	33,626
Net cash reserves* (cash and cash equivalents minus current liabilities)	61,326

\*Included in the cash reserves is an Education and Research bank account balance of \$0.

The Aboriginal and Torres Strait Islander Health Practice Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

Budget 2020/21	\$
Revenue	6,806
Operating expenditure	13,254
Net result	(6,448)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'

### Chinese Medicine Council financial management

The Chinese Medicine Council's accounts performance was reported in the Financial Statement as follows.

Accounts Performance 2019/20	\$
Revenue	427,401
Operating expenditure	325,933
Gain / (loss) on disposal	(10,892)
Net result	90,576
Net cash reserves* (cash and cash equivalents minus current liabilities)	2,343,012

\* Included in the cash reserves is an Education and Research bank account balance of \$22,454.

The Chinese Medicine Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

Budget 2020/21	\$
Revenue	374,295
Operating expenditure	562,574
Net result	(188,279)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.



## Financial information continued

### Chiropractic Council financial management

The Chiropractic Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	434,205
Operating expenditure	290,538
Gain / (loss) on disposal	(12,216)
Net result	131,451
Net cash reserves* (cash and cash equivalents minus current liabilities)	1,111,701

\* Included in the cash reserves is an Education and Research bank account balance of \$19,207.

The Chiropractic Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	435,451
Operating expenditure	509,811
Net result	(74,360)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

### Dental Council financial management

The Dental Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	3,506,206
Operating expenditure	3,712,802
Gain / (loss) on disposal	(170,513)
Net result	(377,109)
Net cash reserves* (cash and cash equivalents minus current liabilities)	1,629,856

\* Included in the cash reserves is an Education and Research bank account balance of \$430,388.

The Dental Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	4,068,021
Operating expenditure	4,424,981
Net result	(356,959)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

## Financial information continued

### Medical Council financial management

The Medical Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	15,515,679
Operating expenditure	17,839,051
Gain / (loss) on disposal	(150,471)
Net result	(2,473,843)
Net cash reserves* (cash and cash equivalents minus current liabilities)	11,119,740

\* Included in the cash reserves is an Education and Research bank account balance of \$2,713.

The Medical Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	16,371,248
Operating expenditure	22,489,812
Net result	(6,118,564)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

### Medical Radiation Practice Council financial management

The Medical Radiation Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	308,658
Operating expenditure	190,289
Gain / (loss) on disposal	(5,599)
Net result	112,770
Net cash reserves* (cash and cash equivalents minus current liabilities)	2,114,970

\* Included in the cash reserves is an Education and Research bank account balance of \$36,530.

The Medical Radiation Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	246,624
Operating expenditure	317,428
Net result	(70,804)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

## Financial information continued

### Nursing and Midwifery Council financial management

The Nursing and Midwifery Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	10,055,437
Operating expenditure	9,330,653
Gain / (loss) on disposal	(426,028)
Net result	298,756
Net cash reserves* (cash and cash equivalents minus current liabilities)	8,585,465

\* Included in the cash reserves is an Education and Research bank account balance of \$1,036,046.

The Nursing and Midwifery Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	9,928,890
Operating expenditure	11,565,747
Net result	(1,636,857)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

### Occupational Therapy Council financial management

The Occupational Therapy Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	265,809
Operating expenditure	136,305
Gain / (loss) on disposal	(5,395)
Net result	124,109
Net cash reserves* (cash and cash equivalents minus current liabilities)	1,132,321

\* Included in the cash reserves is an Education and Research bank account balance of \$47,845.

The Occupational Therapy Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	256,222
Operating expenditure	260,146
Net result	(3,924)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

## Financial information continued

### Optometry Council financial management

The Optometry Council's accounts performance was reported in the Financial Statement as follows.

Accounts Performance 2019/20	\$
Revenue	246,789
Operating expenditure	134,373
Gain / (loss) on disposal	(4,886)
Net result	107,530
Net cash reserves* (cash and cash equivalents minus current liabilities)	618,443

\* Included in the cash reserves is an Education and Research bank account balance of \$48,060.

The Optometry Council's budget for the period 1 July 2020 to 30 June 2021 is as follows

Budget 2020/21	\$
Revenue	256,636
Operating expenditure	223,609
Net result	33,027

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

### Osteopathy Council financial management

The Osteopathy Council's accounts performance was reported in the Financial Statement as follows.

Accounts Performance 2019/20	\$
Revenue	209,403
Operating expenditure	164,366
Gain / (loss) on disposal	(5,701)
Net result	39,336
Net cash reserves* (cash and cash equivalents minus current liabilities)	293,002

\* Included in the cash reserves is an Education and Research bank account balance of \$236.

The Osteopathy Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

Budget 2020/21	\$
Revenue	216,862
Operating expenditure	195,824
Net result	21,038

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

## Financial information continued

### Paramedicine Council financial management

The Paramedicine Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	648,505
Operating expenditure	347,254
Gain / (loss) on disposal	(16,288)
Net result	284,963
Net cash reserves* (cash and cash equivalents minus current liabilities)	471,139

\* Included in the cash reserves is an Education and Research bank account balance of \$0.

The Paramedicine Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	640,853
Operating expenditure	529,613
Net result	111,240

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

### Pharmacy Council financial management

The Pharmacy Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	3,752,133
Operating expenditure	4,115,720
Gain / (loss) on disposal	(164,609)
Net result	(528,196)
Net cash reserves* (cash and cash equivalents minus current liabilities)	2,188,940

\* Included in the cash reserves is an Education and Research bank account balance of \$93,061.

The Pharmacy Council's budget for the period 1 July 2020 to 30 June 2021 is as follows

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	4,319,591
Operating expenditure	4,996,925
Net result	(677,334)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

## Financial information continued

### Physiotherapy Council financial management

The Physiotherapy Council's accounts performance was reported in the Financial Statement as follows

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	582,307
Operating expenditure	477,703
Gain / (loss) on disposal	(18,833)
Net result	85,771
Net cash reserves* (cash and cash equivalents minus current liabilities)	1,868,161

\* Included in the cash reserves is an Education and Research bank account balance of \$172,195.

The Physiotherapy Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	497,784
Operating expenditure	638,248
Net result	(140,464)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

### Podiatry Council financial management

The Podiatry Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	292,112
Operating expenditure	161,948
Gain / (loss) on disposal	(5,395)
Net result	124,769
Net cash reserves* (cash and cash equivalents minus current liabilities)	784,292

\* Included in the cash reserves is an Education and Research bank account balance of \$67,168.

The Podiatry Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	274,270
Operating expenditure	219,305
Net result	54,965

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

## Financial information continued

### Psychology Council financial management

The Psychology Council's accounts performance was reported in the Financial Statement as follows.

<b>Accounts Performance 2019/20</b>	<b>\$</b>
Revenue	1,759,858
Operating expenditure	1,564,699
Gain / (loss) on disposal	(63,828)
Net result	131,331
Net cash reserves* (cash and cash equivalents minus current liabilities)	2,983,235

\* Included in the cash reserves is an Education and Research bank account balance of \$78,406.

The Psychology Council's budget for the period 1 July 2020 to 30 June 2021 is as follows.

<b>Budget 2020/21</b>	<b>\$</b>
Revenue	1,656,628
Operating expenditure	2,013,443
Net result	(356,815)

Full financial statements are presented in Part 2 of this report 'Financial Statements for NSW Health Professional Councils'.

# Legislative Changes in 2019/20

## Health Practitioner Regulation National Law (NSW)

During the reporting year one (1) minor amendment was made to the National Law:

- The *Covid-19 Legislation Amendment (Emergency Measures) Act 2020* inserted clause 7A of Schedule 5F into the National Law, as regulating Pharmacies [NSW].

The provision operates to give the Secretary of the Ministry of Health the power to exempt State Vaccine Centres from complying with the storage and distribution requirements for vaccines and other medicines.

## Health Practitioner Regulation (New South Wales) Regulation 2016

There have been two (2) minor amendments to the Regulations in the past reporting year:

- The *Health Practitioner Regulation (New South Wales) Amendment (Pharmacy Fees) Regulation 2020* amended clause 15(1) to increase certain pharmacy fees payable for the purpose of clause 12(5) of Schedule 5F of the National Law.
- The *Health Practitioner Regulation (New South Wales) Amendment (Financial Interests) Regulation 2020* inserted clause 15A to enable a person who is otherwise prohibited by the National Law from owning or having a financial interest in a pharmacy business to have a security interest in a pharmacy business.



# Managing risk

## Risk framework

NSW Treasury granted Councils an exemption from the *Internal Audit and Risk Management Policy* for the NSW Public Sector (TPP15-03) because the administration and cost of full compliance would be prohibitive for the Councils which are small agencies.

Despite this, appropriate organisation-wide risk management practices are in place which adopt the core requirements of the policy.

The Councils and the HPCA to date have implemented the Ministry of Health's approach to risk management. In 2020 work commenced to develop an enterprise-wide risk management framework and register, including risk appetite statements. Implementation of the risk management framework will provide the Councils and the HPCA with a consistent approach to risk management, clarify risk roles and responsibilities, and provide clear instructions for managing risks.

## Audit and Risk Committee

An important part of risk management is the HPCA Audit and Risk Committee. The Committee comprises three independent members. The objective of the Committee is to provide independent advice and assistance to the HPCA and the Councils about governance, risk and control frameworks, and external accountability requirements.

Each year the charter is reviewed, a member evaluation survey is conducted, and an annual report on the Committee's activities is produced.

The Committee holds quarterly meetings as well as three special meetings a year to review financial statements for early close, audit submission and audit clearance. Representatives of the Councils, the Audit Office of NSW, and the internal auditors from Protiviti are invited to attend the Audit and Risk Committee meetings as observers.

## Internal audit

The internal auditor for the HPCA is Protiviti Inc.

An internal audit of the business continuity plan (BCP) was completed by Protiviti during the year. Planned action to review the BCP following the internal audit has been delayed as COVID-19 redirected the focus to pandemic recovery planning. The pandemic plans will be incorporated in the updated BCP and disaster recovery packages as this work progresses.

Internal audit recommendations agreed by management are captured in an issues tracker. All the items listed in the issues tracker are in progress, although there are some time lags with the implementation of recommendations about the review of the BCP and also simplification of the hearing member payment structure.

## Insurances

The HPCA manages insurances for all Councils through the Ministry of Health's insurance cover with the NSW Treasury Managed Fund including:

- Legal liability – public liability, professional indemnity, product liability
- Workers compensation
- Property coverage
- Comprehensive Motor Vehicle Insurance Policy
- Cybersecurity.

# Compliance Reports

## Public Interest Disclosures

Each Council must comply with the provisions of the *Public Interest Disclosures Act 1994* and reporting requirements of the Public Interest Disclosures Regulation 2011.

Members of Councils, committees, panels and hearings and HPCA staff are made aware of their obligations as public officers to ensure compliance with Public Interest Disclosure (PID) requirements.

The HPCA provides six monthly PID reports to the NSW Ombudsman and Ministry of Health.

No PIDs were made by members or staff during the year.

**Table 23: Public Interest Disclosures**

	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
Number of public officials who made PIDs	0	0	0
Number of PIDs received	0	0	0
Of PIDs received, number primarily about:			
▪ Corrupt conduct			
▪ Maladministration	0	0	0
▪ Serious and substantial waste			
▪ Government information contravention			
Number of PIDs finalised	0	0	0

## Privacy

The HPCA and each Council must comply with the provisions of the Privacy and Personal Information Protection Act 1998 and the Health Records and Information Privacy Act 2002.

The NSW Health Privacy Manual for Health Information provides operational guidance for staff and outlines procedures that support compliance with the Act in any activity where personal health information is involved.

In addition, all HPCA staff complete a mandatory online privacy training module as part of their orientation.

No applications were made for review under Part 5 of the Privacy and Personal Information Protection Act 1998 during the year.

There were a number of inadvertent errors in handling information such as:

- sending reports incorrectly to the wrong practitioner
- sending information by email to the wrong health staff member with a similar name to the intended recipient
- sending initial monitoring forms containing public conditions to the incorrect practitioner

## **Compliance Reports** continued

The inadvertent errors were managed by:

- recalling or ensuring the destruction of any incorrect information sent
- advising all affected parties of the error, reason for the error, action taken to resolve the matter and processes available to the affected parties
- phoning and apologising to the affected parties
- reviewing processes to assist in preventing similar errors in the future.

### **GIPA**

#### **Access to information**

Policies, publications and other information consistent with the principles of the *Government Information (Public Access) Act 2009* (GIPA Act) is available on the HPCA and Councils' websites.

The joint annual report of Councils also complies with the *Government Information (Public Access) Regulation 2009* and meets annual reporting requirements.

The public can readily access information on the following topics and resources:

- GIPA and how to make an application
- Right to information
- Agency information
- Disclosure log
- Register of government contracts
- Frequently asked questions (FAQs)
- Contact details.

The Councils provide annual statistical GIPA reports to the Information and Privacy Commission (IPC).

#### **Proactive Release of Government Information Program - Clause 8A**

The Councils monitor newly developed and/or revised information to identify what can be made publicly available. Relevant documents are then included on the HPCA and Councils' websites.

#### **Number of Access Applications Received - Clause 8B**

Formal access applications for 2019/20, including withdrawn applications but excluding invalid applications, totalled 21 including:

- 9 formal access applications received by the Dental Council, including 3 applications where no decisions were made in 2019/20
- 9 formal access applications received by the Medical Council, including 1 application where no decision was made in 2019/20. Decisions in 2019/20 totalled 10 including decisions for 2 applications received in the previous reporting year
- 2 formal access applications received by the Pharmacy Council
- 1 formal access application received by the Osteopathy Council.

The other 11 Councils did not receive any formal access applications.

The Councils reported receipt of:

- 2 invalid access applications
- 0 invalid access application that subsequently became valid
- 0 invalid review applications

## Compliance Reports continued

### Number of Refused Applications for Schedule 1 Information - Clause 8C

During the year access applications that were refused in part or in full because the requested information was referred to in Schedule 1 of the GIPA Act (information for which there is conclusive presumption of overriding public interest against disclosure) totalled 8 applications refused in full including:

- Dental Council – 1 access application refused in full
- Medical Council – 6 access applications refused in full
- Osteopathy Council – 1 access application refused in full.

For tables A and B more than one decision can be made in respect of a particular access application. If so, a recording is made in relation to each such decision.

**GIPA Table A: Number of applications by type of applicant and outcome**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media			1					
Members of Parliament								
Private sector business			1					
Not for profit organisations or community groups			1					
Members of the public (application by legal representative)			5					
Members of the public (other)	3		4	3	1			

**GIPA Table B: Number of applications by type of application and outcome**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Personal information applications*	3		12	3	1			
Access applications (other than personal information applications)								
Access applications that are partly personal information applications and partly other								

\* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant, the applicant being an individual.

**Compliance Reports** continued

**GIPA Table C: Invalid applications**

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	2
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

For tables D and E more than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is recorded, but only once per application.

**GIPA Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act**

	Number of times consideration used
Overriding secrecy laws	1
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	8
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Exempt documents under interstate Freedom of Information legislation	0

**Compliance Reports** continued

**GIPA Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act**

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	1
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**GIPA Table F: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	18
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	1
<b>Total</b>	<b>19</b>

**GIPA Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total
Internal review	0	2	2
Review by Information Commissioner *	1	2	3
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT	0	0	0
<b>Total</b>	<b>1</b>	<b>4</b>	<b>5</b>

\* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision was made by the Information Commissioner.

## Compliance Reports continued

**GIPA Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications for review
Applications by access applicants	5
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0
<b>Total</b>	<b>5</b>

**GIPA Table I: Applications transferred to other agencies**

	Number of applications transferred
Agency initiated transfers	0
Applicant initiated transfers	0
<b>Total</b>	<b>0</b>

### Administrative complaints

Processes to manage complaints about Councils, HPCA staff, service delivery and administrative matters are consistent with the NSW Ombudsman Complaint Management Framework.

During the year there were four administrative complaints. These primarily related to delays in the complaints management process. Action included apologies and explanation of the processes.

### Triennial reports

As small statutory bodies, the Councils are exempt from certain reporting provisions. However this year triennial reports are due for the following:

- Multicultural policies and services program
- Disability services
- Workforce diversity
- Work, health and safety.

The health professional Councils and the HPCA come under the relevant NSW Health policies and programs for all these areas.

The Councils continued to meet their compliance obligations and remain committed to implementing relevant legislative and policy requirements.

### Multicultural policies and services program

The Multicultural Policies and Services Program is a whole of Government responsibility overseen by Multicultural NSW. It focuses on ensuring Government agencies implement the principles of multiculturalism through their strategic plans and deliver inclusive and equitable services to the public. Multicultural NSW policies apply to the health professional Councils. Reporting requirements are set out by the *Multicultural NSW Act 2000*.

The *NSW Plan for Healthy Culturally and Linguistically Diverse Communities: 2019-2023* is the current strategic statewide policy for meeting the health needs of culturally and linguistically diverse consumers.

## **Compliance Reports** continued

The Councils are required to take actions to work towards achieving the outcomes of the NSW Plan for *Healthy Culturally and Linguistically Diverse communities: 2019-2023*, including:

1. Having in place strategies to improve access and quality of care for people of culturally and linguistically diverse backgrounds
2. Providing support for people of culturally and linguistically diverse backgrounds to build their health literacy so they can be actively involved in decisions about their health
3. Being responsive to the individual needs, language and culture of people
4. Understanding the needs, experiences and identities of culturally and linguistically diverse communities.

Over the past three years Councils have implemented a number of NSW Health multicultural strategies and actions focussed on maintaining and continuing to improve the capacity of the NSW health system to effectively identify and meet the specific needs of all culturally, religiously and linguistically diverse groups. Councils have focussed on meeting the diverse needs of practitioners with complaints or current compliance conditions, as well as communicating more effectively with practitioners or key stakeholders in their community languages. For example, the Chinese Medicine Council has worked on a number of initiatives to support practitioners and stakeholders from diverse backgrounds. The Council has delivered stakeholder functions with PowerPoint presentations in both English and Mandarin, and evaluation forms are also available in multiple languages. The Chinese Medicine Council, when completing performance assessments of practitioners with language conditions on their registration, ensures the assessor speaks the same language as the practitioner. The Council regularly conducts hearings with interpreter and HPCA monitoring staff also use interpreter services when communicating with practitioners about their compliance with conditions.

A key focus for 2021 to 2023 is for the Councils and HPCA to identify, implement and monitor a NSW Cultural Safety Action Plan, aligned with the National Registration and Accreditation Scheme's Strategy (NRAS) promoting patient safety for Aboriginal and Torres Strait Islander people in the NSW health system and services. In 2020, a Cultural Safety Working Party was launched including Council members, HPCA staff, Executive, and Ministry of Health representatives.

Goals of the working party include:

1. Cultural Safety training for staff and Council members
2. Increased participation of Aboriginal and Torres Strait Islander people across the whole of the organisation
3. Developing and implementing a communications strategy that promotes culturally safe practice by the regulated health professions.

### **Disability services**

The health professional Councils and HPCA are committed to disability inclusion planning, to building inclusive communities, and breaking down barriers for people with a disability so they can fully participate in services, employment and access the information they require.

The NSW Department of Communities and Justice is undertaking a statutory review of the *Disability Inclusion Act 2014 (NSW)* and the State Disability Inclusion Plan. It is anticipated that the review will be completed with the bill introduced to Parliament in spring 2020.



## **Compliance Reports** continued

NSW Health plans to begin the preparation of its new *Disability Inclusion Action Plan (DIAP)* on completion of the new NSW Disability Plan, the new National Disability Strategy and the review of the Disability Inclusion Act. This will allow the NSW Health DIAP to properly take into account the shape of these new plans and documents before making the significant investment needed to update the NSW Health DIAP. Until then the health professional Councils and the HPCA will continue to use the NSW Health Disability Inclusion Action Plan 2016 – 2019 (DIAP).

The key disability service support actions for the Councils and HPCA have focused on:

- Access to information on making complaints about health practitioners, primarily through the websites, which include an online complaints form
- Health programs for impaired practitioners
- Capability based recruitment
- Making reasonable adjustments for staff, or candidates with a disability to apply for employment at the HPCA
- Full physical access to the HPCA offices, including wheelchair accessible facilities for staff, practitioners, and visitors.

### **Workforce diversity**

The HPCA workplace culture is respectful and supportive of diversity. This is underpinned by active promotion and reinforcement of NSW Health CORE values of collaboration, openness, respect and empowerment.

Consistent with the NSW Health commitment to workforce diversity, the HPCA recruits and employs staff on the basis of merit.

Data about the HPCA workforce and diversity trends is included in NSW Health reports.

### **Work, health and safety**

The Councils and the HPCA maintain a commitment to the health, safety and welfare of members, staff and visitors consistent with Work Health and Safety (WHS) legislation in NSW.

NSW Health WHS policies and procedures apply to the health professional Councils and the HPCA.

The HPCA has an established WHS team with formal terms of reference. The team meets quarterly and takes responsibility for:

- Developing annual pro-active WHS work plans
- Promoting WHS awareness amongst workers, including providing information about worker responsibilities, WHS risks and ways of preventing and managing the risks
- Facilitating WHS consultation and communications between HPCA Executive and workers
- Co-ordinating quarterly workplace inspections.
- Reviewing incident report logs and undertaking other WHS audits as appropriate to be able to provide informed advice to the HPCA Executive on WHS issues
- Advising the HPCA Executive about WHS issues and possible reasonable and practicable strategies to prevent and manage the issues.

Other WHS improvements include refurbishments in the Pitt street offices in 2018 to set up meeting rooms with dual entry and exit.

In 2018, the Managing Unpredictable People Policy was updated by HPCA and all staff and Councils were briefed on the policy changes and protocols to ensure safety in responding to upset or distressed practitioners in the office.

# Systems supporting Councils

## Human resources

### HPCA staff

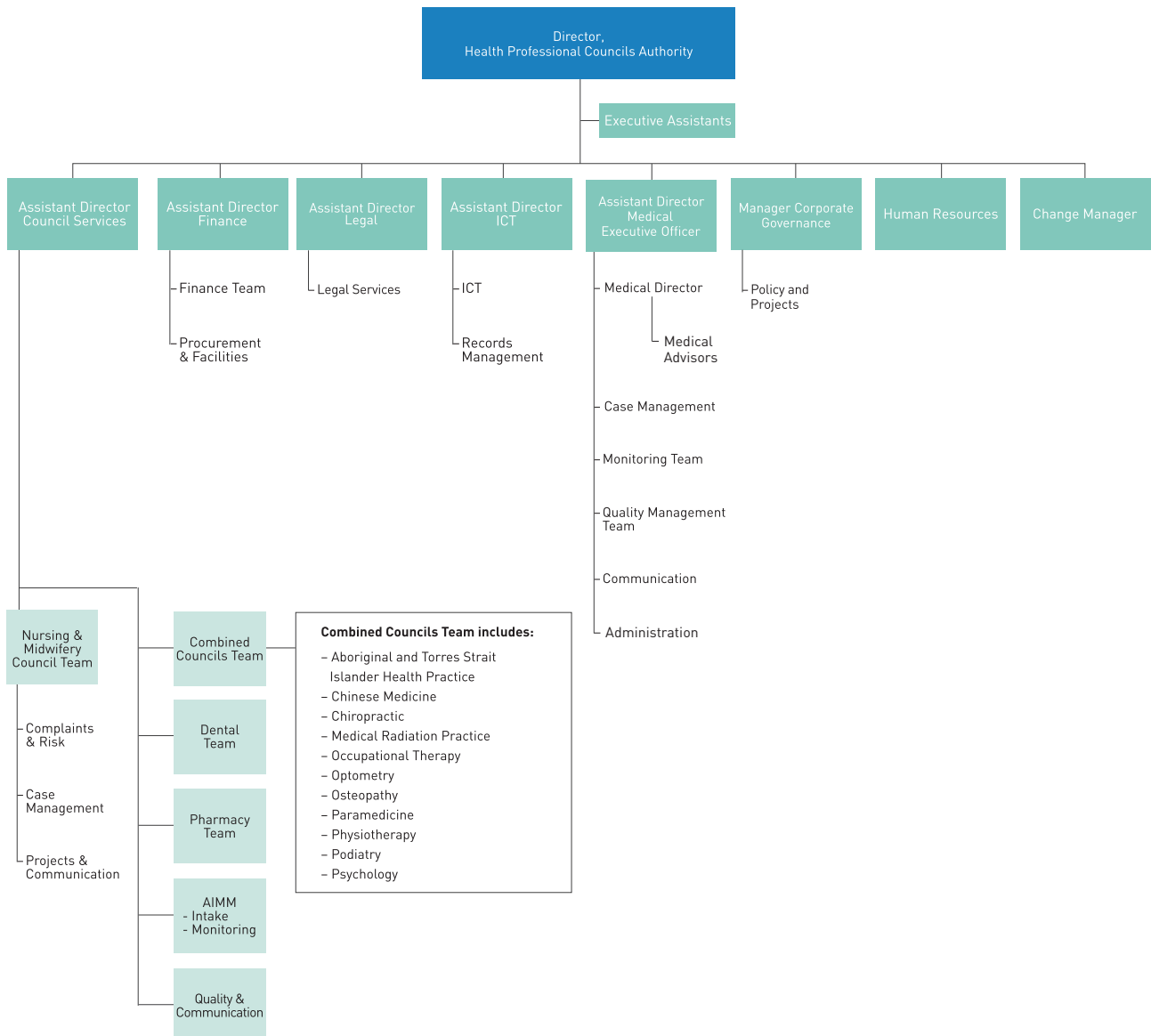
As an executive agency of the Ministry of Health, the HPCA employs staff under Part 4 of the *Government Sector Employment Act 2013* (GSE). The HPCA staff make up a range of teams that work directly and indirectly with Councils, fulfilling organisation wide functions as well as providing support to each council.

The HPCA is responsible for business management which complements and supports the regulatory responsibility of Councils to protect public safety.

HPCA staff must comply with Ministry of Health policies, procedures and directives and are included in Ministry of Health reports, including details of the HPCA Executive.

As at 30 June 2020 the HPCA staff totaled 161 ongoing and 7 temporary roles, including 115 at Pitt St and 53 at Gladesville.

### HPCA Organisational Chart



## **Systems supporting Councils** continued

### **Human resources support team**

The HPCA has a small human resources (HR) team consisting of two ongoing roles. These roles provide HR support and services to staff and managers across the HPCA. In addition, the NSW Ministry of Health provides agreed assistance with some aspects of Human Resources such as recruitment, staffing matters where appropriate, and organisational structure.

The HR team worked on a number of initiatives in the past year, including improving HR reporting, HR compliance, and more proactive approaches to recruitment across the HPCA.

The HR team was heavily involved in supporting HPCA staff and the Executive to move temporarily to remote working conditions due to the pandemic in early 2020. This involved ensuring that all remote working environments met the work health and safety requirements.

The HR team provided support and advice to staff as needed and as the health situation escalated rapidly. HR further engaged an external provider to run a series of webinars in 2020 which focused on staff wellbeing, remote working, and support for both staff and managers during the Pandemic.

### **Communications**

Effective engagement with stakeholders and communications with the community is a priority for Councils. All Councils plan and report on regular engagement with National Boards recognising the importance of shared learning and collaboration to support a consistent regulatory approach across Australia.

There is also regular contact with Ahpra and the HCCC.

A number of Councils meet with other health professional bodies about a range of issues, including messaging for practitioners to assist in reducing the risks that lead to complaints about practitioners.

Most Councils also use e-newsletters and regular messaging to keep practitioners up to date with regulatory issues.

The HPCA and Council websites are the main way Councils connect with the community. The websites provide easy access to an online complaints form, as well as information about the complaints process and how Councils manage complaints. The websites also include information about the Councils and the HPCA policies and publications.

Websites for the HPCA and all Councils can be accessed at [www.hpca.nsw.gov.au](http://www.hpca.nsw.gov.au).

## **Systems supporting Councils** continued

### **Finance and procurement**

The HPCA provides financial services to the Councils, including statutory reporting, payment of accounts, preparation of annual budgets and periodic forecasts, financial analysis and regular financial reporting to the Councils.

Service Level Agreements (SLAs) between Councils and the HPCA include cost allocation methodologies for the distribution of shared costs across all Councils. The methodologies are largely based on Council activity and provide a formula to apportion shared services staff, facilities and other resources. The cost allocation methodology was reviewed and endorsed in 2017/18 in consultation with Councils. This cost allocation methodology was applied from 2019/20.

Following the transition of selected data processing functions to the Service Centre Westmead (HealthShare NSW) and implementation of the Oracle R12 StaffLink financial and procurement system in early 2018, further modules were implemented this year, including the Purchasing Card (Pcard) module within Oracle StaffLink, and Business Intelligence (BI) dashboards and reporting. During the year, the HPCA also commenced implementing the new finance staffing structure to provide enhanced services to the Councils.

### **Information management and systems**

#### **ICT services**

The HPCA is responsible for information management and ICT systems. A number of new initiatives commenced during the year aimed at improving functionality and support for the regulatory responsibilities of Councils.

#### **eHealth Partnership**

As part of the HPCA's strategic alignment with eHealth, a number of back office services, as well as network and desktop, were transferred to eHealth. Under this program, all databases were upgraded and transferred to the government data centre and the responsibility for maintenance is through eHealth. With the exception of the complaints database and pharmacy registration, all other applications are now managed by eHealth.

#### **People First Project**

As a health professional regulator, everything we do hinges on trust and integrity, both internally between the Councils and the HPCA, and externally with our stakeholders. Consequently, the HPCA is undertaking a significant project to transform the services to our customers to ensure complaints management is proactive, well-orchestrated and person-centred. This year the HPCA completed a customer experience initiative to design a future framework and ICT architecture that will ensure alignment with the needs of customers and stakeholders.

The next stage of this program is to engage the right vendor to develop the desired technology and system aligned with customer expectations.

**Systems supporting Councils** continued

## ANNUAL ATTESTATION

### Cyber Security Annual Attestation Statement for the 2019-2020 Financial Year for NSW Health

I, Elizabeth Koff, am of the opinion that NSW Health have managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Governance is in place to manage the cybersecurity maturity and initiatives of NSW Health.

Risks to the information and systems of NSW Health have been assessed and are managed.

The current cyber incident response plan for NSW Health is managed by eHealth NSW. eHealth NSW is working towards creating an NSW Health state-wide incident response plan. This plan, once ready will be tested during the next reporting period.

eHealth NSW is responsible for delivery and management of ICT for NSW Health. eHealth NSW has an Information Security Management System (ISMS) and is an ISO27001 certified organisation.

NSW Health is doing the following to continuously improve the management of cyber security governance and resilience:

- 1) Ongoing awareness training of NSW Health staff about cyber safety;
- 2) Monthly reviews of cyber security incidents by the ISMS committee;
- 3) Quarterly reviews of major cyber security incidents by the cyber security executive committee;
- 4) Regular reviews of the ISMS risks and treatments;
- 5) Rapid response to alerts issued on cyber security vulnerabilities;
- 6) Regular patching and hardening activities of workstations and servers;
- 7) Maturity improvements on addressing the ACSC's Essential 8.

This attestation covers the following agencies:

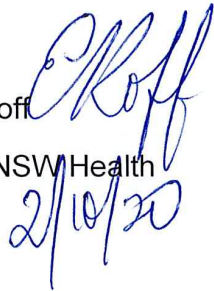
1. Agency for Clinical Innovation
2. Ambulance Service of NSW
3. Bureau of Health Information
4. Cancer Institute NSW
5. Central Coast LHD
6. Clinical Excellence Commission
7. eHealth NSW
8. Far West LHD
9. Health Care Complaints Commission
10. Health Education and Training Institute
11. Health Infrastructure
12. Health Professional Councils Authority

**Systems supporting Councils** continued

13. HealthShare NSW
14. Hunter New England LHD
15. Illawarra Shoalhaven LHD
16. Justice Health & Forensic Mental Health Network
17. Mental Health Commission NSW
18. Mid-North Coast LHD
19. Ministry of Health
20. Murrumbidgee LHD
21. Nepean-Blue Mountains LHD
22. Northern NSW LHD
23. Northern Sydney LHD
24. NSW Health Pathology
25. South Eastern Sydney LHD
26. South Western Sydney LHD
27. Southern NSW LHD
28. St Vincent's Health Network
29. Sydney Children's Hospitals Network
30. Sydney LHD
31. Western NSW LHD
32. Western Sydney LHD

Elizabeth Koff

Secretary, NSW Health



# Glossary

## **Adjudication Body**

The Council, a panel, tribunal or court can be declared an adjudication body for the purposes of the Law.

## **Boundary/Boundaries**

Parameters around appropriate and effective interactions between health practitioners and their patients are professional boundaries. Behaviours that damage or exploit patients constitute boundary violation. This includes both sexual and non-sexual misconduct.

## **Cancellation (of registration)**

- A Council may recommend the cancellation of a practitioner's registration to the Tribunal Chair if the practitioner does not have sufficient physical and mental capacity to practise the profession
- A Council may recommend the cancellation of a student's registration if the student has an impairment
- The Tribunal may order the cancellation of a practitioner's or student's registration if it is satisfied that the practitioner is not competent to practise or is guilty of professional misconduct, or if the practitioner/student is unfit in the public interest to practise/to undertake clinical training or is not a suitable person for registration in the profession
- The Tribunal must cancel a practitioner's or student's registration if he/she has contravened a critical compliance order.

## **Caution**

A caution is a formal warning intended to act as a deterrent to a practitioner not to repeat conduct. This is a less serious outcome than a reprimand.

## **Closed Complaint**

A complaint is closed when a final outcome/decision has been determined by the Council or other decision-making entity under the Law, such as a Tribunal, Professional Standards Committee, Performance Review Panel or Court. This decision disposes of the matter.

## **Complaint**

A complaint (or notification) is a statement that something related to the performance, conduct or health of a practitioner or student is unsatisfactory or unacceptable.

## **Complainant**

A person who makes a complaint to a health complaint entity including the following:

- A health professional Council of NSW
- Health Professional Councils Authority (HPCA)
- Health Care Complaints Commission (HCCC)
- Australian Health Practitioner Regulation Agency (Ahpra).

## **Conciliation**

The Council may refer a complaint to the HCCC for conciliation, whereby the parties involved can negotiate a resolution.

## **Glossary** continued

### **Condition**

A condition aims to restrict a practitioner's practice in some way or may relate to the management of the practitioner's health, to protect the public. Conditions on practice are displayed on the public register maintained by Ahpra.

### **Immediate Action (Section 150)**

If a Council is satisfied that a practitioner or student poses an imminent risk to public safety the Council must take immediate action and may suspend registration or impose conditions on registration pending further investigation.

### **Notification**

A notification (or complaint) can be either voluntary or a mandatory notification. A voluntary notification is about behaviour which presents a risk and a mandatory notification is required for notifiable conduct as defined in the National Law.

### **Notifiable Conduct / Mandatory Reporting**

Notifiable conduct includes practising whilst intoxicated, engaging in sexual misconduct in connection with professional practice, placing the public at risk of substantial harm due to an impairment or a significant departure from accepted professional standards.

### **Open Matter**

A complaint remains open until such time as a final outcome/decision has been determined by the Council or other decision-making entity under the Law, such as a tribunal, Professional Standards Committee, Performance Review Panel or court. This decision disposes of the matter.

### **Order**

An order is a decision, condition or restriction placed on a practitioner's registration or practice.

### **Professional Misconduct**

Professional misconduct is unsatisfactory professional conduct of a sufficiently serious nature to justify suspension or cancellation of the practitioner's registration.

### **Reprimand**

A reprimand is a formal rebuke or chastisement for inappropriate and unacceptable conduct and appears on a practitioner's registration.

### **Stream**

Conduct: behaviour by a practitioner that may be categorised as professional misconduct or unsatisfactory professional conduct.

Performance: professional performance that is considered unsatisfactory because it is below the standard reasonably expected of a practitioner of an equivalent level of training or experience.

Health: a practitioner who may have a physical or mental impairment, disability, condition or disorder that detrimentally affects, or is likely to detrimentally affect their capacity to practise their profession.

### **Supervision**

Supervision is the performing of one's duties or practice under the supervision of another similarly qualified practitioner.



## **Glossary** continued

### **Suspension**

- A Council may suspend a practitioner's registration for an interim period if it determines that immediate action is required to protect the health or safety of any person(s) or the action is in the public interest
- With the voluntary agreement of the practitioner or student, a Council may suspend registration if recommended by an Impaired Registrants Panel
- A Council may recommend the suspension of a practitioner's registration to the Tribunal Chair if the practitioner does not have sufficient physical and mental capacity to practise the profession. Council may recommend the suspension of a student's registration if the student has an impairment
- The Tribunal may order the suspension of a practitioner's or student's registration if it is satisfied that the practitioner is not competent to practise or is guilty of professional misconduct, or if the practitioner / student is unfit in the public interest to practise / to undertake clinical training or is not a suitable person for registration in the profession.

### **Unsatisfactory Professional Conduct**

Conduct which is:

- significantly below reasonable standards
- in contravention of the Law or regulations
- in contravention of conditions of registration
- failure to comply with order/decision of a Professional Standards Committee or Tribunal
- accepting or offering a benefit for referral or recommendation to a health service provider or a health product
- engaging in over servicing
- failure to disclose a pecuniary interest in giving a referral or recommendation
- permitting assistants not registered in the profession to provide services requiring professional discretion or skill, or
- other unethical or improper behaviour.

Additional matters apply to medical practitioners and pharmacists.

# Abbreviations

AASB	Australian Accounting Standards Board
Ahpra	Australian Health Practitioner Regulation Agency
AIIM	Assessment Intake Inspection and Monitoring
ARC	Audit and Risk Committee
ATO	Australian Taxation Office
ATSIHP	Aboriginal and Torres Strait Islander Health Practice or Practitioner
AustLII	Australasian Legal Information Institute
BCP	Business Continuity Plan
BCS	Business Classification Scheme
CORE	Collaboration Openness Respect Empowerment
CPI	Consumer Price Index
DIAP	(NSW Health) Disability Inclusion Action Plan
DP	Director of Proceedings, HCCC
DPP	Director of Public Prosecutions
FTE	Full-time Equivalent
GIPA Act	Government Information (Public Access) Act 2009
GSE	Government Sector Employment
GST	Goods and Services Tax
HAC	Health Administration Corporation
HCCC	Health Care Complaints Commission
HCE	Health Complaints Entry
HETI	Health Education and Training Institute
HPCA	Health Professional Councils Authority
ICT / IT	Information Communications Technology / Information Technology
IPC	Information and Privacy Commissioner
IRP	Impaired Registrants Panel
L&D	Learning and Development
MaCS	Monitoring and Complaints System (database)
MoH	Ministry of Health
National Law / The Law	Health Practitioner Regulation National Law (NSW) No 86a
NCAT	NSW Civil and Administrative Tribunal
NMW or N&M	Nursing and Midwifery
NRAS	National Registration and Accreditation Scheme
PID	Public Interest Disclosures
PPP	Principal Place of Practice
PRP	Performance Review Panel
PSC	Professional Standards Committee
RAT	Risk Assessment Tool
RTS	Records Titling Standard
SLA	Service level agreement
TRIM	Total Records Information Management - the document management system used by the HPCA

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## **PART 2**

# **Financial Statements**

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Nursing and Midwifery Council of New South Wales

Occupational Therapy Council of New South Wales

Optometry Council of New South Wales

Osteopathy Council of New South Wales

Paramedicine Council of New South Wales

Pharmacy Council of New South Wales

Physiotherapy Council of New South Wales

Podiatry Council of New South Wales

Psychology Council of New South Wales



**Aboriginal and  
Torres Strait  
Islander Health  
Practice Council  
of NSW**

# **Aboriginal and Torres Strait Islander Health Practice Council of NSW**

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL **CHINESE MEDICINE COUNCIL**  
CHIROPRACTIC COUNCIL **DENTAL COUNCIL** MEDICAL COUNCIL **MEDICAL RADIATION PRACTICE COUNCIL** NURSING  
AND MIDWIFERY COUNCIL **OCCUPATIONAL THERAPY COUNCIL** OPTOMETRY COUNCIL **OSTEOPATHY COUNCIL**  
**PARAMEDICINE COUNCIL** PHARMACY COUNCIL **PHYSIOTHERAPY COUNCIL** PODIATRY COUNCIL **PSYCHOLOGY COUNCIL**

# **Aboriginal and Torres Strait Islander Health Practice Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020





## INDEPENDENT AUDITOR'S REPORT

### Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light grey grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Aboriginal and Torres Strait Islander Health Practice Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Mr Christopher O'Brien  
President

Date: 15 October 2020



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Ms Rosemary MacDougal  
Deputy President

Date: 15 October 2020

**Aboriginal and Torres Strait Islander Health Practice Council of New South Wales**  
**Statement of Comprehensive Income for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	8,233	4,496
Other expenses	3	5,108	5,417
Depreciation and amortisation	4	488	25
Finance costs	5	5	-
<b>Total expenses excluding losses</b>		<b>13,834</b>	<b>9,938</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	10	659	320
Registration fees	7	-	6,235
Registration fees from contracts with customers	7	7,099	-
Investment revenue	8	211	506
Grants and other contributions	9	40,000	-
<b>Total revenue</b>		<b>47,969</b>	<b>7,061</b>
<b>Operating result</b>		<b>34,135</b>	<b>(2,877)</b>
Other gains / (losses)	12	(509)	-
<b>Net result</b>		<b>33,626</b>	<b>(2,877)</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>33,626</b>	<b>(2,877)</b>

The accompanying notes form part of these financial statements.

**Aboriginal and Torres Strait Islander Health Practice Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	67,257	31,786
Receivables	14	87	251
<b>Total current assets</b>		<b>67,344</b>	<b>32,037</b>
<b>Non-current assets</b>			
Property, plant & equipment	15		
- Plant and equipment		49	8
- Leasehold improvements		26	27
Total property, plant & equipment		75	35
Right-of-use assets	16	2,559	-
<b>Total non-current assets</b>		<b>2,634</b>	<b>35</b>
<b>Total assets</b>		<b>69,978</b>	<b>32,072</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	17	2,177	1,800
Contract liabilities	18	3,351	-
Lease liabilities	19	403	-
Other current liabilities	21	-	2,620
<b>Total current liabilities</b>		<b>5,931</b>	<b>4,420</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	2,769	-
Provisions	20	1,134	1,134
<b>Total non-current liabilities</b>		<b>3,903</b>	<b>1,134</b>
<b>Total liabilities</b>		<b>9,834</b>	<b>5,554</b>
<b>Net assets</b>		<b>60,144</b>	<b>26,518</b>
<b>EQUITY</b>			
Accumulated funds		60,144	26,518
<b>Total Equity</b>		<b>60,144</b>	<b>26,518</b>

The accompanying notes form part of these financial statements.

**Aboriginal and Torres Strait Islander Health Practice Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Restated balance at 1 July 2019		26,518
Net result for the year		33,626
Balance at 30 June 2020		<u>60,144</u>

	Notes	Accumulated Funds \$
Balance at 1 July 2018		29,395
Net result for the year		(2,877)
Balance at 30 June 2019		<u>26,518</u>

**Aboriginal and Torres Strait Islander Health Practice Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(7,374)	(4,691)
Other		(5,356)	(7,248)
Finance costs		(5)	-
<b>Total payments</b>		<b>(12,735)</b>	<b>(11,939)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		7,830	6,568
Interest received		211	506
Grants and other contributions		40,000	-
Other		586	590
<b>Total receipts</b>		<b>48,627</b>	<b>7,664</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	<b>35,892</b>	<b>(4,275)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	18
Purchases of property, plant and equipment		(47)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(47)</b>	<b>18</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(374)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(374)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>35,471</b>	<b>(4,257)</b>
Opening cash and cash equivalents	13	31,786	36,043
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	13	<b>67,257</b>	<b>31,786</b>

The accompanying notes form part of these financial statements.



# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## 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 Aboriginal and Torres Strait Islander Health Practice Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

---

### 1. Statement of Significant Accounting Policies

#### 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.

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

##### **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).

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

---

### 1. Statement of Significant Accounting Policies

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:

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

#### 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.

##### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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;

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

- \* 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.

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019
	\$
<b>Assets</b>	
Right-of-use assets	3,546
<b>Total assets</b>	<b>3,546</b>
<b>Liabilities</b>	
Lease liabilities	3,546
<b>Total liabilities</b>	<b>3,546</b>
<b>Equity</b>	
Accumulated funds	-
	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019
	\$
Operating lease commitments as at 30 June 2019 (GST included)	1,605
(Less): GST included in operating lease commitments	146
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>1,459</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>1,430</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	2,116
<b>Lease liabilities as at 1 July 2019</b>	<b>3,546</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 2. Personnel services

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	6,427	3,579
Superannuation - defined benefit plans	2	-
Superannuation - defined contribution plans	612	334
Long service leave	740	353
Redundancies	37	-
Workers' compensation insurance	13	-
Payroll taxes	402	230
	<b>8,233</b>	<b>4,496</b>

#### Recognition and Measurement

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 3. Other expenses

	2020	2019
	\$	\$
Consultancies	4	15
Contractors	1,391	987
Domestic supplies and services	13	9
Food supplies	12	9
Fuel, light and power	14	-
Information management expenses	120	403
Maintenance (see Note 3(b))	74	1
Postal and telephone costs	29	187
Printing and stationery	18	-
Staff and Council related costs	23	36
Travel related costs	1,064	1,368
Other (see Note 3(a))	2,346	2,402
	<b>5,108</b>	<b>5,417</b>

### 3. Other expenses (continued)

	2020	2019
	\$	\$
<b>(a) Other</b>		
Membership/professional fees	1	-
Security services	1	-
Expenses relating to leases of low-value assets	3	-
Auditor's Remuneration	2,339	2,011
Sitting Fees	-	239
General administration expenses	2	152
	<b>2,346</b>	<b>2,402</b>
<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	4	-
New / replacement equipment under \$5,000	39	-
Repairs maintenance / non contract	31	1
	<b>74</b>	<b>1</b>

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 17.

##### **Insurance**

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

##### **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 Council 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.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 4. Depreciation and amortisation

	2020	2019
	\$	\$
Depreciation - leasehold improvements	4	11
Depreciation - plant and equipment	6	14
Depreciation - right-of-use buildings	478	-
	<b>488</b>	<b>25</b>

Refer to Note 15 Property, plant and equipment and Note 16 Leases for recognition and measurement policies on depreciation.



# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 5. Finance costs

	2020	2019
	\$	\$
Interest expense from lease liabilities	5	-
	5	-

#### Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

### 6. Expenditure managed on behalf of the Council through the NSW Ministry of Health

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 7. Registration fees

	2020	2019
	\$	\$
Registration fees	7,099	6,235
	<b>7,099</b>	<b>6,235</b>

#### Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

#### **Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

#### **Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 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 Council expects to recognise the unsatisfied portion as revenue.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 8. Investment revenue

	2020	2019
	\$	\$
Interest	211	506
	211	506

#### 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).

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 9. Grants and other contributions

	2020	2019
	\$	\$
Grants without specific performance obligations	40,000	-
	<b>40,000</b>	-

#### Recognition and Measurement

##### *Grants and other contributions (from 1 July 2019)*

Revenue from grants with sufficiently specific performance obligations is recognised when the Council satisfies a performance obligation by transferring the promised goods or services. The Council typically receives grants in respect of funding its operations.

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.

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

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 10. Acceptance by the Crown Entity of personnel services

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

	2020	2019
	\$	\$
Superannuation - defined benefit plans	2	-
Long service leave provision	656	320
	<b>658</b>	<b>320</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 11. Gains / (losses) on disposal

	2020	2019
	\$	\$
Property, plant and equipment	-	41
Less: accumulated depreciation	-	(23)
<b>Written down value</b>	<b>-</b>	<b>18</b>
Less: proceeds from disposal	-	18
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>-</b>

### 12. Other gains / (losses)

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(509)	-
	<b>(509)</b>	<b>-</b>

### Recognition and Measurement

#### *Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 15 Property, plant and equipment
- Note 16 Leases

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 13. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank - held by HPCA*	67,257	31,786
	<b>67,257</b>	<b>31,786</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	67,257	31,786
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>67,257</b>	<b>31,786</b>

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 14. Receivables

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	32	-
Trade receivables	-	23
Goods and Services Tax	31	41
Prepayments	24	187
	<b>87</b>	<b>251</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.



# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Property, plant and equipment

#### (a) Total property, plant and equipment

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>			
Gross carrying amount	83	1,159	1,242
Less: accumulated depreciation and impairment	34	1,136	1,170
<b>Net carrying amount</b>	<b>49</b>	<b>23</b>	<b>72</b>
<b>As at 30 June 2019</b>			
Gross carrying amount	36	1,159	1,195
Less: accumulated depreciation and impairment	28	1,132	1,160
<b>Net carrying amount</b>	<b>8</b>	<b>27</b>	<b>35</b>

#### (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:

	Plant and Equipment \$	Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>			
Net carrying amount at beginning of year	8	27	35
Additions	47	-	47
Depreciation expense	(6)	(4)	(10)
<b>Net carrying amount at end of year</b>	<b>49</b>	<b>23</b>	<b>72</b>

	Plant and Equipment \$	Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2019</b>			
Net carrying amount at beginning of year	40	38	78
Adjustment to Opening Gross Carrying Amount*	-	1,094	1,094
Adjustment to Opening Accumulated Depreciation*	-	(1,094)	(1,094)
Disposals	(18)	-	(18)
Depreciation expense	(14)	(11)	(25)
<b>Net carrying amount at end of year</b>	<b>8</b>	<b>27</b>	<b>35</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

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

The Council 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 Council.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. 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.

##### *Capitalisation thresholds*

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

##### *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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. Property, plant and equipment (continued)

#### ***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 16.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 16.

#### ***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

#### ***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

#### ***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.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Leases

#### (a) Entity as a lessee

The Council leases a property at Pitt Street and lease contract is made for fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

#### Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	3,546	-	3,546
Depreciation expense	(478)	-	(478)
Impairment losses (recognised in 'Other gains /	(509)	-	(509)
<b>Balance at 30 June 2020</b>	<b>2,559</b>	<b>-</b>	<b>2,559</b>

#### Lease liabilities

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	3,546
Interest expenses	5
Payments	(379)
<b>Balance at 30 June 2020</b>	<b>3,172</b>

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

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

	Total \$
<b>2020</b>	
Depreciation expense of right-of-use assets	478
Interest expense on lease liabilities	5
Expenses relating to leases of low-value assets	3
Impairment losses on right-of-use assets	509
<b>Total amount recognised in the statement of comprehensive income</b>	<b>995</b>

The Council had total cash outflows for leases of \$379 for the year ended 30 June 2020.

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

	Operating leases 2019 \$	Finance leases 2019 \$
Within one year	646	-
Later than one year and not later than five years	959	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>1,605</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	146	-
<b>Total (excluding GST)</b>	<b>1,459</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

##### *i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

#### ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

#### iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

##### 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 Council 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 Council 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.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 17. Payables

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	220	37
Taxation and payroll deductions	38	18
Creditors	27	10
Accrued Expenditure	1,892	1,735
	<b>2,177</b>	<b>1,800</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	258	55
	<b>258</b>	<b>55</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 25.

#### Recognition and Measurement

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



# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 18. Contract liabilities

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	3,351	2,620
	<b>3,351</b>	<b>2,620</b>

#### 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 registration fees and grants. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 19. Lease liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 16)	403	-
	<b>403</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 16)	2,769	-
	<b>2,769</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

#### Recognition and Measurement

##### *Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 20. Provisions

	2020	2019
	\$	\$
<b>Non-current</b>		
Make good provision	1,134	1,134
	<b>1,134</b>	<b>1,134</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	1,134	1,134
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>1,134</b>	<b>1,134</b>

### Recognition and Measurement

#### *Provision for make good*

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

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

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 21. Other liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	2,620
	-	<b>2,620</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 17. Contract Liabilities for the reclassification of unearned revenue as at 1 July 2019.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 22. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

### 23. Contingent liabilities and assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## 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

	2020	2019
	\$	\$
Net cash used on operating activities	35,892	(4,275)
Depreciation and amortisation expense	(488)	(25)
(Increase) / decrease in unearned revenue	2,620	(332)
Increase / (decrease) in prepayments and other assets	(163)	8
Decrease / (increase) in payables	(375)	1,747
Decrease / (increase) in contract liabilities	(3,351)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(509)	-
<b>Net result</b>	<b>33,626</b>	<b>(2,877)</b>

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, 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 \$	Carrying Amount 2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents (Note 13)	Amortised cost	67,257	31,786
Receivables (Note 14) <sup>1</sup>	Amortised cost	32	23
<b>Total Financial Assets</b>		<b>67,289</b>	<b>31,809</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 19)	Financial liabilities measured at amortised cost	3,172	-
Payables (Note 17) <sup>2</sup>	Financial liabilities measured at amortised cost	2,139	1,782
<b>Total Financial Liabilities</b>		<b>5,311</b>	<b>1,782</b>

#### Notes

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments (continued)

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

##### 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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	32	-	-	-	-	32
Expected credit loss	-	-	-	-	-	-
30 June 2019	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	23	-	-	-	-	23
Expected credit loss	-	-	-	-	-	-

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



# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 25. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk (continued)

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr
	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	2,139	-	-	2,139	2,139	-	-
Borrowings:							
- Lease liabilities	3,172	-	-	3,172	403	1,942	827
	<b>5,311</b>	<b>-</b>	<b>-</b>	<b>5,311</b>	<b>2,542</b>	<b>1,942</b>	<b>827</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	1,782	-	-	1,782	1,782	-	-
	<b>1,782</b>	<b>-</b>	<b>-</b>	<b>1,782</b>	<b>1,782</b>	<b>-</b>	<b>-</b>

#### Notes:

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments (continued)

#### iii. Market risk

The Council does not have exposure to market risk on financial instruments.

##### *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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(641)	641	(318)	318
Equity	(641)	641	(318)	318

# Aboriginal and Torres Strait Islander Health Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 26. Related party transactions

During the financial year, Aboriginal and Torres Strait Islander Health Practice Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$1,111 (2019: \$239) for these services.

### 27. Events after the reporting period

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



**Chinese  
Medicine  
Council**  
of NSW

# Chinese Medicine Council of NSW

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL **CHINESE MEDICINE COUNCIL**  
CHIROPRACTIC COUNCIL **DENTAL COUNCIL** MEDICAL COUNCIL **MEDICAL RADIATION PRACTICE COUNCIL** NURSING  
AND MIDWIFERY COUNCIL **OCCUPATIONAL THERAPY COUNCIL** OPTOMETRY COUNCIL **OSTEOPATHY COUNCIL**  
**PARAMEDICINE COUNCIL** PHARMACY COUNCIL **PHYSIOTHERAPY COUNCIL** PODIATRY COUNCIL **PSYCHOLOGY COUNCIL**

# **Chinese Medicine Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Chinese Medicine Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Chinese Medicine Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.



My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light blue grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**CHINESE MEDICINE COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Chinese Medicine Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Chinese Medicine Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Adjunct Professor Danforn Lim  
President

Date: 15 October 2020



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Ms Christine Berle  
Deputy President

Date: 15 October 2020

**Chinese Medicine Council of New South Wales**  
**Statement of Comprehensive Income for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	168,804	110,944
Other expenses	3	144,511	156,628
Depreciation and amortisation	4	11,172	1,361
Finance costs	5	1,446	-
<b>Total expenses excluding losses</b>		<b>325,933</b>	<b>268,933</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	9	16,162	6,075
Registration fees	7	-	451,827
Registration fees from contracts with customers	7	394,160	-
Investment revenue	8	17,079	35,551
Other income		-	21,080
<b>Total revenue</b>		<b>427,401</b>	<b>514,533</b>
<b>Operating result</b>		<b>101,468</b>	<b>245,600</b>
Gains / (losses) on disposal	10	-	(3)
Other gains / (losses)	11	(10,892)	-
<b>Net result</b>		<b>90,576</b>	<b>245,597</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>90,576</b>	<b>245,597</b>

The accompanying notes form part of these financial statements.

**Chinese Medicine Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	2,520,653	2,430,602
Receivables	13	2,053	26,455
<b>Total current assets</b>		<b>2,522,706</b>	<b>2,457,057</b>
<b>Non-current assets</b>			
Property, plant & equipment	14		
- Plant and equipment		2,091	1,483
- Leasehold improvements		3,035	2,456
- WIP - Leasehold improvements		-	1,002
Total property, plant & equipment		5,126	4,941
Right-of-use assets	15	54,764	-
Intangible assets	16	10	26
<b>Total non-current assets</b>		<b>59,900</b>	<b>4,967</b>
<b>Total assets</b>		<b>2,582,606</b>	<b>2,462,024</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	17	22,566	23,628
Contract liabilities	18	146,452	-
Lease liabilities	19	8,623	-
Other current liabilities	21	-	183,269
<b>Total current liabilities</b>		<b>177,641</b>	<b>206,897</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	59,262	-
Provisions	20	5,652	5,652
<b>Total non-current liabilities</b>		<b>64,914</b>	<b>5,652</b>
<b>Total liabilities</b>		<b>242,555</b>	<b>212,549</b>
<b>Net assets</b>		<b>2,340,051</b>	<b>2,249,475</b>
<b>EQUITY</b>			
Accumulated funds		2,340,051	2,249,475
<b>Total Equity</b>		<b>2,340,051</b>	<b>2,249,475</b>

The accompanying notes form part of these financial statements.

**Chinese Medicine Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Balance at 1 July 2019		2,249,475
Restated balance at 1 July 2019		2,249,475
Net result for the year		90,576
Balance at 30 June 2020		2,340,051

	Notes	Accumulated Funds \$
Balance at 1 July 2018		2,003,878
Net result for the year		245,597
Balance at 30 June 2019		2,249,475

**Chinese Medicine Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(155,326)	(111,507)
Other		(149,187)	(168,942)
Finance costs		(1,446)	-
<b>Total payments</b>		<b>(305,959)</b>	<b>(280,449)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		357,396	448,357
Interest received		17,079	35,551
Other		30,647	7,864
<b>Total receipts</b>		<b>405,122</b>	<b>491,772</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	<b>99,163</b>	<b>211,323</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	85
Purchases of property, plant and equipment and intangibles		(1,121)	(2,226)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,121)</b>	<b>(2,141)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(7,991)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(7,991)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>90,051</b>	<b>209,182</b>
Opening cash and cash equivalents	12	2,430,602	2,221,420
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	12	<b>2,520,653</b>	<b>2,430,602</b>

The accompanying notes form part of these financial statements.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### a) Reporting entity

The Chinese Medicine Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

##### **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:



# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

#### 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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019
	\$
<b>Assets</b>	
Right-of-use assets	75,876
<b>Total assets</b>	<b>75,876</b>
<b>Liabilities</b>	
Lease liabilities	75,876
<b>Total liabilities</b>	<b>75,876</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019
	\$
Operating lease commitments as at 30 June 2019 (GST included)	34,356
(Less): GST included in operating lease commitments	3,123
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>31,233</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>30,621</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	45,255
<b>Lease liabilities as at 1 July 2019</b>	<b>75,876</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 2. Personnel services

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	125,665	87,156
Superannuation - defined benefit plans	84	76
Superannuation - defined contribution plans	11,477	7,986
Long service leave	18,151	6,621
Redundancies	1,286	-
Workers' compensation insurance	445	302
Payroll taxes	11,696	8,803
	<b>168,804</b>	<b>110,944</b>

#### Recognition and Measurement

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 3. Other expenses

	2020	2019
	\$	\$
Advertising	208	36
Consultancies	123	238
Contractors	34,253	27,214
Domestic supplies and services	549	330
Food supplies	1,415	3,729
Fuel, light and power	305	356
Information management expenses	20,711	13,333
Insurance	5	4
Maintenance (see Note 3(b))	3,838	3,703
Motor vehicle expenses	11	20
Postal and telephone costs	1,042	4,419
Printing and stationery	456	1,082
Rental	-	7,270
Staff and Council related costs	586	1,152
Travel related costs	2,532	841
Other (see Note 3(a))	78,477	92,901
	<b>144,511</b>	<b>156,628</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	3	17
Legal services	(1,515)	21,878
Membership/professional fees	19	20
Security services	13	14
Expenses relating to leases of low-value assets	53	-
Auditor's Remuneration	6,368	3,257
Sitting Fees	33,681	34,253
NSW Civil & Administrative Tribunal Fixed Costs	6,508	3,300
Council Fees	25,556	25,556
General administration expenses	7,791	4,606
	<b>78,477</b>	<b>92,901</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	321	268
New / replacement equipment under \$5,000	869	1,187
Repairs maintenance / non contract	2,648	2,248
	<b>3,838</b>	<b>3,703</b>

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 17.

##### **Insurance**

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

##### **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 Council 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.

## Chinese Medicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 4. Depreciation and amortisation

	2020	2019
	\$	\$
Depreciation - leasehold improvements	460	984
Depreciation - plant and equipment	476	216
Depreciation - right-of-use buildings	10,220	-
Amortisation - intangible assets	16	161
	<b>11,172</b>	<b>1,361</b>

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 5. Finance costs

	2020	2019
	\$	\$
Interest expense from lease liabilities	1,446	-
	<b>1,446</b>	<b>-</b>

#### Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

### 6. Expenditure managed on behalf of the Council through the NSW Ministry of Health

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 7. Registration fees

	2020	2019
	\$	\$
Registration fees	394,160	451,827
	<b>394,160</b>	<b>451,827</b>

#### Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

#### **Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

#### **Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 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 Council expects to recognise the unsatisfied portion as revenue.



# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 8. Investment revenue

	2020	2019
	\$	\$
Interest	17,079	35,551
	<b>17,079</b>	<b>35,551</b>

#### 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).

## Chinese Medicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 9. Acceptance by the Crown Entity of personnel services

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

	2020	2019
	\$	\$
Superannuation - defined benefit plans	84	76
Long service leave provision	16,078	5,999
	<b>16,162</b>	<b>6,075</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

## Chinese Medicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 10. Gains / (losses) on disposal

	2020	2019
	\$	\$
Property, plant and equipment	-	202
<i>Less: accumulated depreciation</i>	-	(114)
<b>Written down value</b>	<b>-</b>	<b>88</b>
<i>Less: proceeds from disposal</i>	-	85
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>(3)</b>

#### 11. Other gains / (losses)

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(10,892)	-
	<b>(10,892)</b>	<b>-</b>

#### Recognition and Measurement

##### *Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets

## Chinese Medicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 12. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	22,454	22,303
Cash at bank - held by HPCA*	2,498,199	2,408,299
	<b>2,520,653</b>	<b>2,430,602</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	2,520,653	2,430,602
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>2,520,653</b>	<b>2,430,602</b>

The Council operates the bank accounts shown below:

Education and Research Account**	22,454	22,303
	<b>22,454</b>	<b>22,303</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 13. Receivables

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	19	-
Trade receivables	-	23,075
Goods and Services Tax	1,211	-
Prepayments	823	3,380
	<b>2,053</b>	<b>26,455</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

## Chinese Medicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 14. Property, plant and equipment

##### (a) Total property, plant and equipment

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	2,896	9,184	-	12,080
Movements in WIP	-	1,002	-	1,002
Less: accumulated depreciation and impairment	805	7,151	-	7,956
<b>Net carrying amount</b>	<b>2,091</b>	<b>3,035</b>	<b>-</b>	<b>5,126</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	1,812	9,147	1,002	11,961
Less: accumulated depreciation and impairment	329	6,691	-	7,020
<b>Net carrying amount</b>	<b>1,483</b>	<b>2,456</b>	<b>1,002</b>	<b>4,941</b>

##### (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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	1,483	2,456	1,002	4,941
Movements in WIP	-	1,002	(1,002)	-
Additions	1,084	37	-	1,121
Depreciation expense	(476)	(460)	-	(936)
<b>Net carrying amount at end of year</b>	<b>2,091</b>	<b>3,035</b>	<b>-</b>	<b>5,126</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	563	3,440	-	4,003
Adjustment to Opening Gross Carrying Amount*	-	5,419	-	5,419
Adjustment to Opening Accumulated Depreciation*	-	(5,419)	-	(5,419)
Additions	1,224	-	1,002	2,226
Disposals	(88)	-	-	(88)
Depreciation expense	(216)	(984)	-	(1,200)
<b>Net carrying amount at end of year</b>	<b>1,483</b>	<b>2,456</b>	<b>1,002</b>	<b>4,941</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 14. Property, plant and equipment (continued)

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

The Council 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 Council.

#### 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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

##### *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 Council. 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
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

## Chinese Medicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 14. Property, plant and equipment (continued)

##### ***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 15.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 15.

##### ***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

##### ***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

##### ***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.



# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Leases

#### (a) Entity as a lessee

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

#### Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	75,876	-	75,876
Depreciation expense	(10,220)	-	(10,220)
Impairment losses (recognised in 'Other gains /	(10,892)	-	(10,892)
<b>Balance at 30 June 2020</b>	<b>54,764</b>	<b>-</b>	<b>54,764</b>

#### Lease liabilities

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	75,876
Interest expenses	1,446
Payments	(9,437)
<b>Balance at 30 June 2020</b>	<b>67,885</b>

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Leases (continued)

#### (a) Entity as a lessee (continued)

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

	Total \$
<b>2020</b>	
Depreciation expense of right-of-use assets	10,220
Interest expense on lease liabilities	1,446
Expenses relating to leases of low-value assets	53
Impairment losses on right-of-use assets	10,892
<b>Total amount recognised in the statement of comprehensive income</b>	<b>22,611</b>

The Council had total cash outflows for leases of \$9,437 for the year ended 30 June 2020.

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

	Operating leases 2019 \$	Finance leases 2019 \$
Within one year	13,834	-
Later than one year and not later than five years	20,522	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>34,356</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	<i>3,123</i>	<i>-</i>
<b>Total (excluding GST)</b>	<b>31,233</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

##### *i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. Leases (continued)

#### (a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

#### ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

#### iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. Leases (continued)

#### (a) Entity as a lessee (continued)

##### 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 Council 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 Council 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.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Intangible assets

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	116	116
Less: accumulated amortisation and impairment	106	90
<b>Net carrying amount</b>	<b>10</b>	<b>26</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	26	187
Amortisation (recognised in depreciation and amortisation)	(16)	(161)
<b>Net carrying amount at end of year</b>	<b>10</b>	<b>26</b>

### Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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

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.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 17. Payables

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	4,739	8,187
Taxation and payroll deductions	1,299	512
Creditors	815	2,660
Goods and Services Tax	-	724
Accrued Expenditure	15,713	11,545
	<b>22,566</b>	<b>23,628</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	6,038	8,699
	<b>6,038</b>	<b>8,699</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 25.

#### Recognition and Measurement

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

## Chinese Medicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 18. Contract liabilities

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	146,452	183,269
	<b>146,452</b>	<b>183,269</b>

#### 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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarter of 2020-21 as the remaining registration period elapses.

## Chinese Medicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 19. Lease liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 15)	8,623	-
	<b>8,623</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 15)	59,262	-
	<b>59,262</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

#### Recognition and Measurement

##### *Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.



# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 20. Provisions

	2020	2019
	\$	\$
<b>Non-current</b>		
Make good provision	5,652	5,652
	<b>5,652</b>	<b>5,652</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	5,652	5,652
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>5,652</b>	<b>5,652</b>

### Recognition and Measurement

#### *Provision for make good*

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

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

## Chinese Medicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 21. Other liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	183,269
	-	<b>183,269</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 18. Contract Liabilities for the reclassification of unearned revenue to as at 1 July 2019.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 22. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

### 23. Contingent liabilities and assets

#### (a) Contingent liabilities

##### Cost recoveries

The Council previously recovered costs associated with certain regulatory activities from practitioners. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and the Council is currently taking steps to identify such transactions and return the money to the practitioner where possible. A contingent liability has been recognised as the Council is unable to reasonably estimate the value of these refunds.

It is expected that the Council will be able to reliably estimate the refund amount in the second quarter of the financial year 2020/21. However, this completion of the process will depend on the following factors:

- Quantity and quality of the retrieved data;
- Confirmation and approval of the refunds by the Council and HPCA Legal team; and
- Response from the identified and contacted practitioners.

#### (b) Contingent assets

There were no contingent assets which would have a material effect on the disclosures in these financial statements.

## Chinese Medicine Council of New South Wales

### 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

	2020	2019
	\$	\$
Net cash used on operating activities	99,163	211,323
Depreciation and amortisation expense	(11,172)	(1,361)
(Increase) / decrease in unearned revenue	183,269	3,470
Increase / (decrease) in prepayments and other assets	(24,402)	22,726
Decrease / (increase) in payables	1,062	9,442
Decrease / (increase) in contract liabilities	(146,452)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(10,892)	-
Net gain / (loss) on sale of property, plant and equipment	-	(3)
<b>Net result</b>	<b>90,576</b>	<b>245,597</b>

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, 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 \$	Carrying Amount 2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents (Note 12)	Amortised cost	2,520,653	2,430,602
Receivables (Note 13) <sup>1</sup>	Amortised cost	19	23,075
<b>Total Financial Assets</b>		<b>2,520,672</b>	<b>2,453,677</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 19)	Financial liabilities measured at amortised cost	67,885	-
Payables (Note 17) <sup>2</sup>	Financial liabilities measured at amortised cost	21,267	22,392
<b>Total Financial Liabilities</b>		<b>89,152</b>	<b>22,392</b>

#### Notes

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments (continued)

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

##### 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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	-	19	-	-	-	19
Expected credit loss	-	-	-	-	-	-
30 June 2019	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	23,075	-	-	-	-	23,075
Expected credit loss	-	-	-	-	-	-

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

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 25. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk (continued)

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	21,267	-	-	21,267	21,267	-	-
Borrowings:							
- Lease liabilities	67,885	-	-	67,885	8,623	41,566	17,696
	<b>89,152</b>	-	-	<b>89,152</b>	<b>29,890</b>	<b>41,566</b>	<b>17,696</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	22,392	-	-	22,392	22,392	-	-
	<b>22,392</b>	-	-	<b>22,392</b>	<b>22,392</b>	-	-

#### Notes:

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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



# Chinese Medicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments (continued)

#### iii. Market risk

The Council does not have exposure to market risk on financial instruments.

##### *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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(24,528)	24,528	(24,306)	24,306
Equity	(24,528)	24,528	(24,306)	24,306

## **Chinese Medicine Council of New South Wales**

### **Notes to and forming part of the Financial Statements**

for the year ended 30 June 2020

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#### **26. Related party transactions**

During the financial year, Chinese Medicine Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$46,701 (2019: \$54,600) for these services.

#### **27. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



**Chiropractic  
Council**  
of NSW

# Chiropractic Council of NSW

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL  
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING  
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL  
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL

# **Chiropractic Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Chiropractic Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Chiropractic Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', with a stylized flourish at the end.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**CHIROPRACTIC COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Chiropractic Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Chiropractic Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Dr Wayne Minter AM  
President

Date: 15 October 2020



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Dr Lawrence Whitman  
Deputy President

Date: 15 October 2020



**Chiropractic Council of New South Wales**  
**Statement of Comprehensive Income for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	152,497	158,694
Other expenses	3	123,498	154,971
Depreciation and amortisation	4	12,921	2,638
Finance costs	5	1,622	-
<b>Total expenses excluding losses</b>		<b>290,538</b>	<b>316,303</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	9	5,192	8,893
Registration fees	7	-	404,834
Registration fees from contracts with customers	7	420,494	-
Investment revenue	8	8,519	17,124
Other income		-	53
<b>Total revenue</b>		<b>434,205</b>	<b>430,904</b>
<b>Operating result</b>		<b>143,667</b>	<b>114,601</b>
Gains / (losses) on disposal	10	-	(4)
Other gains / (losses)	11	(12,216)	-
<b>Net result</b>		<b>131,451</b>	<b>114,597</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>131,451</b>	<b>114,597</b>

The accompanying notes form part of these financial statements.

**Chiropractic Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	1,318,555	1,169,431
Receivables	13	3,001	4,619
<b>Total current assets</b>		<b>1,321,556</b>	<b>1,174,050</b>
<b>Non-current assets</b>			
Property, plant & equipment	14		
- Plant and equipment		2,909	2,418
- Leasehold improvements		4,557	3,743
- WIP - Leasehold improvements		-	1,450
Total property, plant & equipment		7,466	7,611
Right-of-use assets	15	61,418	-
Intangible assets	16	23	66
<b>Total non-current assets</b>		<b>68,907</b>	<b>7,677</b>
<b>Total assets</b>		<b>1,390,463</b>	<b>1,181,727</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	17	22,636	25,285
Contract liabilities	18	174,547	-
Lease liabilities	19	9,671	-
Other current liabilities	21	-	170,746
<b>Total current liabilities</b>		<b>206,854</b>	<b>196,031</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	66,462	-
Provisions	20	6,604	6,604
<b>Total non-current liabilities</b>		<b>73,066</b>	<b>6,604</b>
<b>Total liabilities</b>		<b>279,920</b>	<b>202,635</b>
<b>Net assets</b>		<b>1,110,543</b>	<b>979,092</b>
<b>EQUITY</b>			
Accumulated funds		1,110,543	979,092
<b>Total Equity</b>		<b>1,110,543</b>	<b>979,092</b>

The accompanying notes form part of these financial statements.

**Chiropractic Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Balance at 1 July 2019		979,092
Restated balance at 1 July 2019		979,092
Net result for the year		131,451
Balance at 30 June 2020		1,110,543

	Notes	Accumulated Funds \$
Balance at 1 July 2018		864,495
Net result for the year		114,597
Balance at 30 June 2019		979,092

**Chiropractic Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(154,204)	(148,742)
Other		(127,088)	(173,044)
Finance costs		(1,622)	-
<b>Total payments</b>		<b>(282,914)</b>	<b>(321,786)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		424,298	415,725
Interest received		8,519	17,124
Other		9,455	12,909
<b>Total receipts</b>		<b>442,272</b>	<b>445,758</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	<b>159,358</b>	<b>123,972</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	99
Purchases of property, plant and equipment and intangibles		(1,272)	(3,222)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,272)</b>	<b>(3,123)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(8,962)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(8,962)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>149,124</b>	<b>120,849</b>
Opening cash and cash equivalents	12	1,169,431	1,048,582
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	12	<b>1,318,555</b>	<b>1,169,431</b>

The accompanying notes form part of these financial statements.

# Chiropractic Council of New South Wales

## 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 Chiropractic Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

# Chiropractic Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

##### **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:

## 1. Statement of Significant Accounting Policies

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

### **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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

# Chiropractic Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019 \$
<b>Assets</b>	
Right-of-use assets	85,095
<b>Total assets</b>	<b>85,095</b>
<b>Liabilities</b>	
Lease liabilities	85,095
<b>Total liabilities</b>	<b>85,095</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019 \$
Operating lease commitments as at 30 June 2019 (GST included)	38,531
(Less): GST included in operating lease commitments	3,503
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>35,028</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>34,341</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	50,754
<b>Lease liabilities as at 1 July 2019</b>	<b>85,095</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.



**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**2. Personnel services**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages (including annual leave)	124,326	127,640
Superannuation - defined benefit plans	94	131
Superannuation - defined contribution plans	11,178	11,682
Long service leave	5,384	9,667
Redundancies	1,454	-
Workers' compensation insurance	503	435
Payroll taxes	9,558	9,139
	<b>152,497</b>	<b>158,694</b>

**Recognition and Measurement**

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**3. Other expenses**

	2020	2019
	\$	\$
Advertising	4	52
Consultancies	139	220
Contractors	33,059	35,891
Domestic supplies and services	620	404
Food supplies	1,016	3,503
Fuel, light and power	342	536
Health assessments	840	3,175
Information management expenses	22,370	15,606
Insurance	5	5
Maintenance (see Note 3(b))	4,300	4,760
Motor vehicle expenses	12	48
Postal and telephone costs	739	4,146
Printing and stationery	502	869
Rental	-	10,765
Staff and Council related costs	600	1,471
Travel related costs	937	1,459
Other (see Note 3(a))	58,013	72,061
	<b>123,498</b>	<b>154,971</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	15	23
Legal services	-	131
Membership/professional fees	21	28
Security services	15	20
Expenses relating to leases of low-value assets	60	-
Auditor's Remuneration	6,368	3,640
Sitting Fees	19,180	36,657
NSW Civil & Administrative Tribunal Fixed Costs	12,428	13,020
Council Fees	17,736	15,908
General administration expenses	2,190	2,634
	<b>58,013</b>	<b>72,061</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	360	389
New / replacement equipment under \$5,000	972	1,718
Repairs maintenance / non contract	2,968	2,653
	<b>4,300</b>	<b>4,760</b>

**3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 17.

***Insurance***

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

***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 Council 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.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**4. Depreciation and amortisation**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Depreciation - leasehold improvements	690	1,500
Depreciation - plant and equipment	727	401
Depreciation - right-of-use buildings	11,461	-
Amortisation - intangible assets	43	737
	<b>12,921</b>	<b>2,638</b>

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**5. Finance costs**

	2020	2019
	\$	\$
Interest expense from lease liabilities	1,622	-
	<b>1,622</b>	<b>-</b>

**Recognition and Measurement**

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

**6. Expenditure managed on behalf of the Council through the NSW Ministry of Health**

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**7. Registration fees**

	2020	2019
	\$	\$
Registration fees	420,494	404,834
	<b>420,494</b>	<b>404,834</b>

**Recognition and Measurement**

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

**Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

**Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 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 Council expects to recognise the unsatisfied portion as revenue.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**8. Investment revenue**

	2020	2019
	\$	\$
Interest	8,519	17,124
	<b>8,519</b>	<b>17,124</b>

**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).

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**9. Acceptance by the Crown Entity of personnel services**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Superannuation - defined benefit plans	94	131
Long service leave provision	5,098	8,762
	<b>5,192</b>	<b>8,893</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.



**Chiropractic Council of New South Wales**  
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for the year ended 30 June 2020

**10. Gains / (losses) on disposal**

	2020	2019
	\$	\$
Property, plant and equipment	-	238
Less: accumulated depreciation	-	(135)
<b>Written down value</b>	<b>-</b>	<b>103</b>
Less: proceeds from disposal	-	99
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>(4)</b>

**11. Other gains / (losses)**

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(12,216)	-
	<b>(12,216)</b>	<b>-</b>

**Recognition and Measurement**

*Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**12. Cash and cash equivalents**

	2020	2019
	\$	\$
Cash at bank and on hand	19,207	19,078
Cash at bank - held by HPCA*	1,299,348	1,150,353
	<b>1,318,555</b>	<b>1,169,431</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	1,318,555	1,169,431
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>1,318,555</b>	<b>1,169,431</b>

The Council operates the bank accounts shown below:

Education and Research Account**	19,207	19,078
	<b>19,207</b>	<b>19,078</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**13. Receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	35	-
Trade receivables	-	76
Goods and Services Tax	2,036	1,722
Prepayments	930	2,821
	<b>3,001</b>	<b>4,619</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**14. Property, plant and equipment**

**(a) Total property, plant and equipment**

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	4,225	11,994	-	16,219
Movements in WIP	-	1,450	-	1,450
Less: accumulated depreciation and impairment	1,316	8,887	-	10,203
<b>Net carrying amount</b>	<b>2,909</b>	<b>4,557</b>	<b>-</b>	<b>7,466</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	3,007	11,940	1,450	16,397
Less: accumulated depreciation and impairment	589	8,197	-	8,786
<b>Net carrying amount</b>	<b>2,418</b>	<b>3,743</b>	<b>1,450</b>	<b>7,611</b>

**(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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	2,418	3,743	1,450	7,611
Movements in WIP	-	1,450	(1,450)	-
Additions	1,218	54	-	1,272
Depreciation expense	(727)	(690)	-	(1,417)
<b>Net carrying amount at end of year</b>	<b>2,909</b>	<b>4,557</b>	<b>-</b>	<b>7,466</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	1,150	5,243	-	6,393
Adjustment to Opening Gross Carrying Amount*	-	6,305	-	6,305
Adjustment to Opening Accumulated Depreciation*	-	(6,305)	-	(6,305)
Additions	1,772	-	1,450	3,222
Disposals	(103)	-	-	(103)
Depreciation expense	(401)	(1,500)	-	(1,901)
<b>Net carrying amount at end of year</b>	<b>2,418</b>	<b>3,743</b>	<b>1,450</b>	<b>7,611</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

**14. Property, plant and equipment (continued)**

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

The Council 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 Council.

**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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

**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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

**14. Property, plant and equipment (continued)**

***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 15.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 15.

***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

***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.

**Chiropractic Council of New South Wales**  
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for the year ended 30 June 2020

**15. Leases**

**(a) Entity as a lessee**

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

**Right-of-use assets under leases**

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	85,095	-	85,095
Depreciation expense	(11,461)	-	(11,461)
Impairment losses (recognised in 'Other gains /	(12,216)	-	(12,216)
<b>Balance at 30 June 2020</b>	<b>61,418</b>	<b>-</b>	<b>61,418</b>

**Lease liabilities**

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	85,095
Interest expenses	1,622
Payments	(10,584)
<b>Balance at 30 June 2020</b>	<b>76,133</b>

**Chiropractic Council of New South Wales**  
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**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

	<b>Total</b>
	<b>\$</b>
<b>2020</b>	
Depreciation expense of right-of-use assets	11,461
Interest expense on lease liabilities	1,622
Expenses relating to leases of low-value assets	60
Impairment losses on right-of-use assets	12,216
<b>Total amount recognised in the statement of comprehensive income</b>	<b>25,359</b>

The Council had total cash outflows for leases of \$10,584 for the year ended 30 June 2020.

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

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	15,515	-
Later than one year and not later than five years	23,016	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>38,531</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	<i>3,503</i>	<i>-</i>
<b>Total (excluding GST)</b>	<b>35,028</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

*i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<b>Useful lives</b>
Buildings	5 years



**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

*ii. Lease liabilities*

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

*iii. Short-term leases and leases of low-value assets*

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

**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 Council 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 Council 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.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**16. Intangible assets**

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	2,756	2,756
Less: accumulated amortisation and impairment	2,733	2,690
<b>Net carrying amount</b>	<b>23</b>	<b>66</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	66	803
Amortisation (recognised in depreciation and amortisation)	(43)	(737)
<b>Net carrying amount at end of year</b>	<b>23</b>	<b>66</b>

**Recognition and Measurement**

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**17. Payables**

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	2,937	10,080
Taxation and payroll deductions	1,014	733
Creditors	882	688
Accrued Expenditure	17,803	13,784
	<b>22,636</b>	<b>25,285</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	3,951	10,813
	<b>3,951</b>	<b>10,813</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 25.

**Recognition and Measurement**

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

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**18. Contract liabilities**

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	174,547	170,746
	<b>174,547</b>	<b>170,746</b>

**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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**19. Lease liabilities**

	2020 \$	2019 \$
<b>Current</b>		
Lease liability (see Note 15)	9,671	-
	<b>9,671</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 15)	66,462	-
	<b>66,462</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

**Recognition and Measurement**

*Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**20. Provisions**

	2020 \$	2019 \$
<b>Non-current</b>		
Make good provision	6,604	6,604
	<b>6,604</b>	<b>6,604</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	6,604	6,604
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>6,604</b>	<b>6,604</b>

**Recognition and Measurement**

***Provision for make good***

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

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

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**21. Other liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	170,746
	-	<b>170,746</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 18. Contract Liabilities for the reclassification of unearned revenue as at 1 July 2019.



**22. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

**23. Contingent liabilities and assets**

**(a) Contingent liabilities**

**Cost recoveries**

The Council previously recovered costs associated with certain regulatory activities from practitioners. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and the Council is currently taking steps to identify such transactions and return the money to the practitioner where possible. A contingent liability has been recognised as the Council is unable to reasonably estimate the value of these refunds.

It is expected that the Council will be able to reliably estimate the refund amount in the second quarter of the financial year 2020/21. However, this completion of the process will depend on the following factors:

- Quantity and quality of the retrieved data;
- Confirmation and approval of the refunds by the Council and HPCA Legal team; and
- Response from the identified and contacted practitioners.

**(b) Contingent assets**

There were no contingent assets which would have a material effect on the disclosures in these financial statements.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net cash used on operating activities	159,358	123,972
Depreciation and amortisation expense	(12,921)	(2,638)
(Increase) / decrease in unearned revenue	170,746	(10,891)
Increase / (decrease) in prepayments and other assets	(1,618)	677
Decrease / (increase) in payables	2,649	3,481
Decrease / (increase) in contract liabilities	(174,547)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(12,216)	-
Net gain / (loss) on sale of property, plant and equipment	-	(4)
<b>Net result</b>	<b>131,451</b>	<b>114,597</b>

# Chiropractic Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, 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 \$	Carrying Amount 2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents (Note 12)	Amortised cost	1,318,555	1,169,431
Receivables (Note 13) <sup>1</sup>	Amortised cost	35	76
<b>Total Financial Assets</b>		<b>1,318,590</b>	<b>1,169,507</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 19)	Financial liabilities measured at amortised cost	76,133	-
Payables (Note 17) <sup>2</sup>	Financial liabilities measured at amortised cost	21,622	24,552
<b>Total Financial Liabilities</b>		<b>97,755</b>	<b>24,552</b>

#### Notes

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

**25. Financial instruments (continued)**

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

**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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
	\$	\$	\$	\$	\$	\$
<b>30 June 2020</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	-	-	22	-	13	35
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2019</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	76	-	-	-	-	76
Expected credit loss	-	-	-	-	-	-

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

## Chiropractic Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 25. Financial instruments (continued)

##### (d) Financial risk (continued)

###### ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**25. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk (continued)**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	21,622	-	-	21,622	21,622	-	-
Borrowings:							
- Lease liabilities	76,133	-	-	76,133	9,671	46,616	19,846
	<b>97,755</b>	<b>-</b>	<b>-</b>	<b>97,755</b>	<b>31,293</b>	<b>46,616</b>	<b>19,846</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	24,552	-	-	24,552	24,552	-	-
	<b>24,552</b>	<b>-</b>	<b>-</b>	<b>24,552</b>	<b>24,552</b>	<b>-</b>	<b>-</b>

**Notes:**

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**25. Financial instruments (continued)**

**iii. Market risk**

The Council does not have exposure to market risk on financial instruments.

*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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(12,424)	12,424	(11,694)	11,694
Equity	(12,424)	12,424	(11,694)	11,694

**Chiropractic Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**26. Related party transactions**

During the financial year, Chiropractic Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$21,025 (2019: \$27,376) for these services.

**27. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**





**Dental  
Council  
of NSW**

# **Dental Council of NSW**

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL [CHINESE MEDICINE COUNCIL](#)  
[CHIROPRACTIC COUNCIL](#) [DENTAL COUNCIL](#) MEDICAL COUNCIL [MEDICAL RADIATION PRACTICE COUNCIL](#) NURSING  
AND MIDWIFERY COUNCIL [OCCUPATIONAL THERAPY COUNCIL](#) OPTOMETRY COUNCIL [OSTEOPATHY COUNCIL](#)  
[PARAMEDICINE COUNCIL](#) [PHARMACY COUNCIL](#) [PHYSIOTHERAPY COUNCIL](#) [PODIATRY COUNCIL](#) [PSYCHOLOGY COUNCIL](#)

# **Dental Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Dental Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Dental Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light grey grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**DENTAL COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Dental Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Dental Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Conjoint Associate Professor  
Frederic (Shane) Fryer OAM  
President

Date: 15 October 2020



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Dr Kavita Lobo  
Deputy President

Date: 15 October 2020

# Dental Council of New South Wales

## Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	1,703,818	1,591,381
Other expenses	3	1,801,086	1,731,112
Depreciation and amortisation	4	175,491	22,336
Education and research	5	9,770	-
Finance costs	6	22,637	-
<b>Total expenses excluding losses</b>		<b>3,712,802</b>	<b>3,344,829</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	10	18,268	41,108
Registration fees	8	-	2,714,736
Registration fees from contracts with customers	8	3,439,865	-
Investment revenue	9	24,513	57,220
Other income		23,560	671
<b>Total revenue</b>		<b>3,506,206</b>	<b>2,813,735</b>
<b>Operating result</b>		<b>(206,596)</b>	<b>(531,094)</b>
Gains / (losses) on disposal	11	-	(48)
Other gains / (losses)	12	(170,513)	-
<b>Net result</b>		<b>(377,109)</b>	<b>(531,142)</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(377,109)</b>	<b>(531,142)</b>

The accompanying notes form part of these financial statements.

**Dental Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	3,569,927	3,226,518
Receivables	14	33,547	39,235
<b>Total current assets</b>		<b>3,603,474</b>	<b>3,265,753</b>
<b>Non-current assets</b>			
Property, plant & equipment	15		
- Plant and equipment		33,822	24,647
- Leasehold improvements		47,754	38,766
- WIP - Leasehold improvements		-	15,636
Total property, plant & equipment		81,576	79,049
Right-of-use assets	16	857,293	-
Intangible assets	17	269	729
<b>Total non-current assets</b>		<b>939,138</b>	<b>79,778</b>
<b>Total assets</b>		<b>4,542,612</b>	<b>3,345,531</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	18	204,929	171,278
Contract liabilities	19	1,600,153	-
Lease liabilities	20	134,989	-
Other current liabilities	22	-	1,122,305
<b>Total current liabilities</b>		<b>1,940,071</b>	<b>1,293,583</b>
<b>Non-current liabilities</b>			
Lease liabilities	20	927,702	-
Provisions	21	88,468	88,468
<b>Total non-current liabilities</b>		<b>1,016,170</b>	<b>88,468</b>
<b>Total liabilities</b>		<b>2,956,241</b>	<b>1,382,051</b>
<b>Net assets</b>		<b>1,586,371</b>	<b>1,963,480</b>
<b>EQUITY</b>			
Accumulated funds		1,586,371	1,963,480
<b>Total Equity</b>		<b>1,586,371</b>	<b>1,963,480</b>

The accompanying notes form part of these financial statements.



## Dental Council of New South Wales

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

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	Notes	Accumulated Funds \$
Balance at 1 July 2019		1,963,480
Restated balance at 1 July 2019		1,963,480
Net result for the year		(377,109)
Balance at 30 June 2020		1,586,371

	Notes	Accumulated Funds \$
Balance at 1 July 2018		2,494,622
Net result for the year		(531,142)
Balance at 30 June 2019		1,963,480

**Dental Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(1,671,008)	(1,641,290)
Other		(1,901,790)	(1,880,591)
Education and research		(10,390)	-
Finance costs		(22,637)	-
<b>Total payments</b>		<b>(3,605,825)</b>	<b>(3,521,881)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		3,917,742	2,773,680
Interest received		24,513	57,220
Other		149,651	92,411
<b>Total receipts</b>		<b>4,091,906</b>	<b>2,923,311</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	25	<b>486,081</b>	<b>(598,570)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	1,214
Proceeds from sale of financial assets		-	-
Purchases of property, plant and equipment and intangibles		(17,580)	(34,747)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(17,580)</b>	<b>(33,533)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(125,092)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(125,092)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>343,409</b>	<b>(632,103)</b>
Opening cash and cash equivalents	13	3,226,518	3,858,621
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	13	<b>3,569,927</b>	<b>3,226,518</b>

The accompanying notes form part of these financial statements.

# Dental Council of New South Wales

## 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 Dental Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

#### 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.

# Dental Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

##### **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:

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

## 1. Statement of Significant Accounting Policies

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

### **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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

# Dental Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019 \$
<b>Assets</b>	
Right-of-use assets	1,187,784
<b>Total assets</b>	<b>1,187,784</b>
<b>Liabilities</b>	
Lease liabilities	1,187,784
<b>Total liabilities</b>	<b>1,187,784</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019 \$
Operating lease commitments as at 30 June 2019 (GST included)	537,816
(Less): GST included in operating lease commitments	48,892
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>488,924</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>479,337</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	708,447
<b>Lease liabilities as at 1 July 2019</b>	<b>1,187,784</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**2. Personnel services**

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	1,405,588	1,306,198
Superannuation - defined benefit plans	1,324	1,417
Superannuation - defined contribution plans	125,824	121,258
Long service leave	16,695	43,640
Redundancies	20,352	-
Workers' compensation insurance	7,037	4,093
Payroll taxes	126,998	114,775
	<b>1,703,818</b>	<b>1,591,381</b>

**Recognition and Measurement**

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**3. Other expenses**

	2020	2019
	\$	\$
Advertising	51	562
Consultancies	1,944	845
Contractors	640,581	695,259
Domestic supplies and services	8,781	3,424
Food supplies	9,817	16,452
Fuel, light and power	4,770	1,011
Health assessments	25,081	47,240
Information management expenses	284,662	124,160
Insurance	72	58
Maintenance (see Note 3(b))	60,126	47,257
Motor vehicle expenses	193	311
Postal and telephone costs	11,166	24,646
Printing and stationery	6,718	9,946
Rental	-	116,979
Staff and Council related costs	6,330	16,292
Travel related costs	19,913	21,350
Other (see Note 3(a))	720,881	605,320
	<b>1,801,086</b>	<b>1,731,112</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	239	98
Legal services	140,698	83,426
Membership/professional fees	296	654
Security services	209	217
Expenses relating to leases of low-value assets	834	-
Auditor's Remuneration	18,143	11,154
Sitting Fees	366,402	328,879
NSW Civil & Administrative Tribunal Fixed Costs	40,827	28,320
Council Fees	139,624	140,790
General administration expenses	13,609	11,782
	<b>720,881</b>	<b>605,320</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	5,019	4,182
New / replacement equipment under \$5,000	13,651	18,524
Repairs maintenance / non contract	41,456	24,551
	<b>60,126</b>	<b>47,257</b>



**3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 18.

***Insurance***

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

***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 Council 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.

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**4. Depreciation and amortisation**

	2020	2019
	\$	\$
Depreciation - leasehold improvements	7,230	15,536
Depreciation - plant and equipment	7,823	3,908
Depreciation - right-of-use buildings	159,978	-
Amortisation - intangible assets	460	2,892
	<b>175,491</b>	<b>22,336</b>

Refer to Note 15 Property, plant and equipment, Note 16 Leases, and Note 17 Intangible assets for recognition and measurement policies on depreciation and amortisation.

**5. Education and research**

	2020	2019
	\$	\$
Education and research	9,770	-
	<b>9,770</b>	<b>-</b>

**Recognition and Measurement**

The Council is responsible for the administration of the Education and Research account. The Minister for Health, in consultation with the Council, may determine that a set amount of funds out of the fees received to be transferred to the

In accordance to Health Practitioner Regulation National Law (NSW) section 41S Education and Research Account, the Council may expend money in the Education and Research Account for or towards the following purposes:

- (a) any purpose relating to education and research about the health, performance and conduct of registered health practitioners or students registered in the health profession for which the Council is established;
- (b) meeting administrative expenditure incurred with respect to the Education and Research Account and the purposes for which it is used.

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**6. Finance costs**

	2020	2019
	\$	\$
Interest expense from lease liabilities	22,637	-
	<b>22,637</b>	<b>-</b>

**Recognition and Measurement**

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

**7. Expenditure managed on behalf of the Council through the NSW Ministry of Health**

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

**Dental Council of New South Wales**  
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**8. Registration fees**

	2020	2019
	\$	\$
Registration fees	3,439,865	2,714,736
	<b>3,439,865</b>	<b>2,714,736</b>

**Recognition and Measurement**

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

**Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

**Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 19 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 Council expects to recognise the unsatisfied portion as revenue.

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**9. Investment revenue**

	2020	2019
	\$	\$
Interest	24,513	57,220
	<b>24,513</b>	<b>57,220</b>

**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).

**Dental Council of New South Wales**  
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**10. Acceptance by the Crown Entity of personnel services**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Superannuation - defined benefit plans	1,324	1,417
Long service leave provision	16,944	39,691
	<b>18,268</b>	<b>41,108</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

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**11. Gains / (losses) on disposal**

	2020	2019
	\$	\$
Property, plant and equipment	-	2,905
<i>Less: accumulated depreciation</i>	-	(1,643)
<b>Written down value</b>	-	<b>1,262</b>
<i>Less: proceeds from disposal</i>	-	1,214
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	-	<b>(48)</b>

**12. Other gains / (losses)**

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(170,513)	-
	<b>(170,513)</b>	-

**Recognition and Measurement**

*Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 15 Property, plant and equipment
- Note 16 Leases
- Note 17 Intangible assets

**Dental Council of New South Wales**  
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**13. Cash and cash equivalents**

	2020	2019
	\$	\$
Cash at bank and on hand	430,388	437,200
Cash at bank - held by HPCA*	3,139,539	2,789,318
	<b>3,569,927</b>	<b>3,226,518</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	3,569,927	3,226,518
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>3,569,927</b>	<b>3,226,518</b>

The Council operates the bank accounts shown below:

Education and Research Account**	430,388	437,200
	<b>430,388</b>	<b>437,200</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 26 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.



**Dental Council of New South Wales**  
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**14. Receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	1,113	-
Trade receivables	-	12,188
Goods and Services Tax	19,414	15,106
Prepayments	13,020	11,941
	<b>33,547</b>	<b>39,235</b>

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

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

**Dental Council of New South Wales**  
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**15. Property, plant and equipment**

**(a) Total property, plant and equipment**

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	47,577	143,976	-	191,553
Movements in WIP	-	15,636	-	15,636
Less: accumulated depreciation and impairment	13,755	111,858	-	125,613
<b>Net carrying amount</b>	<b>33,822</b>	<b>47,754</b>	<b>-</b>	<b>81,576</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	30,579	143,394	15,636	189,609
Less: accumulated depreciation and impairment	5,932	104,628	-	110,560
<b>Net carrying amount</b>	<b>24,647</b>	<b>38,766</b>	<b>15,636</b>	<b>79,049</b>

**(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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	24,647	38,766	15,636	79,049
Movements in WIP	-	15,636	(15,636)	-
Additions	16,998	582	-	17,580
Depreciation expense	(7,823)	(7,230)	-	(15,053)
<b>Net carrying amount at end of year</b>	<b>33,822</b>	<b>47,754</b>	<b>-</b>	<b>81,576</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	10,706	54,302	-	65,008
Adjustment to Opening Gross Carrying Amount*	-	84,572	-	84,572
Adjustment to Opening Accumulated Depreciation*	-	(84,572)	-	(84,572)
Additions	19,111	-	15,636	34,747
Disposals	(1,262)	-	-	(1,262)
Depreciation expense	(3,908)	(15,536)	-	(19,444)
<b>Net carrying amount at end of year</b>	<b>24,647</b>	<b>38,766</b>	<b>15,636</b>	<b>79,049</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

**15. Property, plant and equipment (continued)**

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

The Council 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 Council.

**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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

**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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

**15. Property, plant and equipment (continued)**

***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 16.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 16.

***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

***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.

**Dental Council of New South Wales**  
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**16. Leases**

**(a) Entity as a lessee**

The Council leases a property in Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

**Right-of-use assets under leases**

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	1,187,784	-	1,187,784
Depreciation expense	(159,978)	-	(159,978)
Impairment losses (recognised in 'Other gains /	(170,513)	-	(170,513)
<b>Balance at 30 June 2020</b>	<b>857,293</b>	<b>-</b>	<b>857,293</b>

**Lease liabilities**

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	1,187,784
Interest expenses	22,637
Payments	(147,729)
<b>Balance at 30 June 2020</b>	<b>1,062,692</b>

**Dental Council of New South Wales**  
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**16. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

	<b>Total</b>
	<b>\$</b>
<b>2020</b>	
Depreciation expense of right-of-use assets	159,978
Interest expense on lease liabilities	22,637
Expenses relating to leases of low-value assets	834
Impairment losses on right-of-use assets	170,513
<b>Total amount recognised in the statement of comprehensive income</b>	<b>353,962</b>

The Council had total cash outflows for leases of \$147,729 for the year ended 30 June 2020.

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

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	216,553	-
Later than one year and not later than five years	321,263	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>537,816</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	<i>48,892</i>	<i>-</i>
<b>Total (excluding GST)</b>	<b>488,924</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

*i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<b>Useful lives</b>
Buildings	5 years

**16. Leases (continued)**

**(a) Entity as a lessee (continued)**

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

*ii. Lease liabilities*

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 20.

*iii. Short-term leases and leases of low-value assets*

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

**16. Leases (continued)**

**(a) Entity as a lessee (continued)**

**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 Council 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 Council 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.



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**17. Intangible assets**

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	8,917	8,917
Less: accumulated amortisation and impairment	8,648	8,188
<b>Net carrying amount</b>	<b>269</b>	<b>729</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	729	3,621
Amortisation (recognised in depreciation and amortisation)	(460)	(2,892)
<b>Net carrying amount at end of year</b>	<b>269</b>	<b>729</b>

**Recognition and Measurement**

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

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**18. Payables**

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	33,574	18,966
Taxation and payroll deductions	11,257	10,877
Creditors	25,876	16,522
Accrued Expenditure	134,222	124,913
	<b>204,929</b>	<b>171,278</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	44,831	29,843
	<b>44,831</b>	<b>29,843</b>

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

**Recognition and Measurement**

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

**Dental Council of New South Wales**  
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**19. Contract liabilities**

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	1,600,153	1,122,305
	<b>1,600,153</b>	<b>1,122,305</b>

**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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

**Dental Council of New South Wales**  
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**20. Lease liabilities**

	2020 \$	2019 \$
<b>Current</b>		
Lease liability (see Note 16)	134,989	-
	<b>134,989</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 16)	927,702	-
	<b>927,702</b>	<b>-</b>

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

**Recognition and Measurement**

*Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**21. Provisions**

	2020 \$	2019 \$
<b>Non-current</b>		
Make good provision	88,468	88,468
	<b>88,468</b>	<b>88,468</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	88,468	88,468
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>88,468</b>	<b>88,468</b>

**Recognition and Measurement**

***Provision for make good***

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

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

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**22. Other liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	1,122,305
	-	<b>1,122,305</b>

Refer to Note 8. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 19. Contract Liabilities for the reclassification of unearned revenue as at 1 July 2019.

**23. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

**24. Contingent liabilities and assets**

**(a) Contingent liabilities**

**Cost Recoveries**

Some NSW Health Professional Councils previously recovered costs associated with certain regulatory activities from practitioners. It was subsequently determined that the Councils do not have the power to recover these costs. This practice has ceased and the HPCA Councils are currently taking steps to identify such transactions and return the money to the practitioners where possible. Dental Council has not recovered costs from its practitioners in the past. However, due to administrative errors, there were some cost recoveries from practitioners incorrectly allocated to the Council. The Council is currently taking steps to identify such transactions and to return the money to the practitioners where possible. A contingent liability has been recognised as the Council is unable to reasonably estimate the value of these refunds.

It is expected that the Council will be able to reliably estimate the refund amount in the second quarter of the financial year 2020/21. However, this completion of the process will depend on the following factors:

- Quantity and quality of the retrieved data;
- Confirmation and approval of the refunds by the Council and HPCA Legal team; and
- Response from the identified and contacted practitioners.

**(b) Contingent assets**

There were no contingent assets which would have a material effect on the disclosures in these financial statements.

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**25. Reconciliation of cash flows from operating activities to net result**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net cash used on operating activities	486,081	(598,570)
Depreciation and amortisation expense	(175,491)	(22,336)
(Increase) / decrease in unearned revenue	1,122,305	(58,943)
Increase / (decrease) in prepayments and other assets	(5,688)	11,388
Decrease / (increase) in payables	(33,650)	137,367
Decrease / (increase) in contract liabilities	(1,600,153)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(170,513)	-
Net gain / (loss) on sale of property, plant and equipment	-	(48)
<b>Net result</b>	<b>(377,109)</b>	<b>(531,142)</b>



**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**26. Financial instruments**

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

**(a) Financial instrument categories**

<b>Class</b>	<b>Category</b>	<b>Carrying Amount 2020</b>	<b>Carrying Amount 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents (Note 13)	Amortised cost	3,569,927	3,226,518
Receivables (Note 14) <sup>1</sup>	Amortised cost	1,113	12,188
<b>Total Financial Assets</b>		<b>3,571,040</b>	<b>3,238,706</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 20)	Financial liabilities measured at amortised cost	1,062,691	-
Payables (Note 18) <sup>2</sup>	Financial liabilities measured at amortised cost	193,672	160,401
<b>Total Financial Liabilities</b>		<b>1,256,363</b>	<b>160,401</b>

**Notes**

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

**26. Financial instruments (continued)**

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

**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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
	\$	\$	\$	\$	\$	\$
<b>30 June 2020</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	810	-	302	-	-	1,113
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2019</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	12,188	-	-	-	-	12,188
Expected credit loss	-	-	-	-	-	-

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

**26. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk**

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**26. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk (continued)**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	193,672	-	-	193,672	193,672	-	-
Borrowings:							
- Lease liabilities	1,062,691	-	-	1,062,691	134,989	650,679	277,023
	<b>1,256,363</b>	-	-	<b>1,256,363</b>	<b>328,661</b>	<b>650,679</b>	<b>277,023</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	160,401	-	-	160,401	160,401	-	-
	<b>160,401</b>	-	-	<b>160,401</b>	<b>160,401</b>	-	-

**Notes:**

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**26. Financial instruments (continued)**

**iii. Market risk**

The Council does not have exposure to market risk on financial instruments.

*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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(25,072)	25,072	(32,265)	32,265
Equity	(25,072)	25,072	(32,265)	32,265

**Dental Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**27. Related party transactions**

During the financial year, Dental Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$237,818 (2019: \$288,067) for these services.

**28. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



# Medical Council of NSW

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL  
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING  
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL  
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL

# **Medical Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020





## INDEPENDENT AUDITOR'S REPORT

### Medical Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Medical Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light blue grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

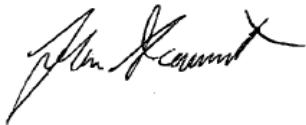
**MEDICAL COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Medical Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Medical Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

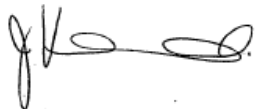
Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Dr John Sammut  
President

Date: 15 October 2020



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Dr Jennifer Kendrick AM  
Deputy President

Date: 15 October 2020

# Medical Council of New South Wales

## Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	7,735,064	6,689,337
Other expenses	3	9,718,546	7,885,693
Depreciation and amortisation	4	355,276	277,999
Finance costs	5	30,165	-
<b>Total expenses excluding losses</b>		<b>17,839,051</b>	<b>14,853,029</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	9	133,617	310,990
Registration fees	7	-	14,314,628
Registration fees from contracts with customers	7	15,151,794	-
Investment revenue	8	145,542	326,080
Other income		84,726	30,715
<b>Total revenue</b>		<b>15,515,679</b>	<b>14,982,413</b>
<b>Operating result</b>		<b>(2,323,372)</b>	<b>129,384</b>
Other gains / (losses)	11	(150,471)	(82,634)
<b>Net result</b>		<b>(2,473,843)</b>	<b>46,750</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(2,473,843)</b>	<b>46,750</b>

The accompanying notes form part of these financial statements.

**Medical Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	16,433,290	17,959,457
Receivables	13	239,188	142,430
<b>Total current assets</b>		<b>16,672,478</b>	<b>18,101,887</b>
<b>Non-current assets</b>			
Property, plant & equipment	14		
- Plant and equipment		121,393	60,521
- Leasehold improvements		1,202,567	1,394,045
Total property, plant & equipment		1,323,960	1,454,566
Right-of-use assets	15	1,175,598	-
Intangible assets	16	1,626	4,396
<b>Total non-current assets</b>		<b>2,501,184</b>	<b>1,458,962</b>
<b>Total assets</b>		<b>19,173,662</b>	<b>19,560,849</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	17	1,238,167	702,367
Contract liabilities	18	3,968,665	-
Lease liabilities	19	106,718	-
Other current liabilities	20	-	3,732,630
<b>Total current liabilities</b>		<b>5,313,550</b>	<b>4,434,997</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	1,208,103	-
<b>Total non-current liabilities</b>		<b>1,208,103</b>	<b>-</b>
<b>Total liabilities</b>		<b>6,521,653</b>	<b>4,434,997</b>
<b>Net assets</b>		<b>12,652,009</b>	<b>15,125,852</b>
<b>EQUITY</b>			
Accumulated funds		12,652,009	15,125,852
<b>Total Equity</b>		<b>12,652,009</b>	<b>15,125,852</b>

The accompanying notes form part of these financial statements.

# Medical Council of New South Wales

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

	Notes	Accumulated Funds \$
Balance at 1 July 2019		15,125,852
Restated balance at 1 July 2019		15,125,852
Net result for the year		(2,473,843)
Balance at 30 June 2020		12,652,009

	Notes	Accumulated Funds \$
Balance at 1 July 2018		15,079,102
Net result for the year		46,750
Balance at 30 June 2019		15,125,852

**Medical Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(7,555,420)	(6,772,279)
Other		(9,937,063)	(8,765,382)
Finance costs		(30,165)	-
<b>Total payments</b>		<b>(17,522,648)</b>	<b>(15,537,661)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		15,388,128	14,573,228
Interest received		145,542	326,080
Other		652,784	546,609
<b>Total receipts</b>		<b>16,186,454</b>	<b>15,445,917</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	23	<b>(1,336,194)</b>	<b>(91,744)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangibles		(91,740)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(91,740)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(98,233)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(98,233)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,526,167)</b>	<b>(91,744)</b>
Opening cash and cash equivalents	12	17,959,457	18,051,201
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	12	<b>16,433,290</b>	<b>17,959,457</b>

The accompanying notes form part of these financial statements.



# Medical Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### a) Reporting entity

The Medical Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

#### 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.

**1. Statement of Significant Accounting Policies**

**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 Council 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 Council.

**AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

**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

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:

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

## 1. Statement of Significant Accounting Policies

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

### **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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**1. Statement of Significant Accounting Policies**

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019
	\$
<b>Assets</b>	
Right-of-use assets	1,413,054
<b>Total assets</b>	<b>1,413,054</b>
<b>Liabilities</b>	
Lease liabilities	1,413,054
<b>Total liabilities</b>	<b>1,413,054</b>
<b>Equity</b>	
Accumulated funds	-
	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019
	\$
Operating lease commitments as at 30 June 2019 (GST included)	1,332,515
(Less): GST included in operating lease commitments	121,138
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>1,211,377</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>1,187,625</b>
<i>Add:</i> Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	225,429
<b>Lease liabilities as at 1 July 2019</b>	<b>1,413,054</b>

**(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 Council 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. The Council has no service concession arrangements to which the standard will apply.

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**2. Personnel services**

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	6,359,637	5,362,523
Superannuation - defined benefit plans	5,093	7,299
Superannuation - defined contribution plans	582,145	510,006
Long service leave	127,468	331,169
Redundancies	78,573	-
Workers' compensation insurance	27,167	24,399
Payroll taxes	554,981	453,941
	<b>7,735,064</b>	<b>6,689,337</b>

**Recognition and Measurement**

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**3. Other expenses**

	2020 \$	2019 \$
Advertising	196	2,625
Consultancies	7,504	4,308
Contractors	2,435,295	1,576,665
Domestic supplies and services	83,069	83,236
Food supplies	29,388	32,907
Fuel, light and power	17,487	53,981
Health assessments	597,230	592,196
Information management expenses	1,017,792	515,388
Insurance	938	956
Maintenance (see Note 3(b))	249,069	105,257
Motor vehicle expenses	3,198	2,258
Postal and telephone costs	51,886	95,999
Printing and stationery	39,014	55,687
Rates and charges	10,422	16,661
Rental	-	198,836
Staff and Council related costs	67,025	140,874
Travel related costs	42,438	106,509
Other (see Note 3(a))	5,066,595	4,301,350
	<b>9,718,546</b>	<b>7,885,693</b>

	2020 \$	2019 \$
<b>(a) Other</b>		
Courier and freight	114	205
Legal services	262,799	218,717
Membership/professional fees	1,705	8,017
Security services	13,835	26,497
Expenses relating to leases of low-value assets	525	-
Auditor's Remuneration	26,917	25,245
Sitting Fees	3,833,771	3,262,386
NSW Civil & Administrative Tribunal Fixed Costs	327,812	327,300
Council Fees	364,865	369,902
General administration expenses	234,252	63,081
	<b>5,066,595</b>	<b>4,301,350</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	3,158	3,261
New / replacement equipment under \$5,000	49,869	31,884
Repairs maintenance / non contract	196,042	70,112
	<b>249,069</b>	<b>105,257</b>

**3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 17.

***Insurance***

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

***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 Council 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.

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**4. Depreciation and amortisation**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Depreciation - leasehold improvements	191,478	225,193
Depreciation - plant and equipment	30,868	39,789
Depreciation - right-of-use buildings	130,160	-
Amortisation - intangible assets	2,770	13,017
	<b>355,276</b>	<b>277,999</b>

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.



**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**5. Finance costs**

	2020	2019
	\$	\$
Interest expense from lease liabilities	30,165	-
	<b>30,165</b>	<b>-</b>

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**Recognition and Measurement**

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

**6. Expenditure managed on behalf of the Council through the NSW Ministry of Health**

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**7. Registration fees**

	2020 \$	2019 \$
Registration fees	15,151,794	14,314,628
	<b>15,151,794</b>	<b>14,314,628</b>

**Recognition and Measurement**

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

**Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

**Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 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 Council expects to recognise the unsatisfied portion as revenue.

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**8. Investment revenue**

	2020	2019
	\$	\$
Interest	145,542	326,080
	<b>145,542</b>	<b>326,080</b>

**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).

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**9. Acceptance by the Crown Entity of personnel services**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Superannuation - defined benefit plans	5,093	7,299
Long service leave provision	128,524	303,691
	<b>133,617</b>	<b>310,990</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**10. Gains / (losses) on disposal**

	2020	2019
	\$	\$
Property, plant and equipment	70,200	-
Less: accumulated depreciation	(70,200)	-
<b>Written down value</b>	<b>-</b>	<b>-</b>
Less: proceeds from disposal	-	-
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>-</b>

**11. Other gains / (losses)**

	2020	2019
	\$	\$
Impairment losses on financial assets	(43,175)	(82,634)
Impairment losses on right-of-use assets	(107,296)	-
	<b>(150,471)</b>	<b>(82,634)</b>

**Recognition and Measurement**

Impairment losses may arise on assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Receivables
- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**12. Cash and cash equivalents**

	2020	2019
	\$	\$
Cash at bank and on hand	2,713	3,706
Cash at bank - held by HPCA*	16,430,577	17,955,751
	<b>16,433,290</b>	<b>17,959,457</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	16,433,290	17,959,457
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>16,433,290</b>	<b>17,959,457</b>

The Council operates the bank accounts shown below:

Education and Research Account**	2,713	2,695
	<b>2,713</b>	<b>2,695</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 24 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**13. Receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	36,406	-
Trade receivables	-	112,999
Goods and Services Tax	167,509	67,838
<b>Sub total</b>	<b>203,915</b>	<b>180,837</b>
<i>Less: Allowance for expected credit losses*</i>		
- Trade receivables from contracts with customers	(15,000)	-
- Trade receivables	-	(67,954)
<b>Sub total</b>	<b>188,915</b>	<b>112,883</b>
Prepayments	50,273	29,547
	<b>239,188</b>	<b>142,430</b>

**(a) \* Movement in the allowance for expected credit losses**

<b>Trade receivables from contracts with customers</b>		
Balance at the beginning of the year	(67,954)	-
Amounts written off during the year	96,129	-
(Increase) / decrease in allowance recognised in the net result	(43,175)	-
<b>Balance at the end of the year</b>	<b>(15,000)</b>	<b>-</b>
<b>Trade Receivables</b>		
Balance at the beginning of the year	-	(3,775)
Amounts written off during the year	-	18,455
(Increase) / decrease in allowance recognised in the net result	-	(82,634)
<b>Balance at the end of the year</b>	<b>-</b>	<b>(67,954)</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 24.

**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 Council 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.

**13. Receivables (continued)**

***Impairment***

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.



**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**14. Property, plant and equipment**

**(a) Total property, plant and equipment**

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>			
Gross carrying amount	279,772	4,244,775	4,524,547
Less: accumulated depreciation and impairment	158,379	3,042,208	3,200,587
<b>Net carrying amount</b>	<b>121,393</b>	<b>1,202,567</b>	<b>1,323,960</b>
<b>As at 30 June 2019</b>			
Gross carrying amount	258,232	4,244,775	4,503,007
Less: accumulated depreciation and impairment	197,711	2,850,730	3,048,441
<b>Net carrying amount</b>	<b>60,521</b>	<b>1,394,045</b>	<b>1,454,566</b>

**(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:

	Plant and Equipment \$	Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>			
Net carrying amount at beginning of year	60,521	1,394,045	1,454,566
Additions	91,740	-	91,740
Depreciation expense	(30,868)	(191,478)	(222,346)
<b>Net carrying amount at end of year</b>	<b>121,393</b>	<b>1,202,567</b>	<b>1,323,960</b>
	Plant and Equipment \$	Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2019</b>			
Net carrying amount at beginning of year	100,310	1,619,238	1,719,548
Depreciation expense	(39,789)	(225,193)	(264,982)
<b>Net carrying amount at end of year</b>	<b>60,521</b>	<b>1,394,045</b>	<b>1,454,566</b>

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

The Council 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 Council.

**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.

#### **14. Property, plant and equipment (continued)**

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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

##### **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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	10% - 25%
Leasehold improvements	3.33% - 36.4%

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

##### **Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)**

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 15.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 15.

**14. Property, plant and equipment (continued)**

***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement

***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.

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**15. Leases**

**(a) Entity as a lessee**

The Council leases properties across Sydney. Lease contracts are typically made for fixed periods of 5 to 30 years, with extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

**Right-of-use assets under leases**

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	1,413,054	-	1,413,054
Depreciation expense	(130,160)	-	(130,160)
Impairment losses (recognised in 'Other gains /	(107,296)	-	(107,296)
<b>Balance at 30 June 2020</b>	<b>1,175,598</b>	<b>-</b>	<b>1,175,598</b>

**Lease liabilities**

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	1,413,054
Interest expenses	30,165
Payments	(128,398)
<b>Balance at 30 June 2020</b>	<b>1,314,821</b>

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**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

	<b>Total</b>
	<b>\$</b>
<b>2020</b>	
Depreciation expense of right-of-use assets	130,160
Interest expense on lease liabilities	30,165
Expenses relating to leases of low-value assets	525
Impairment losses on right-of-use assets	107,296
<b>Total amount recognised in the statement of comprehensive income</b>	<b>268,146</b>

The Council had total cash outflows for leases of \$128,398 for the year ended 30 June 2020.

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

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	245,883	-
Later than one year and not later than five years	478,166	-
Later than five years	608,466	-
<b>Total (including GST)</b>	<b>1,332,515</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	<i>121,138</i>	<i>-</i>
<b>Total (excluding GST)</b>	<b>1,211,377</b>	<b>-</b>

**Leases at significantly below market terms and conditions principally to enable the entity to further its objectives**

The Council entered into 2 leases with the Ministry of Health, with lease terms of 30 years for the use of buildings 45, 54A and 54B at Gladesville Hospital. The contracts specify lease payments of \$15,171 per annum for building 45 and \$22,000 for buildings 54A and 54B. The leased premises are to be used by the Council to provide regulatory services. The buildings 45, 54A and 54B at Gladesville Hospital account for a small portion of the similar assets the Council is using for the purpose of providing community services. Therefore it does not have a significant impact on the Council's operations.

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

*i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<b>Useful lives</b>
Buildings	5 to 30 years

**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

*ii. Lease liabilities*

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

*iii. Short-term leases and leases of low-value assets*

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

*iv. Leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives*

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the Council to further its objectives is the same as normal right-of-use assets. They are measured at cost, subject to impairment.

**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

**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 Council 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 Council 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.

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**16. Intangible assets**

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	46,208	46,208
Less: accumulated amortisation and impairment	44,582	41,812
<b>Net carrying amount</b>	<b>1,626</b>	<b>4,396</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	4,396	17,413
Amortisation (recognised in depreciation and amortisation)	(2,770)	(13,017)
<b>Net carrying amount at end of year</b>	<b>1,626</b>	<b>4,396</b>

**Recognition and Measurement**

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.



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**17. Payables**

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	133,928	95,874
Taxation and payroll deductions	48,401	38,784
Creditors	203,943	67,418
Accrued Expenditure	851,895	500,291
	<b>1,238,167</b>	<b>702,367</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	182,329	134,658
	<b>182,329</b>	<b>134,658</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 24.

**Recognition and Measurement**

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

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**18. Contract liabilities**

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	3,968,665	3,732,630
	<b>3,968,665</b>	<b>3,732,630</b>

**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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 October 2019 and ends on 30 September 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first quarter of 2020-21 as the remaining registration period elapses.

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**19. Lease liabilities**

	2020 \$	2019 \$
<b>Current</b>		
Lease liability (see Note 15)	106,718	-
	<b>106,718</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 15)	1,208,103	-
	<b>1,208,103</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 24.

**Recognition and Measurement**

*Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

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**20. Other liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	3,732,630
	-	<b>3,732,630</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 18. Contract Liabilities for the reclassification of unearned revenue as at 1 July 2019.

**21. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

**22. Contingent liabilities and assets**

**(a) Contingent liabilities**

**Cost recoveries**

The Council previously recovered costs associated with certain regulatory activities from practitioners. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and the Council is currently taking steps to identify such transactions and return the money to the practitioner where possible. A contingent liability has been recognised as the Council is unable to reasonably estimate the value of these refunds.

It is expected that the Council will be able to reliably estimate the refund amount in the second quarter of the financial year 2020/21. However, this completion of the process will depend on the following factors:

- Quantity and quality of the retrieved data;
- Confirmation and approval of the refunds by the Council and HPCA Legal team; and
- Response from the identified and contacted practitioners.

**(b) Contingent assets**

There were no contingent assets which would have a material effect on the disclosures in these financial statements.

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**23. Reconciliation of cash flows from operating activities to net result**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net cash used on operating activities	(1,336,194)	(91,744)
Depreciation and amortisation expense	(355,276)	(277,999)
Allowance for impairment	(43,175)	(82,634)
(Increase) / decrease in unearned revenue	3,732,630	(258,620)
Increase / (decrease) in prepayments and other assets	139,933	(11,305)
Decrease / (increase) in payables	(535,800)	769,052
Decrease / (increase) in contract liabilities	(3,968,665)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(107,296)	-
<b>Net result</b>	<b>(2,473,843)</b>	<b>46,750</b>

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**24. Financial instruments**

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

**(a) Financial instrument categories**

<b>Class</b>	<b>Category</b>	<b>Carrying Amount 2020</b>	<b>Carrying Amount 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents (Note 12)	Amortised cost	16,433,290	17,959,457
Receivables (Note 13) <sup>1</sup>	Amortised cost	21,406	45,045
<b>Total Financial Assets</b>		<b>16,454,696</b>	<b>18,004,502</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 19)	Financial liabilities measured at amortised cost	1,314,821	-
Payables (Note 17) <sup>2</sup>	Financial liabilities measured at amortised cost	1,189,766	663,583
<b>Total Financial Liabilities</b>		<b>2,504,587</b>	<b>663,583</b>

**Notes**

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

**24. Financial instruments (continued)**

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

**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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
	\$	\$	\$	\$	\$	\$
<b>30 June 2020</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	75.00%	41.20%
Estimated total gross carrying amount	9,528	-	1,173	5,705	20,000	36,406
Expected credit loss	-	-	-	-	15,000	15,000
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2019<sup>2</sup></b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	78.60%	60.14%
Estimated total gross carrying amount	26,545	-	-	-	86,454	112,999
Expected credit loss	-	-	-	-	67,954	67,954

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



**24. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk**

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**24. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk (continued)**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	1,189,766	-	-	1,189,766	1,189,766	-	-
Borrowings:							
- Lease liabilities	1,314,821	-	-	1,314,821	106,718	504,639	703,464
	<b>2,504,587</b>	-	-	<b>2,504,587</b>	<b>1,296,484</b>	<b>504,639</b>	<b>703,464</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	663,583	-	-	663,583	663,583	-	-
	<b>663,583</b>	-	-	<b>663,583</b>	<b>663,583</b>	-	-

**Notes:**

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

**24. Financial instruments (continued)**

**iii. Market risk**

The Council does not have exposure to market risk on financial instruments.

*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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(151,185)	151,185	(179,595)	179,595
Equity	(151,185)	151,185	(179,595)	179,595

**Medical Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**25. Related party transactions**

During the financial year, Medical Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$570,826 (2019: \$606,932) for these services.

**26. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



**Medical  
Radiation  
Practice  
Council**  
of NSW

# **Medical Radiation Practice Council of NSW**

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL **CHINESE MEDICINE COUNCIL**  
CHIROPRACTIC COUNCIL **DENTAL COUNCIL** MEDICAL COUNCIL **MEDICAL RADIATION PRACTICE COUNCIL** NURSING  
AND MIDWIFERY COUNCIL **OCCUPATIONAL THERAPY COUNCIL** OPTOMETRY COUNCIL **OSTEOPATHY COUNCIL**  
**PARAMEDICINE COUNCIL** PHARMACY COUNCIL **PHYSIOTHERAPY COUNCIL** PODIATRY COUNCIL **PSYCHOLOGY COUNCIL**

# **Medical Radiation Practice Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Medical Radiation Practice Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Medical Radiation Practice Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.



My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', with a large loop at the end of the word.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**MEDICAL RADIATION PRACTICE COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Medical Radiation Practice Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Medical Radiation Practice Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Ms Tracy Vitucci  
President

Date: 15 October 2020



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Mr Warren Stretton  
Member

Date: 15 October 2020

**Medical Radiation Practice Council of New South Wales**  
**Statement of Comprehensive Income for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	88,028	81,906
Other expenses	3	89,648	121,387
Depreciation and amortisation	4	5,900	2,029
Education and research	5	5,970	9,525
Finance costs	6	743	-
<b>Total expenses excluding losses</b>		<b>190,289</b>	<b>214,847</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	10	5,291	4,561
Registration fees	8	-	299,989
Registration fees from contracts with customers	8	288,365	-
Investment revenue	9	15,002	31,575
Other income		-	25
<b>Total revenue</b>		<b>308,658</b>	<b>336,150</b>
<b>Operating result</b>		<b>118,369</b>	<b>121,303</b>
Gains / (losses) on disposal	11	-	(2)
Other gains / (losses)	12	(5,599)	-
<b>Net result</b>		<b>112,770</b>	<b>121,301</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>112,770</b>	<b>121,301</b>

The accompanying notes form part of these financial statements.

**Medical Radiation Practice Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	2,252,090	2,137,507
Receivables	14	1,286	6,054
<b>Total current assets</b>		<b>2,253,376</b>	<b>2,143,561</b>
<b>Non-current assets</b>			
Property, plant & equipment	15		
- Plant and equipment		1,313	1,086
- Leasehold improvements		2,004	1,544
- WIP - Leasehold improvements		-	735
Total property, plant & equipment		3,317	3,365
Right-of-use assets	16	28,150	-
Intangible assets	17	7	23
<b>Total non-current assets</b>		<b>31,474</b>	<b>3,388</b>
<b>Total assets</b>		<b>2,284,850</b>	<b>2,146,949</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	18	13,383	26,943
Contract liabilities	19	119,304	-
Lease liabilities	20	4,433	-
Other current liabilities	22	-	115,508
<b>Total current liabilities</b>		<b>137,120</b>	<b>142,451</b>
<b>Non-current liabilities</b>			
Lease liabilities	20	30,462	-
Provisions	21	4,057	4,057
<b>Total non-current liabilities</b>		<b>34,519</b>	<b>4,057</b>
<b>Total liabilities</b>		<b>171,639</b>	<b>146,508</b>
<b>Net assets</b>		<b>2,113,211</b>	<b>2,000,441</b>
<b>EQUITY</b>			
Accumulated funds		2,113,211	2,000,441
<b>Total Equity</b>		<b>2,113,211</b>	<b>2,000,441</b>

The accompanying notes form part of these financial statements.

**Medical Radiation Practice Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

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	Notes	Accumulated Funds \$
Balance at 1 July 2019		2,000,441
Restated balance at 1 July 2019		2,000,441
Net result for the year		112,770
Balance at 30 June 2020		2,113,211

	Notes	Accumulated Funds \$
Balance at 1 July 2018		1,879,140
Net result for the year		121,301
Balance at 30 June 2019		2,000,441

**Medical Radiation Practice Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(87,120)	(75,736)
Other		(102,875)	(129,194)
Education and research		(6,555)	(10,275)
Finance costs		(743)	-
<b>Total payments</b>		<b>(197,293)</b>	<b>(215,205)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		292,198	283,216
Interest received		15,002	31,575
Other		9,367	9,910
<b>Total receipts</b>		<b>316,567</b>	<b>324,701</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	25	<b>119,274</b>	<b>109,496</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	42
Purchases of property, plant and equipment and intangibles		(583)	(1,633)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(583)</b>	<b>(1,591)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(4,108)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(4,108)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>114,583</b>	<b>107,905</b>
Opening cash and cash equivalents	13	2,137,507	2,029,602
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	13	<b>2,252,090</b>	<b>2,137,507</b>

The accompanying notes form part of these financial statements.

# Medical Radiation Practice Council of New South Wales

## 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 Medical Radiation Practice Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

---

### 1. Statement of Significant Accounting Policies

#### 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.

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.



# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

---

### 1. Statement of Significant Accounting Policies

#### 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:

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019 \$
<b>Assets</b>	
Right-of-use assets	39,002
<b>Total assets</b>	<b>39,002</b>
<b>Liabilities</b>	
Lease liabilities	39,002
<b>Total liabilities</b>	<b>39,002</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019 \$
Operating lease commitments as at 30 June 2019 (GST included)	17,659
(Less): GST included in operating lease commitments	1,605
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>16,054</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>15,739</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	23,263
<b>Lease liabilities as at 1 July 2019</b>	<b>39,002</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 2. Personnel services

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	68,974	65,045
Superannuation - defined benefit plans	42	67
Superannuation - defined contribution plans	6,339	5,950
Long service leave	5,783	4,959
Redundancies	652	-
Workers' compensation insurance	226	223
Payroll taxes	6,012	5,662
	<b>88,028</b>	<b>81,906</b>

#### Recognition and Measurement

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 3. Other expenses

	2020	2019
	\$	\$
Advertising	2	27
Consultancies	62	645
Contractors	16,941	27,934
Domestic supplies and services	248	529
Food supplies	641	2,054
Fuel, light and power	157	276
Health assessments	15,000	14,200
Information management expenses	13,198	15,366
Insurance	2	3
Maintenance (see Note 3(b))	1,966	1,957
Motor vehicle expenses	5	15
Postal and telephone costs	267	5,682
Printing and stationery	198	567
Rental	-	5,296
Staff and Council related costs	308	800
Travel related costs	5,576	10,401
Other (see Note 3(a))	35,077	35,635
	<b>89,648</b>	<b>121,387</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	18	13
Legal services	-	48
Membership/professional fees	10	14
Security services	7	10
Expenses relating to leases of low-value assets	27	-
Auditor's Remuneration	6,367	4,871
Sitting Fees	6,353	4,794
NSW Civil & Administrative Tribunal Fixed Costs	297	4,200
Council Fees	21,393	19,791
General administration expenses	605	1,894
	<b>35,077</b>	<b>35,635</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	165	196
New / replacement equipment under \$5,000	441	871
Repairs maintenance / non contract	1,360	890
	<b>1,966</b>	<b>1,957</b>

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 18.

##### **Insurance**

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

##### **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 Council 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.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 4. Depreciation and amortisation

	2020	2019
	\$	\$
Depreciation - leasehold improvements	302	619
Depreciation - plant and equipment	329	151
Depreciation - right-of-use buildings	5,253	-
Amortisation - intangible assets	16	1,259
	<b>5,900</b>	<b>2,029</b>

Refer to Note 15 Property, plant and equipment, Note 16 Leases, and Note 17 Intangible assets for recognition and measurement policies on depreciation and amortisation.

### 5. Education and research

	2020	2019
	\$	\$
Education and research	5,970	9,525
	<b>5,970</b>	<b>9,525</b>

#### Recognition and Measurement

The Council is responsible for the administration of the Education and Research account. The Minister for Health, in consultation with the Council, may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

In accordance to Health Practitioner Regulation National Law (NSW) section 41S Education and Research Account, the Council may expend money in the Education and Research Account for or towards the following purposes:

- (a) any purpose relating to education and research about the health, performance and conduct of registered health practitioners or students registered in the health profession for which the Council is established;
- (b) meeting administrative expenditure incurred with respect to the Education and Research Account and the purposes for which it is used.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 6. Finance costs

	2020	2019
	\$	\$
Interest expense from lease liabilities	743	-
	743	-

#### Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

### 7. Expenditure managed on behalf of the Council through the NSW Ministry of Health

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.



# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 8. Registration fees

	2020	2019
	\$	\$
Registration fees	288,365	299,989
	<b>288,365</b>	<b>299,989</b>

#### Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

#### **Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

#### **Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 19 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 Council expects to recognise the unsatisfied portion as revenue.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 9. Investment revenue

	2020	2019
	\$	\$
Interest	15,002	31,575
	<b>15,002</b>	<b>31,575</b>

#### 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).

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 10. Acceptance by the Crown Entity of personnel services

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

	2020	2019
	\$	\$
Superannuation - defined benefit plans	42	67
Long service leave provision	5,249	4,494
	<b>5,291</b>	<b>4,561</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 11. Gains / (losses) on disposal

	2020	2019
	\$	\$
Property, plant and equipment	-	101
Less: accumulated depreciation	-	(57)
<b>Written down value</b>	<b>-</b>	<b>44</b>
Less: proceeds from disposal	-	42
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>(2)</b>

### 12. Other gains / (losses)

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(5,599)	-
	<b>(5,599)</b>	<b>-</b>

### Recognition and Measurement

#### *Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 15 Property, plant and equipment
- Note 16 Leases
- Note 17 Intangible assets

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 13. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	36,530	42,222
Cash at bank - held by HPCA*	2,215,560	2,095,285
	<b>2,252,090</b>	<b>2,137,507</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	2,252,090	2,137,507
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>2,252,090</b>	<b>2,137,507</b>

The Council operates the bank accounts shown below:

Education and Research Account**	36,530	42,222
	<b>36,530</b>	<b>42,222</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 26 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 14. Receivables

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	10	-
Goods and Services Tax	859	1,828
Prepayments	417	4,226
	<b>1,286</b>	<b>6,054</b>

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

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Property, plant and equipment

#### (a) Total property, plant and equipment

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	1,879	6,239	-	8,118
Movements in WIP	-	735	-	735
Less: accumulated depreciation and impairment	566	4,970	-	5,536
<b>Net carrying amount</b>	<b>1,313</b>	<b>2,004</b>	<b>-</b>	<b>3,317</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	1,323	6,212	735	8,270
Less: accumulated depreciation and impairment	237	4,668	-	4,905
<b>Net carrying amount</b>	<b>1,086</b>	<b>1,544</b>	<b>735</b>	<b>3,365</b>

#### (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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	1,086	1,544	735	3,365
Movements in WIP	-	735	(735)	-
Additions	556	27	-	583
Depreciation expense	(329)	(302)	-	(631)
<b>Net carrying amount at end of year</b>	<b>1,313</b>	<b>2,004</b>	<b>-</b>	<b>3,317</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	383	2,163	-	2,546
Adjustment to Opening Gross Carrying Amount*	-	3,856	-	3,856
Adjustment to Opening Accumulated Depreciation*	-	(3,856)	-	(3,856)
Additions	898	-	735	1,633
Disposals	(44)	-	-	(44)
Depreciation expense	(151)	(619)	-	(770)
<b>Net carrying amount at end of year</b>	<b>1,086</b>	<b>1,544</b>	<b>735</b>	<b>3,365</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. Property, plant and equipment (continued)

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

The Council 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 Council.

#### 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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

##### *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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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



## Medical Radiation Practice Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 15. Property, plant and equipment (continued)

##### ***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 16.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 16.

##### ***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

##### ***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

##### ***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.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Leases

#### (a) Entity as a lessee

The Council leases a property in Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

#### Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	39,002	-	39,002
Depreciation expense	(5,253)	-	(5,253)
Impairment losses (recognised in 'Other gains /	(5,599)	-	(5,599)
<b>Balance at 30 June 2020</b>	<b>28,150</b>	<b>-</b>	<b>28,150</b>

#### Lease liabilities

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	39,002
Interest expenses	743
Payments	(4,851)
<b>Balance at 30 June 2020</b>	<b>34,894</b>

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

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

	Total \$
<b>2020</b>	
Depreciation expense of right-of-use assets	5,253
Interest expense on lease liabilities	743
Expenses relating to leases of low-value assets	27
Impairment losses on right-of-use assets	5,599
<b>Total amount recognised in the statement of comprehensive income</b>	<b>11,622</b>

The Council had total cash outflows for leases of \$4,851 for the year ended 30 June 2020.

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

	Operating leases 2019 \$	Finance leases 2019 \$
Within one year	7,110	-
Later than one year and not later than five years	10,549	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>17,659</b>	<b>-</b>
Less: GST recoverable from the Australian Taxation Office	1,605	-
<b>Total (excluding GST)</b>	<b>16,054</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

##### *i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

#### ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 20.

#### iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

##### 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 Council 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 Council 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.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 17. Intangible assets

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	4,482	4,482
Less: accumulated amortisation and impairment	4,475	4,459
<b>Net carrying amount</b>	<b>7</b>	<b>23</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	23	1,282
Amortisation (recognised in depreciation and amortisation)	(16)	(1,259)
<b>Net carrying amount at end of year</b>	<b>7</b>	<b>23</b>

#### Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 18. Payables

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	1,986	6,654
Taxation and payroll deductions	702	395
Creditors	424	5,113
Accrued Expenditure	10,271	14,781
	<b>13,383</b>	<b>26,943</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	2,688	7,049
	<b>2,688</b>	<b>7,049</b>

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

#### Recognition and Measurement

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

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 19. Contract liabilities

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	119,304	115,508
	<b>119,304</b>	<b>115,508</b>

#### 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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.



## Medical Radiation Practice Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 20. Lease liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 16)	4,433	-
	<b>4,433</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 16)	30,462	-
	<b>30,462</b>	<b>-</b>

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

#### Recognition and Measurement

##### *Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 21. Provisions

	2020	2019
	\$	\$
<b>Non-current</b>		
Make good provision	4,057	4,057
	<b>4,057</b>	<b>4,057</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	4,057	4,057
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>4,057</b>	<b>4,057</b>

### Recognition and Measurement

#### *Provision for make good*

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

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

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 22. Other liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	115,508
	-	<b>115,508</b>

Refer to Note 8. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 19. Contract Liabilities for the reclassification of unearned revenue as at 1 July 2019.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 23. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

### 24. Contingent liabilities and assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

## Medical Radiation Practice Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 25. Reconciliation of cash flows from operating activities to net result

	2020	2019
	\$	\$
Net cash used on operating activities	119,274	109,496
Depreciation and amortisation expense	(5,900)	(2,029)
(Increase) / decrease in unearned revenue	115,508	16,773
Increase / (decrease) in prepayments and other assets	(4,768)	1,711
Decrease / (increase) in payables	13,559	(4,648)
Decrease / (increase) in contract liabilities	(119,304)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(5,599)	-
Net gain / (loss) on sale of property, plant and equipment	-	(2)
<b>Net result</b>	<b>112,770</b>	<b>121,301</b>

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, 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 \$	Carrying Amount 2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents (Note 13)	Amortised cost	2,252,090	2,137,507
Receivables (Note 14) <sup>1</sup>	Amortised cost	10	-
<b>Total Financial Assets</b>		<b>2,252,100</b>	<b>2,137,507</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 20)	Financial liabilities measured at amortised cost	34,895	-
Payables (Note 18) <sup>2</sup>	Financial liabilities measured at amortised cost	12,681	26,548
<b>Total Financial Liabilities</b>		<b>47,576</b>	<b>26,548</b>

#### Notes

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments (continued)

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

##### 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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	-	-	10	-	-	10
Expected credit loss	-	-	-	-	-	-
30 June 2019	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

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

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 26. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.



# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk (continued)

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	12,681	-	-	12,681	12,681	-	-
Borrowings:							
- Lease liabilities	34,895	-	-	34,895	4,433	21,366	9,096
	<b>47,576</b>	-	-	<b>47,576</b>	<b>17,114</b>	<b>21,366</b>	<b>9,096</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	26,548	-	-	26,548	26,548	-	-
	<b>26,548</b>	-	-	<b>26,548</b>	<b>26,548</b>	-	-

#### Notes:

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments (continued)

#### iii. Market risk

The Council does not have exposure to market risk on financial instruments.

##### *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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(22,172)	22,172	(21,375)	21,375
Equity	(22,172)	22,172	(21,375)	21,375

# Medical Radiation Practice Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 27. Related party transactions

During the financial year, Medical Radiation Practice Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$23,011 (2019: \$23,577) for these services.

### 28. Events after the reporting period

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



# **Nursing & Midwifery Council of NSW**

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL  
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING  
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL  
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL

# **Nursing & Midwifery Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Nursing & Midwifery Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Nursing & Midwifery Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a faint grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY



**NURSING AND MIDWIFERY COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Nursing and Midwifery Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Nursing and Midwifery Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Associate Professor Bethne Hart  
President

Date: 15 October 2020



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Adjunct Professor Greg Rickard OAM  
Deputy President

Date: 15 October 2020

**Nursing & Midwifery Council of New South Wales**  
**Statement of Comprehensive Income for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	5,072,710	4,796,818
Other expenses	3	3,749,442	4,016,932
Depreciation and amortisation	4	442,150	67,479
Education and research	5	9,792	71,972
Finance costs	6	56,559	-
<b>Total expenses excluding losses</b>		<b>9,330,653</b>	<b>8,953,201</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	10	237,946	275,588
Registration fees	8	-	8,343,452
Registration fees from contracts with customers	8	9,718,042	-
Investment revenue	9	94,449	193,249
Other income		5,000	1,580
<b>Total revenue</b>		<b>10,055,437</b>	<b>8,813,869</b>
<b>Operating result</b>		<b>724,784</b>	<b>(139,332)</b>
Gains / (losses) on disposal	11	-	(148)
Other gains / (losses)	12	(426,028)	(99)
<b>Net result</b>		<b>298,756</b>	<b>(139,579)</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>298,756</b>	<b>(139,579)</b>

The accompanying notes form part of these financial statements.

**Nursing & Midwifery Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	17,496,483	16,533,969
Receivables	14	115,967	101,826
<b>Total current assets</b>		<b>17,612,450</b>	<b>16,635,795</b>
<b>Non-current assets</b>			
Property, plant & equipment	15		
- Plant and equipment		83,070	61,831
- Leasehold improvements		133,638	109,289
- WIP - Leasehold improvements		-	42,998
Total property, plant & equipment		216,708	214,118
Right-of-use assets	16	2,141,951	-
Intangible assets	17	593	1,617
<b>Total non-current assets</b>		<b>2,359,252</b>	<b>215,735</b>
<b>Total assets</b>		<b>19,971,702</b>	<b>16,851,530</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	18	489,212	494,905
Contract liabilities	19	8,084,534	-
Lease liabilities	20	337,272	-
Other current liabilities	22	-	7,912,568
<b>Total current liabilities</b>		<b>8,911,018</b>	<b>8,407,473</b>
<b>Non-current liabilities</b>			
Lease liabilities	20	2,317,871	-
Provisions	21	260,250	260,250
<b>Total non-current liabilities</b>		<b>2,578,121</b>	<b>260,250</b>
<b>Total liabilities</b>		<b>11,489,139</b>	<b>8,667,723</b>
<b>Net assets</b>		<b>8,482,563</b>	<b>8,183,807</b>
<b>EQUITY</b>			
Accumulated funds		8,482,563	8,183,807
<b>Total Equity</b>		<b>8,482,563</b>	<b>8,183,807</b>

The accompanying notes form part of these financial statements.

**Nursing & Midwifery Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Balance at 1 July 2019		8,183,807
Restated balance at 1 July 2019		8,183,807
Net result for the year		298,756
Balance at 30 June 2020		<u>8,482,563</u>

	Notes	Accumulated Funds \$
Balance at 1 July 2018		8,323,386
Net result for the year		(139,579)
Balance at 30 June 2019		<u>8,183,807</u>

**Nursing & Midwifery Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(4,819,199)	(4,765,025)
Other		(4,142,648)	(4,413,168)
Education and research		(10,748)	(78,677)
Finance costs		(56,559)	-
<b>Total payments</b>		<b>(9,029,154)</b>	<b>(9,256,870)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		9,890,080	9,467,291
Interest received		94,449	193,249
Other		363,691	328,180
<b>Total receipts</b>		<b>10,348,220</b>	<b>9,988,720</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	25	<b>1,319,066</b>	<b>731,850</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	3,728
Purchases of property, plant and equipment and intangibles		(44,009)	(95,549)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(44,009)</b>	<b>(91,821)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(312,543)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(312,543)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>962,514</b>	<b>640,029</b>
Opening cash and cash equivalents	13	16,533,969	15,893,940
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	13	<b>17,496,483</b>	<b>16,533,969</b>

The accompanying notes form part of these financial statements.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### a) Reporting entity

The Nursing & Midwifery Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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:

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.



# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019 \$
<b>Assets</b>	
Receivables	-
Property, plant and equipment	-
Right-of-use assets	2,967,686
<b>Total assets</b>	<b>2,967,686</b>
<b>Liabilities</b>	
Lease liabilities	2,967,686
<b>Total liabilities</b>	<b>2,967,686</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019 \$
Operating lease commitments as at 30 June 2019 (GST included)	1,343,722
(Less): GST included in operating lease commitments	122,157
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>1,221,565</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>2,909,496</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	58,190
<b>Lease liabilities as at 1 July 2019</b>	<b>2,967,686</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 2. Personnel services

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	4,107,381	3,862,451
Superannuation - defined benefit plans	28,521	24,277
Superannuation - defined contribution plans	360,399	352,702
Long service leave	224,196	277,169
Redundancies	50,320	-
Workers' compensation insurance	17,398	12,902
Payroll taxes	284,495	267,317
	<b>5,072,710</b>	<b>4,796,818</b>

#### Recognition and Measurement

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 3. Other expenses

	2020	2019
	\$	\$
Advertising	125	1,546
Consultancies	4,806	1,579
Contractors	1,207,937	1,230,250
Domestic supplies and services	21,196	16,140
Food supplies	29,741	40,131
Fuel, light and power	11,919	3,623
Health assessments	564,246	520,545
Information management expenses	702,017	363,659
Insurance	178	159
Maintenance (see Note 3(b))	151,376	176,271
Motor vehicle expenses	580	888
Postal and telephone costs	33,841	63,358
Printing and stationery	16,390	28,511
Rental	-	330,975
Staff and Council related costs	51,170	90,145
Travel related costs	87,435	106,654
Other (see Note 3(a))	866,485	1,042,498
	<b>3,749,442</b>	<b>4,016,932</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	427	289
Legal services	2,889	22,658
Membership/professional fees	3,904	4,210
Security services	523	597
Expenses relating to leases of low-value assets	2,128	-
Auditor's Remuneration	18,254	50,579
Sitting Fees	515,890	600,152
NSW Civil & Administrative Tribunal Fixed Costs	91,716	125,160
Council Fees	152,742	173,348
General administration expenses	78,012	65,505
	<b>866,485</b>	<b>1,042,498</b>

#### (b) Reconciliation of total maintenance

Maintenance contracts	12,539	11,501
New / replacement equipment under \$5,000	35,271	51,202
Repairs maintenance / non contract	103,566	113,568
	<b>151,376</b>	<b>176,271</b>

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 18.

##### **Insurance**

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

##### **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 Council 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.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 4. Depreciation and amortisation

	2020	2019
	\$	\$
Depreciation - leasehold improvements	20,249	43,809
Depreciation - plant and equipment	21,170	12,966
Depreciation - right-of-use buildings	399,707	-
Amortisation - intangible assets	1,024	10,704
	<b>442,150</b>	<b>67,479</b>

Refer to Note 15 Property, plant and equipment, Note 16 Leases, and Note 17 Intangible assets for recognition and measurement policies on depreciation and amortisation.

### 5. Education and research

	2020	2019
	\$	\$
Education and research	9,792	71,972
	<b>9,792</b>	<b>71,972</b>

#### Recognition and Measurement

The Council is responsible for the administration of the Education and Research account. The Minister for Health, in consultation with the Council, may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

In accordance to Health Practitioner Regulation National Law (NSW) section 41S Education and Research Account, the Council may expend money in the Education and Research Account for or towards the following purposes:

- (a) any purpose relating to education and research about the health, performance and conduct of registered health practitioners or students registered in the health profession for which the Council is established;
- (b) meeting administrative expenditure incurred with respect to the Education and Research Account and the purposes for which it is used.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 6. Finance costs

	2020	2019
	\$	\$
Interest expense from lease liabilities	56,559	-
	<b>56,559</b>	<b>-</b>

#### Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

### 7. Expenditure managed on behalf of the Council through the NSW Ministry of Health

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 8. Registration fees

	2020	2019
	\$	\$
Registration fees	9,718,042	8,343,452
	<b>9,718,042</b>	<b>8,343,452</b>

#### Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

#### **Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

#### **Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 19 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 Council expects to recognise the unsatisfied portion as revenue.



# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 9. Investment revenue

	2020	2019
	\$	\$
Interest	94,449	193,249
	<b>94,449</b>	<b>193,249</b>

### 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).

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 10. Acceptance by the Crown Entity of personnel services

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

	2020	2019
	\$	\$
Superannuation - defined benefit plans	28,521	24,277
Long service leave provision	209,426	251,311
	<b>237,947</b>	<b>275,588</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 11. Gains / (losses) on disposal

	2020	2019
	\$	\$
Property, plant and equipment	-	8,922
<i>Less: accumulated depreciation</i>	-	(5,046)
<b>Written down value</b>	<b>-</b>	<b>3,876</b>
<i>Less: proceeds from disposal</i>	-	3,728
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>(148)</b>

### 12. Other gains / (losses)

	2020	2019
	\$	\$
Impairment losses on financial assets	-	(99)
Impairment losses on right-of-use assets	(426,028)	-
	<b>(426,028)</b>	<b>(99)</b>

### Recognition and Measurement

Impairment losses may arise on assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 14 Receivables
- Note 15 Property, plant and equipment
- Note 16 Leases
- Note 17 Intangible assets

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 13. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	1,036,046	1,057,980
Cash at bank - held by HPCA*	16,460,437	15,475,989
	<b>17,496,483</b>	<b>16,533,969</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	<b>17,496,483</b>	<b>16,533,969</b>
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>17,496,483</b>	<b>16,533,969</b>

The Council operates the bank accounts shown below:

Education and Research Account**	1,036,046	1,057,980
	<b>1,036,046</b>	<b>1,057,980</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 26 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 14. Receivables

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	31,697	-
Trade receivables	-	22,914
Goods and Services Tax	52,075	56,454
Prepayments	32,195	22,458
	<b>115,967</b>	<b>101,826</b>

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

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Property, plant and equipment

#### (a) Total property, plant and equipment

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	140,000	416,493	-	556,493
Movements in WIP	-	42,998	-	42,998
Less: accumulated depreciation and impairment	56,930	325,853	-	382,783
<b>Net carrying amount</b>	<b>83,070</b>	<b>133,638</b>	<b>-</b>	<b>216,708</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	97,591	414,893	42,998	555,482
Less: accumulated depreciation and impairment	35,760	305,604	-	341,364
<b>Net carrying amount</b>	<b>61,831</b>	<b>109,289</b>	<b>42,998</b>	<b>214,118</b>

#### (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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	61,831	109,289	42,998	214,118
Movements in WIP	-	42,998	(42,998)	-
Additions	42,409	1,600	-	44,009
Depreciation expense	(21,170)	(20,249)	-	(41,419)
<b>Net carrying amount at end of year</b>	<b>83,070</b>	<b>133,638</b>	<b>-</b>	<b>216,708</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	26,122	153,098	-	179,220
Adjustment to Opening Gross Carrying Amount*	-	248,922	-	248,922
Adjustment to Opening Accumulated Depreciation*	-	(248,922)	-	(248,922)
Additions	52,551	-	42,998	95,549
Disposals	(3,876)	-	-	(3,876)
Depreciation expense	(12,966)	(43,809)	-	(56,775)
<b>Net carrying amount at end of year</b>	<b>61,831</b>	<b>109,289</b>	<b>42,998</b>	<b>214,118</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. Property, plant and equipment (continued)

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

The Council 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 Council.

#### 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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

##### *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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

## Nursing & Midwifery Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 15. Property, plant and equipment (continued)

##### ***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 16.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 16.

##### ***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

##### ***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

##### ***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.



# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Leases

#### (a) Entity as a lessee

The Council leases a property in Pitt Street and the contract is made to a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

#### Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	2,967,686	-	2,967,686
Depreciation expense	(399,707)	-	(399,707)
Impairment losses (recognised in 'Other gains /	(426,028)	-	(426,028)
<b>Balance at 30 June 2020</b>	<b>2,141,951</b>	<b>-</b>	<b>2,141,951</b>

#### Lease liabilities

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	2,967,686
Interest expenses	56,559
Payments	(369,102)
<b>Balance at 30 June 2020</b>	<b>2,655,143</b>

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

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

	Total \$
<b>2020</b>	
Depreciation expense of right-of-use assets	399,707
Interest expense on lease liabilities	56,559
Expenses relating to leases of low-value assets	2,128
Impairment losses on right-of-use assets	426,028
<b>Total amount recognised in the statement of comprehensive income</b>	<b>884,422</b>

The Council had total cash outflows for leases of \$369,102 for the year ended 30 June 2020.

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

	Operating leases 2019 \$	Finance leases 2019 \$
Within one year	541,044	-
Later than one year and not later than five years	802,678	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>1,343,722</b>	-
Less: GST recoverable from the Australian Taxation Office	122,157	-
<b>Total (excluding GST)</b>	<b>1,221,565</b>	-

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

##### *i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

#### ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 20.

#### iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

##### 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 Council 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 Council 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.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 17. Intangible assets

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	34,872	34,872
Less: accumulated amortisation and impairment	34,279	33,255
<b>Net carrying amount</b>	<b>593</b>	<b>1,617</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	1,617	12,321
Amortisation (recognised in depreciation and amortisation)	(1,024)	(10,704)
<b>Net carrying amount at end of year</b>	<b>593</b>	<b>1,617</b>

### Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 18. Payables

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	89,120	76,308
Taxation and payroll deductions	25,851	21,401
Creditors	66,094	43,528
Accrued Expenditure	308,147	353,668
	<b>489,212</b>	<b>494,905</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	114,971	97,709
	<b>114,971</b>	<b>97,709</b>

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

#### Recognition and Measurement

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

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 19. Contract liabilities

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	8,084,534	7,912,568
	<b>8,084,534</b>	<b>7,912,568</b>

#### Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2020 was impacted by the timing of payments received for registration fees. The satisfaction of the specific performance obligations within the contract have not been met at 30 June 2020 as the registration period starts from 1 June 2020 and ends on 31 May 2021.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised throughout July 2020 to May 2021 as the remaining registration period elapses.

## Nursing & Midwifery Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 20. Lease liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 16)	337,272	-
	<b>337,272</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 16)	2,317,871	-
	<b>2,317,871</b>	<b>-</b>

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

#### Recognition and Measurement

##### *Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.



# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 21. Provisions

	2020	2019
	\$	\$
<b>Non-current</b>		
Make good provision	260,250	260,250
	<b>260,250</b>	<b>260,250</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	260,250	260,250
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>260,250</b>	<b>260,250</b>

### Recognition and Measurement

#### *Provision for make good*

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

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

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 22. Other liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	7,912,568
	-	<b>7,912,568</b>

Refer to Note 8. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 19. Contract Liabilities for the reclassification of unearned revenue as at 1 July 2019.

# **Nursing & Midwifery Council of New South Wales**

## **Notes to and forming part of the Financial Statements**

for the year ended 30 June 2020

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### **23. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

### **24. Contingent liabilities and assets**

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

## Nursing & Midwifery Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 25. Reconciliation of cash flows from operating activities to net result

	2020	2019
	\$	\$
Net cash used on operating activities	1,319,066	731,850
Depreciation and amortisation expense	(442,150)	(67,479)
Allowance for impairment	-	(99)
(Increase) / decrease in unearned revenue	7,912,568	(1,123,840)
Increase / (decrease) in prepayments and other assets	14,141	28,901
Decrease / (increase) in payables	5,693	291,236
Decrease / (increase) in contract liabilities	(8,084,534)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(426,028)	-
Net gain / (loss) on sale of property, plant and equipment	-	(148)
<b>Net result</b>	<b>298,756</b>	<b>(139,579)</b>

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, 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 \$	Carrying Amount 2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents (Note 13)	Amortised cost	17,496,483	16,533,969
Receivables (Note 14) <sup>1</sup>	Amortised cost	31,697	22,914
<b>Total Financial Assets</b>		<b>17,528,180</b>	<b>16,556,883</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 20)	Financial liabilities measured at amortised cost	2,655,143	-
Payables (Note 18) <sup>2</sup>	Financial liabilities measured at amortised cost	463,361	473,504
<b>Total Financial Liabilities</b>		<b>3,118,504</b>	<b>473,504</b>

#### Notes

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments (continued)

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

##### 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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	30,942	-	755	-	-	31,697
Expected credit loss	-	-	-	-	-	-
30 June 2019	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	22,914	-	-	-	-	22,914
Expected credit loss	-	-	-	-	-	-

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

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 26. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk (continued)

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	463,361	-	-	463,361	463,361	-	-
Borrowings:							
- Lease liabilities	2,655,143	-	-	2,655,143	337,272	1,625,727	692,144
	<b>3,118,504</b>	-	-	<b>3,118,504</b>	<b>800,633</b>	<b>1,625,727</b>	<b>692,144</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	473,504	-	-	473,504	473,504	-	-
	<b>473,504</b>	-	-	<b>473,504</b>	<b>473,504</b>	-	-

#### Notes:

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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



# Nursing & Midwifery Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 26. Financial instruments (continued)

#### iii. Market risk

The Council does not have exposure to market risk on financial instruments.

##### *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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(148,413)	148,413	(165,340)	165,340
Equity	(148,413)	148,413	(165,340)	165,340

# **Nursing & Midwifery Council of New South Wales**

## **Notes to and forming part of the Financial Statements**

for the year ended 30 June 2020

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### **27. Related party transactions**

During the financial year, Nursing & Midwifery Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and Nepean Blue Mountains Local Health District and incurred \$221,652 and \$nil, respectively (2019: \$263,159 and \$384, respectively) for these services.

### **28. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



**Occupational  
Therapy  
Council**  
of NSW

# Occupational Therapy Council of NSW

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL [CHINESE MEDICINE COUNCIL](#)  
CHIROPRACTIC COUNCIL [DENTAL COUNCIL](#) MEDICAL COUNCIL [MEDICAL RADIATION PRACTICE COUNCIL](#) NURSING  
AND MIDWIFERY COUNCIL [OCCUPATIONAL THERAPY COUNCIL](#) OPTOMETRY COUNCIL [OSTEOPATHY COUNCIL](#)  
[PARAMEDICINE COUNCIL](#) PHARMACY COUNCIL [PHYSIOTHERAPY COUNCIL](#) PODIATRY COUNCIL [PSYCHOLOGY COUNCIL](#)

# **Occupational Therapy Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Occupational Therapy Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Occupational Therapy Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light blue grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**OCCUPATIONAL THERAPY COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Occupational Therapy Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Occupational Therapy Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Mr Kim Nguyen  
President

Date: 15 October 2020



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Ms Carolyn Fozzard  
Deputy President

Date: 15 October 2020



**Occupational Therapy Council of New South Wales**  
**Statement of Comprehensive Income for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Expenses excluding losses</b>			
Personnel services	2	61,550	92,223
Other expenses	3	68,207	88,028
Depreciation and amortisation	4	5,832	2,233
Finance costs	5	716	-
<b>Total expenses excluding losses</b>		<b>136,305</b>	<b>182,484</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	9	(1,414)	5,138
Registration fees	7	-	242,757
Registration fees from contracts with customers	7	259,111	-
Investment revenue	8	8,112	16,469
Other income		-	34
<b>Total revenue</b>		<b>265,809</b>	<b>264,398</b>
<b>Operating result</b>		<b>129,504</b>	<b>81,914</b>
Gains / (losses) on disposal	10	-	(2)
Other gains / (losses)	11	(5,395)	-
<b>Net result</b>		<b>124,109</b>	<b>81,912</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>124,109</b>	<b>81,912</b>

The accompanying notes form part of these financial statements.

**Occupational Therapy Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	1,249,194	1,129,523
Receivables	13	1,202	6,002
<b>Total current assets</b>		<b>1,250,396</b>	<b>1,135,525</b>
<b>Non-current assets</b>			
Property, plant & equipment	14		
- Plant and equipment		1,373	1,191
- Leasehold improvements		2,665	2,198
- WIP - Leasehold improvements		-	840
Total property, plant & equipment		4,038	4,229
Right-of-use assets	15	27,127	-
Intangible assets	16	10	21
<b>Total non-current assets</b>		<b>31,175</b>	<b>4,250</b>
<b>Total assets</b>		<b>1,281,571</b>	<b>1,139,775</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Contract liabilities	18	100,051	-
Lease liabilities	19	4,271	-
Other current liabilities	21	-	110,707
<b>Total current liabilities</b>		<b>116,873</b>	<b>128,540</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	29,354	-
Provisions	20	4,464	4,464
<b>Total non-current liabilities</b>		<b>33,818</b>	<b>4,464</b>
<b>Total liabilities</b>		<b>150,691</b>	<b>133,004</b>
<b>Net assets</b>		<b>1,130,880</b>	<b>1,006,771</b>
<b>EQUITY</b>			
Accumulated funds		1,130,880	1,006,771
<b>Total Equity</b>		<b>1,130,880</b>	<b>1,006,771</b>

The accompanying notes form part of these financial statements.

**Occupational Therapy Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Balance at 1 July 2019		1,006,771
Restated balance at 1 July 2019		1,006,771
Net result for the year		124,109
Balance at 30 June 2020		1,130,880

	Notes	Accumulated Funds \$
Balance at 1 July 2018		924,859
Net result for the year		81,912
Balance at 30 June 2019		1,006,771

**Occupational Therapy Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Payments</b>			
Personnel services		(66,699)	(87,915)
Other		(71,237)	(96,332)
Finance costs		(716)	-
<b>Total payments</b>		<b>(138,652)</b>	<b>(184,247)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		248,456	265,454
Interest received		8,112	16,469
Other		6,281	6,520
<b>Total receipts</b>		<b>262,849</b>	<b>288,443</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	<b>124,197</b>	<b>104,196</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	67
Purchases of property, plant and equipment and intangibles		(568)	(1,866)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(568)</b>	<b>(1,799)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(3,958)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(3,958)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>119,671</b>	<b>102,397</b>
Opening cash and cash equivalents	12	1,129,523	1,027,126
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	12	<b>1,249,194</b>	<b>1,129,523</b>

The accompanying notes form part of these financial statements.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### a) Reporting entity

The Occupational Therapy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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:

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.



# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019
	\$
<b>Assets</b>	
Right-of-use assets	37,584
<b>Total assets</b>	<b>37,584</b>
<b>Liabilities</b>	
Lease liabilities	37,584
<b>Total liabilities</b>	<b>37,584</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019
	\$
Operating lease commitments as at 30 June 2019 (GST included)	17,017
(Less): GST included in operating lease commitments	1,547
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>15,470</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>15,167</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	22,417
<b>Lease liabilities as at 1 July 2019</b>	<b>37,584</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 2. Personnel services

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	53,511	73,652
Superannuation - defined benefit plans	41	76
Superannuation - defined contribution plans	4,795	6,828
Long service leave	(1,949)	5,585
Redundancies	634	-
Workers' compensation insurance	219	255
Payroll taxes	4,299	5,827
	<b>61,550</b>	<b>92,223</b>

#### Recognition and Measurement

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 3. Other expenses

	2020	2019
	\$	\$
Advertising	2	30
Consultancies	61	725
Contractors	15,194	31,235
Domestic supplies and services	232	598
Food supplies	1,239	3,057
Fuel, light and power	151	302
Health assessments	4,700	-
Information management expenses	12,286	15,156
Insurance	2	3
Maintenance (see Note 3(b))	1,892	2,716
Motor vehicle expenses	5	17
Postal and telephone costs	440	4,217
Printing and stationery	191	503
Rental	-	6,173
Staff and Council related costs	261	899
Travel related costs	1,587	2,543
Other (see Note 3(a))	29,964	19,854
	<b>68,207</b>	<b>88,028</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	13	8
Legal services	-	46
Membership/professional fees	9	17
Security services	7	12
Expenses relating to leases of low-value assets	26	-
Auditor's Remuneration	6,368	5,032
Sitting Fees	10,782	1,200
Council Fees	12,146	12,039
General administration expenses	613	1,500
	<b>29,964</b>	<b>19,854</b>

#### (b) Reconciliation of total maintenance

Maintenance contracts	159	225
New / replacement equipment under \$5,000	422	995
Repairs maintenance / non contract	1,311	1,496
	<b>1,892</b>	<b>2,716</b>

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 17.

##### **Insurance**

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

##### **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 Council 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.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 4. Depreciation and amortisation

	2020	2019
	\$	\$
Depreciation - leasehold improvements	404	881
Depreciation - plant and equipment	355	157
Depreciation - right-of-use buildings	5,062	-
Amortisation - intangible assets	11	1,195
	<b>5,832</b>	<b>2,233</b>

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 5. Finance costs

	2020	2019
	\$	\$
Interest expense from lease liabilities	716	-
	<b>716</b>	<b>-</b>

#### Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

### 6. Expenditure managed on behalf of the Council through the NSW Ministry of Health

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 7. Registration fees

	2020	2019
	\$	\$
Registration fees	259,111	242,757
	259,111	242,757

#### Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

#### **Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

#### **Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 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 Council expects to recognise the unsatisfied portion as revenue.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 8. Investment revenue

	2020	2019
	\$	\$
Interest	8,112	16,469
	<b>8,112</b>	<b>16,469</b>

### 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).



# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 9. Acceptance by the Crown Entity of personnel services

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

	2020	2019
	\$	\$
Superannuation - defined benefit plans	41	76
Long service leave provision	(1,455)	5,062
	<b>(1,414)</b>	<b>5,138</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 10. Gains / (losses) on disposal

	2020	2019
	\$	\$
Property, plant and equipment	-	160
Less: accumulated depreciation	-	(91)
<b>Written down value</b>	<b>-</b>	<b>69</b>
Less: proceeds from disposal	-	67
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>(2)</b>

### 11. Other gains / (losses)

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(5,395)	-
	<b>(5,395)</b>	<b>-</b>

### Recognition and Measurement

#### *Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 12. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	47,845	47,523
Cash at bank - held by HPCA*	1,201,349	1,082,000
	<b>1,249,194</b>	<b>1,129,523</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	1,249,194	1,129,523
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>1,249,194</b>	<b>1,129,523</b>

The Council operates the bank accounts shown below:

Education and Research Account**	47,845	47,523
	<b>47,845</b>	<b>47,523</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 13. Receivables

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	129	-
Trade receivables	-	1,310
Goods and Services Tax	668	1,137
Prepayments	405	3,555
	<b>1,202</b>	<b>6,002</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 14. Property, plant and equipment

#### (a) Total property, plant and equipment

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	1,967	7,623	-	9,590
Movements in WIP	-	840	-	840
Less: accumulated depreciation and impairment	594	5,798	-	6,392
<b>Net carrying amount</b>	<b>1,373</b>	<b>2,665</b>	<b>-</b>	<b>4,038</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	1,430	7,592	840	9,862
Less: accumulated depreciation and impairment	239	5,394	-	5,633
<b>Net carrying amount</b>	<b>1,191</b>	<b>2,198</b>	<b>840</b>	<b>4,229</b>

#### (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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	1,191	2,198	840	4,229
Movements in WIP	-	840	(840)	-
Additions	537	31	-	568
Depreciation expense	(355)	(404)	-	(759)
<b>Net carrying amount at end of year</b>	<b>1,373</b>	<b>2,665</b>	<b>-</b>	<b>4,038</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	391	3,079	-	3,470
Adjustment to Opening Gross Carrying Amount*	-	4,273	-	4,273
Adjustment to Opening Accumulated Depreciation*	-	(4,273)	-	(4,273)
Additions	1,026	-	840	1,866
Disposals	(69)	-	-	(69)
Depreciation expense	(157)	(881)	-	(1,038)
<b>Net carrying amount at end of year</b>	<b>1,191</b>	<b>2,198</b>	<b>840</b>	<b>4,229</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 14. Property, plant and equipment (continued)

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

The Council 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 Council.

#### 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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

##### *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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 14. Property, plant and equipment (continued)

#### ***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 15.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 15.

#### ***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

#### ***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

#### ***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.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Leases

#### (a) Entity as a lessee

The Council leases a property in Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

#### Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	37,584	-	37,584
Depreciation expense	(5,062)	-	(5,062)
Impairment losses (recognised in 'Other gains /	(5,395)	-	(5,395)
<b>Balance at 30 June 2020</b>	<b>27,127</b>	<b>-</b>	<b>27,127</b>

#### Lease liabilities

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	37,584
Interest expenses	716
Payments	(4,674)
<b>Balance at 30 June 2020</b>	<b>33,626</b>



# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Leases (continued)

#### (a) Entity as a lessee (continued)

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

	Total \$
<b>2020</b>	
Depreciation expense of right-of-use assets	5,062
Interest expense on lease liabilities	716
Expenses relating to leases of low-value assets	26
Impairment losses on right-of-use assets	5,395
<b>Total amount recognised in the statement of comprehensive income</b>	<b>11,199</b>

The Council had total cash outflows for leases of \$4,674 for the year ended 30 June 2020.

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

	Operating leases 2019 \$	Finance leases 2019 \$
Within one year	6,852	-
Later than one year and not later than five years	10,165	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>17,017</b>	<b>-</b>
Less: GST recoverable from the Australian Taxation Office	1,547	-
<b>Total (excluding GST)</b>	<b>15,470</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

##### *i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. Leases (continued)

#### (a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

#### ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

#### iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. Leases (continued)

#### (a) Entity as a lessee (continued)

##### 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 Council 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 Council 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.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Intangible assets

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	4,391	4,391
Less: accumulated amortisation and impairment	4,381	4,370
<b>Net carrying amount</b>	<b>10</b>	<b>21</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	21	1,216
Amortisation (recognised in depreciation and amortisation)	(11)	(1,195)
<b>Net carrying amount at end of year</b>	<b>10</b>	<b>21</b>

#### Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 17. Payables

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	653	4,357
Taxation and payroll deductions	416	430
Creditors	329	553
Accrued Expenditure	11,153	12,493
	<b>12,551</b>	<b>17,833</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	1,069	4,787
	<b>1,069</b>	<b>4,787</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 25.

#### Recognition and Measurement

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

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 18. Contract liabilities

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	100,051	110,707
	<b>100,051</b>	<b>110,707</b>

#### 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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 19. Lease liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 15)	4,271	-
	<b>4,271</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 15)	29,354	-
	<b>29,354</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

#### Recognition and Measurement

##### *Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 20. Provisions

	2020	2019
	\$	\$
<b>Non-current</b>		
Make good provision	4,464	4,464
	<b>4,464</b>	<b>4,464</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	4,464	4,464
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>4,464</b>	<b>4,464</b>

### Recognition and Measurement

#### *Provision for make good*

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

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



# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 21. Other liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	110,707
	-	<b>110,707</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 18. Contract Liabilities for the reclassification of unearned revenue as at 1 July 2019.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 22. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

### 23. Contingent liabilities and assets

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

# Occupational Therapy Council of New South Wales

## 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

	2020	2019
	\$	\$
Net cash used on operating activities	124,197	104,196
Depreciation and amortisation expense	(5,832)	(2,233)
(Increase) / decrease in unearned revenue	110,707	(22,697)
Increase / (decrease) in prepayments and other assets	(4,800)	2,238
Decrease / (increase) in payables	5,283	410
Decrease / (increase) in contract liabilities	(100,051)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(5,395)	-
Net gain / (loss) on sale of property, plant and equipment	-	(2)
<b>Net result</b>	<b>124,109</b>	<b>81,912</b>

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, 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 \$	Carrying Amount 2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents (Note 12)	Amortised cost	1,249,194	1,129,523
Receivables (Note 13) <sup>1</sup>	Amortised cost	129	1,310
<b>Total Financial Assets</b>		<b>1,249,323</b>	<b>1,130,833</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 19)	Financial liabilities measured at amortised cost	33,625	-
Payables (Note 17) <sup>2</sup>	Financial liabilities measured at amortised cost	12,135	17,403
<b>Total Financial Liabilities</b>		<b>45,760</b>	<b>17,403</b>

#### Notes

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments (continued)

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

##### 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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	120	-	9	-	-	129
Expected credit loss	-	-	-	-	-	-
30 June 2019	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	1,310	-	-	-	-	1,310
Expected credit loss	-	-	-	-	-	-

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

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 25. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments (continued)

#### (d) Financial risk (continued)

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal	Fixed	Variable	Non -	< 1 Yr	1-5 Yr	> 5Yr
	Amount <sup>1</sup>	Interest	Interest	Interest			
	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	12,135	-	-	12,135	12,135	-	-
Borrowings:							
- Lease liabilities	33,625	-	-	33,625	4,271	20,589	8,765
	<b>45,760</b>	<b>-</b>	<b>-</b>	<b>45,760</b>	<b>16,406</b>	<b>20,589</b>	<b>8,765</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	17,403	-	-	17,403	17,403	-	-
	<b>17,403</b>	<b>-</b>	<b>-</b>	<b>17,403</b>	<b>17,403</b>	<b>-</b>	<b>-</b>

#### Notes:

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 25. Financial instruments (continued)

#### iii. Market risk

##### *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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(12,156)	12,156	(11,295)	11,295
Equity	(12,156)	12,156	(11,295)	11,295



# Occupational Therapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 26. Related party transactions

During the financial year, Occupational Therapy Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$13,761 (2019: \$14,462) for these services.

### 27. Events after the reporting period

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



**Optometry  
Council  
of NSW**

# **Optometry Council of NSW**

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL  
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING  
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL  
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL

# **Optometry Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Optometry Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Optometry Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light blue grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**OPTOMETRY COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Optometry Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Optometry Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

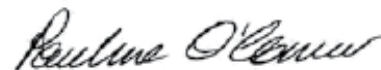
Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Mr Albert Lee  
President

Date: 15 October 2020



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Ms Pauline O'Connor  
Deputy President

Date: 15 October 2020

**Optometry Council of New South Wales**  
**Statement of Comprehensive Income for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	66,415	82,221
Other expenses	3	62,098	81,731
Depreciation and amortisation	4	5,211	1,409
Finance costs	5	649	-
<b>Total expenses excluding losses</b>		<b>134,373</b>	<b>165,361</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	9	1,089	4,685
Registration fees	7	-	230,531
Registration fees from contracts with customers	7	241,089	-
Investment revenue	8	4,611	9,011
Other income		-	28
<b>Total revenue</b>		<b>246,789</b>	<b>244,255</b>
<b>Operating result</b>		<b>112,416</b>	<b>78,894</b>
Gains / (losses) on disposal	10	-	(4)
Other gains / (losses)	11	(4,886)	-
<b>Net result</b>		<b>107,530</b>	<b>78,890</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>107,530</b>	<b>78,890</b>

The accompanying notes form part of these financial statements.



**Optometry Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	732,668	617,126
Receivables	13	802	3,827
<b>Total current assets</b>		<b>733,470</b>	<b>620,953</b>
<b>Non-current assets</b>			
Property, plant & equipment	14		
- Plant and equipment		1,279	1,127
- Leasehold improvements		1,768	1,242
- WIP - Leasehold improvements		-	763
Total property, plant & equipment		3,047	3,132
Right-of-use assets	15	24,568	-
Intangible assets	16	14	42
<b>Total non-current assets</b>		<b>27,629</b>	<b>3,174</b>
<b>Total assets</b>		<b>761,099</b>	<b>624,127</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	17	8,708	15,850
Contract liabilities	18	101,649	-
Lease liabilities	19	3,868	-
Other current liabilities	21	-	95,518
<b>Total current liabilities</b>		<b>114,225</b>	<b>111,368</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	26,585	-
Provisions	20	6,837	6,837
<b>Total non-current liabilities</b>		<b>33,422</b>	<b>6,837</b>
<b>Total liabilities</b>		<b>147,647</b>	<b>118,205</b>
<b>Net assets</b>		<b>613,452</b>	<b>505,922</b>
<b>EQUITY</b>			
Accumulated funds		613,452	505,922
<b>Total Equity</b>		<b>613,452</b>	<b>505,922</b>

The accompanying notes form part of these financial statements.

**Optometry Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Balance at 1 July 2019		505,922
Restated balance at 1 July 2019		505,922
Net result for the year		107,530
Balance at 30 June 2020		613,452

	Notes	Accumulated Funds \$
Balance at 1 July 2018		427,032
Net result for the year		78,890
Balance at 30 June 2019		505,922

**Optometry Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(70,499)	(85,488)
Other		(65,785)	(94,920)
Finance costs		(649)	-
<b>Total payments</b>		<b>(136,933)</b>	<b>(180,408)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		247,222	234,624
Interest received		4,611	9,011
Other		4,740	6,558
<b>Total receipts</b>		<b>256,573</b>	<b>250,193</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	<b>119,640</b>	<b>69,785</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	103
Purchases of property, plant and equipment and intangibles		(514)	(1,696)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(514)</b>	<b>(1,593)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(3,584)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(3,584)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>115,542</b>	<b>68,192</b>
Opening cash and cash equivalents	12	617,126	548,934
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	12	<b>732,668</b>	<b>617,126</b>

The accompanying notes form part of these financial statements.

# Optometry Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### a) Reporting entity

The Optometry Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

**1. Statement of Significant Accounting Policies**

**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.

**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 Council 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 Council.

**AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

**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:

## 1. Statement of Significant Accounting Policies

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

### **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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**1. Statement of Significant Accounting Policies**

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019 \$
<b>Assets</b>	
Right-of-use assets	34,038
<b>Total assets</b>	<b>34,038</b>
<b>Liabilities</b>	
Lease liabilities	34,038
<b>Total liabilities</b>	<b>34,038</b>
<b>Equity</b>	
Accumulated funds	-
	<b>-</b>

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019 \$
Operating lease commitments as at 30 June 2019 (GST included)	15,412
(Less): GST included in operating lease commitments	1,401
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>14,011</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>13,736</b>
<i>Add:</i> Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	20,302
<b>Lease liabilities as at 1 July 2019</b>	<b>34,038</b>

**(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 Council 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. The Council has no service concession arrangements to which the standard will apply.

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**2. Personnel services**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages (including annual leave)	55,127	65,866
Superannuation - defined benefit plans	37	48
Superannuation - defined contribution plans	5,064	6,118
Long service leave	951	5,119
Redundancies	578	-
Workers' compensation insurance	200	228
Payroll taxes	4,458	4,842
	<b>66,415</b>	<b>82,221</b>

**Recognition and Measurement**

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.



**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**3. Other expenses**

	2020	2019
	\$	\$
Advertising	1	27
Consultancies	55	228
Contractors	14,128	21,451
Domestic supplies and services	239	281
Food supplies	390	787
Fuel, light and power	137	241
Health assessments	2,200	-
Information management expenses	10,593	10,637
Insurance	2	3
Maintenance (see Note 3(b))	1,713	2,235
Motor vehicle expenses	5	15
Postal and telephone costs	290	3,324
Printing and stationery	172	457
Rental	-	5,500
Staff and Council related costs	258	768
Travel related costs	4,258	6,602
Other (see Note 3(a))	27,657	29,175
	<b>62,098</b>	<b>81,731</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	12	12
Legal services	-	60
Membership/professional fees	8	15
Security services	6	11
Expenses relating to leases of low-value assets	24	-
Auditor's Remuneration	6,368	3,665
Sitting Fees	2,626	5,593
Council Fees	17,379	17,530
General administration expenses	1,234	2,289
	<b>27,657</b>	<b>29,175</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	144	204
New / replacement equipment under \$5,000	382	904
Repairs maintenance / non contract	1,187	1,127
	<b>1,713</b>	<b>2,235</b>

**3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 17.

***Insurance***

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

***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 Council 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.

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**4. Depreciation and amortisation**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Depreciation - leasehold improvements	265	499
Depreciation - plant and equipment	334	190
Depreciation - right-of-use buildings	4,584	-
Amortisation - intangible assets	28	720
	<b>5,211</b>	<b>1,409</b>

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**5. Finance costs**

	2020	2019
	\$	\$
Interest expense from lease liabilities	649	-
	<b>649</b>	<b>-</b>

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**Recognition and Measurement**

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

**6. Expenditure managed on behalf of the Council through the NSW Ministry of Health**

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

**Optometry Council of New South Wales**  
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**7. Registration fees**

	2020 \$	2019 \$
Registration fees	241,089	230,531
	<b>241,089</b>	<b>230,531</b>

**Recognition and Measurement**

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

**Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

**Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 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 Council expects to recognise the unsatisfied portion as revenue.

**Optometry Council of New South Wales**  
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**8. Investment revenue**

	2020	2019
	\$	\$
Interest	4,611	9,011
	<b>4,611</b>	<b>9,011</b>

**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).

**Optometry Council of New South Wales**  
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**9. Acceptance by the Crown Entity of personnel services**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Superannuation - defined benefit plans	37	48
Long service leave provision	1,052	4,637
	<b>1,089</b>	<b>4,685</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

**Optometry Council of New South Wales**  
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**10. Gains / (losses) on disposal**

	2020	2019
	\$	\$
Property, plant and equipment	-	247
<i>Less: accumulated depreciation</i>	-	(140)
<b>Written down value</b>	-	<b>107</b>
<i>Less: proceeds from disposal</i>	-	103
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	-	<b>(4)</b>

**11. Other gains / (losses)**

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(4,886)	-
	<b>(4,886)</b>	-

**Recognition and Measurement**

*Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets



**Optometry Council of New South Wales**  
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**12. Cash and cash equivalents**

	2020	2019
	\$	\$
Cash at bank and on hand	48,060	47,737
Cash at bank - held by HPCA*	684,608	569,389
	<b>732,668</b>	<b>617,126</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	732,668	617,126
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>732,668</b>	<b>617,126</b>

The Council operates the bank accounts shown below:

Education and Research Account**	48,060	47,737
	<b>48,060</b>	<b>47,737</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Optometry Council of New South Wales**  
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**13. Receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	48	-
Trade receivables	-	147
Goods and Services Tax	384	914
Prepayments	370	2,766
	<b>802</b>	<b>3,827</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

**Optometry Council of New South Wales**  
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**14. Property, plant and equipment**

**(a) Total property, plant and equipment**

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	1,916	8,517	-	10,433
Movements in WIP	-	763	-	763
Less: accumulated depreciation and impairment	637	7,512	-	8,149
<b>Net carrying amount</b>	<b>1,279</b>	<b>1,768</b>	<b>-</b>	<b>3,047</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	1,430	8,489	763	10,682
Less: accumulated depreciation and impairment	303	7,247	-	7,550
<b>Net carrying amount</b>	<b>1,127</b>	<b>1,242</b>	<b>763</b>	<b>3,132</b>

**(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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	1,127	1,242	763	3,132
Movements in WIP		763	(763)	-
Additions	486	28	-	514
Depreciation expense	(334)	(265)	-	(599)
<b>Net carrying amount at end of year</b>	<b>1,279</b>	<b>1,768</b>	<b>-</b>	<b>3,047</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	491	1,741	-	2,232
Adjustment to Opening Gross Carrying Amount*	-	6,514	-	6,514
Adjustment to Opening Accumulated Depreciation*	-	(6,514)	-	(6,514)
Additions	933	-	763	1,696
Disposals	(107)	-	-	(107)
Depreciation expense	(190)	(499)	-	(689)
<b>Net carrying amount at end of year</b>	<b>1,127</b>	<b>1,242</b>	<b>763</b>	<b>3,132</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

**14. Property, plant and equipment (continued)**

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

The Council 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 Council.

**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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

***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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

**14. Property, plant and equipment (continued)**

***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 15.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 15.

***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

***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.

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**15. Leases**

**(a) Entity as a lessee**

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

**Right-of-use assets under leases**

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	34,038	-	34,038
Depreciation expense	(4,584)	-	(4,584)
Impairment losses (recognised in 'Other gains /	(4,886)	-	(4,886)
<b>Balance at 30 June 2020</b>	<b>24,568</b>	<b>-</b>	<b>24,568</b>

**Lease liabilities**

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	34,038
Interest expenses	649
Payments	(4,233)
<b>Balance at 30 June 2020</b>	<b>30,454</b>

**Optometry Council of New South Wales**  
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**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

	<b>Total</b>
	<b>\$</b>
<b>2020</b>	
Depreciation expense of right-of-use assets	4,584
Interest expense on lease liabilities	649
Expenses relating to leases of low-value assets	24
Impairment losses on right-of-use assets	4,886
<b>Total amount recognised in the statement of comprehensive income</b>	<b>10,143</b>

The Council had total cash outflows for leases of \$4,233 for the year ended 30 June 2020.

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

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	6,206	-
Later than one year and not later than five years	9,206	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>15,412</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	1,401	-
<b>Total (excluding GST)</b>	<b>14,011</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

*i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<b>Useful lives</b>
Buildings	5 years

## 15. Leases (continued)

### (a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

### ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

### iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.



**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

**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 Council 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 Council 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.

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**16. Intangible assets**

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	2,683	2,683
Less: accumulated amortisation and impairment	2,669	2,641
<b>Net carrying amount</b>	<b>14</b>	<b>42</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	42	762
Amortisation (recognised in depreciation and amortisation)	(28)	(720)
<b>Net carrying amount at end of year</b>	<b>14</b>	<b>42</b>

**Recognition and Measurement**

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

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**17. Payables**

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	1,072	6,464
Taxation and payroll deductions	555	322
Creditors	392	424
Accrued Expenditure	6,689	8,640
	<b>8,708</b>	<b>15,850</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	1,627	6,786
	<b>1,627</b>	<b>6,786</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 25.

**Recognition and Measurement**

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

**Optometry Council of New South Wales**  
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**18. Contract liabilities**

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	101,649	95,518
	<b>101,649</b>	<b>95,518</b>

**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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
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**19. Lease liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 15)	3,868	-
	<b>3,868</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 15)	26,585	-
	<b>26,585</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

**Recognition and Measurement**

*Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
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**20. Provisions**

	2020 \$	2019 \$
<b>Non-current</b>		
Make good provision	6,837	6,837
	<b>6,837</b>	<b>6,837</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	6,837	6,837
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>6,837</b>	<b>6,837</b>

**Recognition and Measurement**

***Provision for make good***

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

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

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**21. Other liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	95,518
	-	<b>95,518</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 18. Contract liabilities for the reclassification of unearned revenue as at 1 July 2019.

**22. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

**23. Contingent liabilities and assets**

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.



**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net cash used on operating activities	119,640	69,785
Depreciation and amortisation expense	(5,211)	(1,409)
(Increase) / decrease in unearned revenue	95,518	(4,093)
Increase / (decrease) in prepayments and other assets	(3,025)	496
Decrease / (increase) in payables	7,143	14,115
Decrease / (increase) in contract liabilities	(101,649)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(4,886)	-
Net gain / (loss) on sale of property, plant and equipment	-	(4)
<b>Net result</b>	<b>107,530</b>	<b>78,890</b>

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**25. Financial instruments**

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

**(a) Financial instrument categories**

<b>Class</b>	<b>Category</b>	<b>Carrying Amount 2020</b>	<b>Carrying Amount 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents (Note 12)	Amortised cost	732,668	617,126
Receivables (Note 13) <sup>1</sup>	Amortised cost	48	147
<b>Total Financial Assets</b>		<b>732,716</b>	<b>617,273</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 19)	Financial liabilities measured at amortised cost	30,453	-
Payables (Note 17) <sup>2</sup>	Financial liabilities measured at amortised cost	8,153	15,528
<b>Total Financial Liabilities</b>		<b>38,606</b>	<b>15,528</b>

**Notes**

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

**25. Financial instruments (continued)**

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

**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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
	\$	\$	\$	\$	\$	\$
<b>30 June 2020</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	39	-	9	-	-	48
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2019</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	147	-	-	-	-	147
Expected credit loss	-	-	-	-	-	-

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

**25. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk**

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**25. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk (continued)**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	8,153	-	-	8,153	8,153	-	-
Borrowings:							
- Lease liabilities	30,453	-	-	30,453	3,868	18,646	7,939
	<b>38,606</b>	-	-	<b>38,606</b>	<b>12,021</b>	<b>18,646</b>	<b>7,939</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	15,528	-	-	15,528	15,528	-	-
	<b>15,528</b>	-	-	<b>15,528</b>	<b>15,528</b>	-	-

**Notes:**

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**25. Financial instruments (continued)**

**iii. Market risk**

The Council does not have exposure to market risk on financial instruments.

*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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(7,022)	7,022	(6,171)	6,171
Equity	(7,022)	7,022	(6,171)	6,171

**Optometry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**26. Related party transactions**

During the financial year, Optometry Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$18,931 (2019: \$21,660) for these services.

**27. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



**Osteopathy  
Council  
of NSW**

# **Osteopathy Council of NSW**

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL [CHINESE MEDICINE COUNCIL](#)  
CHIROPRACTIC COUNCIL [DENTAL COUNCIL](#) MEDICAL COUNCIL [MEDICAL RADIATION PRACTICE COUNCIL](#) NURSING  
AND MIDWIFERY COUNCIL [OCCUPATIONAL THERAPY COUNCIL](#) OPTOMETRY COUNCIL [OSTEOPATHY COUNCIL](#)  
[PARAMEDICINE COUNCIL](#) PHARMACY COUNCIL [PHYSIOTHERAPY COUNCIL](#) PODIATRY COUNCIL [PSYCHOLOGY COUNCIL](#)



# **Osteopathy Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Osteopathy Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Osteopathy Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light grey grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**OSTEOPATHY COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Osteopathy Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Osteopathy Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Ms Anne Cooper  
President

Date: 15 October 2020



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Dr Kerrin Murnane  
Deputy President

Date: 15 October 2020

# Osteopathy Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	85,961	84,722
Other expenses	3	71,691	84,595
Depreciation and amortisation	4	5,957	1,320
Finance costs	5	757	-
<b>Total expenses excluding losses</b>		<b>164,366</b>	<b>170,637</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	9	4,051	4,758
Registration fees	7	-	196,180
Registration fees from contracts with customers	7	202,779	-
Investment revenue	8	2,543	5,196
Other income		30	27
<b>Total revenue</b>		<b>209,403</b>	<b>206,161</b>
<b>Operating result</b>		<b>45,037</b>	<b>35,524</b>
Gains / (losses) on disposal	10	-	(3)
Other gains / (losses)	11	(5,701)	-
<b>Net result</b>		<b>39,336</b>	<b>35,521</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>39,336</b>	<b>35,521</b>

The accompanying notes form part of these financial statements.

**Osteopathy Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	393,554	345,624
Receivables	13	1,657	3,682
<b>Total current assets</b>		<b>395,211</b>	<b>349,306</b>
<b>Non-current assets</b>			
Property, plant & equipment	14		
- Plant and equipment		1,296	1,050
- Leasehold improvements		1,813	1,274
- WIP - Leasehold improvements		-	782
Total property, plant & equipment		3,109	3,106
Right-of-use assets	15	28,661	-
Intangible assets	16	11	26
<b>Total non-current assets</b>		<b>31,781</b>	<b>3,132</b>
<b>Total assets</b>		<b>426,992</b>	<b>352,438</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	17	12,038	14,693
Contract liabilities	18	84,001	-
Lease liabilities	19	4,513	-
Other current liabilities	21	-	81,657
<b>Total current liabilities</b>		<b>100,552</b>	<b>96,350</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	31,016	-
Provisions	20	5,252	5,252
<b>Total non-current liabilities</b>		<b>36,268</b>	<b>5,252</b>
<b>Total liabilities</b>		<b>136,820</b>	<b>101,602</b>
<b>Net assets</b>		<b>290,172</b>	<b>250,836</b>
<b>EQUITY</b>			
Accumulated funds		290,172	250,836
<b>Total Equity</b>		<b>290,172</b>	<b>250,836</b>

The accompanying notes form part of these financial statements.

**Osteopathy Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Balance at 1 July 2019		250,836
Restated balance at 1 July 2019		250,836
Net result for the year		39,336
Balance at 30 June 2020		290,172

	Notes	Accumulated Funds \$
Balance at 1 July 2018		215,315
Net result for the year		35,521
Balance at 30 June 2019		250,836



**Osteopathy Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(85,090)	(86,313)
Other		(74,103)	(101,759)
Finance costs		(757)	-
<b>Total payments</b>		<b>(159,950)</b>	<b>(188,072)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		205,124	199,396
Interest received		2,543	5,196
Other		4,991	7,176
<b>Total receipts</b>		<b>212,658</b>	<b>211,768</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	<b>52,708</b>	<b>23,696</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	78
Purchases of property, plant and equipment and intangibles		(596)	(1,738)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(596)</b>	<b>(1,660)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(4,182)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(4,182)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>47,930</b>	<b>22,036</b>
Opening cash and cash equivalents	12	345,624	323,588
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	12	<b>393,554</b>	<b>345,624</b>

The accompanying notes form part of these financial statements.

**Osteopathy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**1. Statement of Significant Accounting Policies**

**a) Reporting entity**

The Osteopathy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

**b) Basis of preparation**

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions**

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

**1. Statement of Significant Accounting Policies**

**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.

**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 Council 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 Council.

**AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

**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:

## 1. Statement of Significant Accounting Policies

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

### **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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

**Osteopathy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**1. Statement of Significant Accounting Policies**

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	<b>1 July 2019</b>
	<b>\$</b>
<b>Assets</b>	
Right-of-use assets	39,711
<b>Total assets</b>	<b>39,711</b>
<b>Liabilities</b>	
Lease liabilities	39,711
<b>Total liabilities</b>	<b>39,711</b>
<b>Equity</b>	
Accumulated funds	-
	<b>-</b>

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	<b>1 July 2019</b>
	<b>\$</b>
Operating lease commitments as at 30 June 2019 (GST included)	17,981
(Less): GST included in operating lease commitments	1,635
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>16,346</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>16,025</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	23,686
<b>Lease liabilities as at 1 July 2019</b>	<b>39,711</b>

**(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 Council 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. The Council has no service concession arrangements to which the standard will apply.

**Osteopathy Council of New South Wales**  
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**2. Personnel services**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages (including annual leave)	69,108	68,007
Superannuation - defined benefit plans	43	57
Superannuation - defined contribution plans	6,343	6,280
Long service leave	4,354	5,187
Redundancies	671	-
Workers' compensation insurance	232	233
Payroll taxes	5,210	4,958
	<b>85,961</b>	<b>84,722</b>

**Recognition and Measurement**

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

**Osteopathy Council of New South Wales**  
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**3. Other expenses**

	2020	2019
	\$	\$
Advertising	2	28
Consultancies	64	73
Contractors	17,624	19,529
Domestic supplies and services	291	190
Food supplies	236	263
Fuel, light and power	159	270
Health assessments	550	1,170
Information management expenses	11,809	9,646
Insurance	2	3
Maintenance (see Note 3(b))	2,003	2,128
Motor vehicle expenses	5	16
Postal and telephone costs	281	4,141
Printing and stationery	481	469
Rental	-	5,618
Staff and Council related costs	1,125	832
Travel related costs	2,402	2,888
Other (see Note 3(a))	34,657	37,331
	<b>71,691</b>	<b>84,595</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	2	1
Legal services	-	38
Membership/professional fees	10	15
Security services	7	11
Expenses relating to leases of low-value assets	28	-
Auditor's Remuneration	6,367	3,211
Sitting Fees	3,254	12,033
NSW Civil & Administrative Tribunal Fixed Costs	9,171	3,300
Council Fees	15,523	17,530
General administration expenses	295	1,192
	<b>34,657</b>	<b>37,331</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	168	210
New / replacement equipment under \$5,000	450	927
Repairs maintenance / non contract	1,385	991
	<b>2,003</b>	<b>2,128</b>

**3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 17.

***Insurance***

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

***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 Council 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.



**Osteopathy Council of New South Wales**  
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**4. Depreciation and amortisation**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Depreciation - leasehold improvements	272	511
Depreciation - plant and equipment	321	135
Depreciation - right-of-use buildings	5,349	-
Amortisation - intangible assets	15	674
	<b>5,957</b>	<b>1,320</b>

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.

**Osteopathy Council of New South Wales**  
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**5. Finance costs**

	2020	2019
	\$	\$
Interest expense from lease liabilities	757	-
	<b>757</b>	<b>-</b>

**Recognition and Measurement**

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

**6. Expenditure managed on behalf of the Council through the NSW Ministry of Health**

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

**Osteopathy Council of New South Wales**  
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**7. Registration fees**

	2020	2019
	\$	\$
Registration fees	202,779	196,180
	<b>202,779</b>	<b>196,180</b>

**Recognition and Measurement**

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

**Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

**Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 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 Council expects to recognise the unsatisfied portion as revenue.

**Osteopathy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
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**8. Investment revenue**

	2020	2019
	\$	\$
Interest	2,543	5,196
	<b>2,543</b>	<b>5,196</b>

**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).

**Osteopathy Council of New South Wales**  
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**9. Acceptance by the Crown Entity of personnel services**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Superannuation - defined benefit plans	43	57
Long service leave provision	4,007	4,701
	<b>4,050</b>	<b>4,758</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

**Osteopathy Council of New South Wales**  
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**10. Gains / (losses) on disposal**

	2020	2019
	\$	\$
Property, plant and equipment	-	185
Less: accumulated depreciation	-	(104)
<b>Written down value</b>	<b>-</b>	<b>81</b>
Less: proceeds from disposal	-	78
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>(3)</b>

**11. Other gains / (losses)**

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(5,701)	-
	<b>(5,701)</b>	<b>-</b>

**Recognition and Measurement**

*Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets

**Osteopathy Council of New South Wales**  
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**12. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	236	234
Cash at bank - held by HPCA*	393,318	345,390
	<b>393,554</b>	<b>345,624</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	<b>393,554</b>	<b>345,624</b>
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>393,554</b>	<b>345,624</b>

The Council operates the bank accounts shown below:

Education and Research Account**	236	234
	<b>236</b>	<b>234</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Osteopathy Council of New South Wales**  
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**13. Receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	327	-
Goods and Services Tax	901	916
Prepayments	429	2,766
	<b>1,657</b>	<b>3,682</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.



**Osteopathy Council of New South Wales**  
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**14. Property, plant and equipment**

**(a) Total property, plant and equipment**

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	1,833	7,013	-	8,846
Movements in WIP		782	-	782
Less: accumulated depreciation and impairment	537	5,982	-	6,519
<b>Net carrying amount</b>	<b>1,296</b>	<b>1,813</b>	<b>-</b>	<b>3,109</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	1,266	6,984	782	9,032
Less: accumulated depreciation and impairment	216	5,710	-	5,926
<b>Net carrying amount</b>	<b>1,050</b>	<b>1,274</b>	<b>782</b>	<b>3,106</b>

**(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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	1,050	1,274	782	3,106
Movements in WIP	-	782	(782)	-
Additions	567	29	-	596
Depreciation expense	(321)	(272)	-	(593)
<b>Net carrying amount at end of year</b>	<b>1,296</b>	<b>1,813</b>	<b>-</b>	<b>3,109</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	310	1,785	-	2,095
Adjustment to Opening Gross Carrying Amount*	-	5,003	-	5,003
Adjustment to Opening Accumulated Depreciation*	-	(5,003)	-	(5,003)
Additions	956	-	782	1,738
Disposals	(81)	-	-	(81)
Depreciation expense	(135)	(511)	-	(646)
<b>Net carrying amount at end of year</b>	<b>1,050</b>	<b>1,274</b>	<b>782</b>	<b>3,106</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

**14. Property, plant and equipment (continued)**

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

The Council 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 Council.

**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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

***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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

**14. Property, plant and equipment (continued)**

***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 15.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 15.

***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

***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.

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**15. Leases**

**(a) Entity as a lessee**

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

**Right-of-use assets under leases**

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	39,711	-	39,711
Depreciation expense	(5,349)	-	(5,349)
Impairment losses (recognised in 'Other gains /	(5,701)	-	(5,701)
<b>Balance at 30 June 2020</b>	<b>28,661</b>	<b>-</b>	<b>28,661</b>

**Lease liabilities**

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	39,711
Interest expenses	757
Payments	(4,939)
<b>Balance at 30 June 2020</b>	<b>35,529</b>

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**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

	<b>Total</b>
	<b>\$</b>
<b>2020</b>	
Depreciation expense of right-of-use assets	5,349
Interest expense on lease liabilities	757
Expenses relating to leases of low-value assets	28
Impairment losses on right-of-use assets	5,701
<b>Total amount recognised in the statement of comprehensive income</b>	<b>11,835</b>

The Council had total cash outflows for leases of \$4,939 for the year ended 30 June 2020.

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

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	7,240	-
Later than one year and not later than five years	10,741	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>17,981</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	<i>1,635</i>	<i>-</i>
<b>Total (excluding GST)</b>	<b>16,346</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

*i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<b>Useful lives</b>
Buildings	5 years

**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

*ii. Lease liabilities*

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

*iii. Short-term leases and leases of low-value assets*

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

**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 Council 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 Council 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.

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**16. Intangible assets**

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	2,554	2,554
Less: accumulated amortisation and impairment	2,543	2,528
<b>Net carrying amount</b>	<b>11</b>	<b>26</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	26	700
Amortisation (recognised in depreciation and amortisation)	(15)	(674)
<b>Net carrying amount at end of year</b>	<b>11</b>	<b>26</b>

**Recognition and Measurement**

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.



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**17. Payables**

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	1,798	5,136
Taxation and payroll deductions	580	404
Creditors	425	473
Accrued Expenditure	9,235	8,680
	<b>12,038</b>	<b>14,693</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	2,378	5,540
	<b>2,378</b>	<b>5,540</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 25.

**Recognition and Measurement**

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

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**18. Contract liabilities**

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	84,001	81,657
	<b>84,001</b>	<b>81,657</b>

**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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

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**19. Lease liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 15)	4,513	-
	<b>4,513</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 15)	31,016	-
	<b>31,016</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

**Recognition and Measurement**

*Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

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**20. Provisions**

	2020 \$	2019 \$
<b>Non-current</b>		
Make good provision	5,252	5,252
	<b>5,252</b>	<b>5,252</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	5,252	5,252
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>5,252</b>	<b>5,252</b>

**Recognition and Measurement**

***Provision for make good***

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

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

**Osteopathy Council of New South Wales**  
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**21. Other liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	81,657
	-	<b>81,657</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 18. Contract liabilities for the reclassification of unearned revenue as at 1 July 2019.

**22. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

**23. Contingent liabilities and assets**

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net cash used on operating activities	52,708	23,696
Depreciation and amortisation expense	(5,957)	(1,320)
(Increase) / decrease in unearned revenue	81,657	(3,216)
Increase / (decrease) in prepayments and other assets	(2,025)	419
Decrease / (increase) in payables	2,655	15,945
Decrease / (increase) in contract liabilities	(84,001)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(5,701)	-
Net gain / (loss) on sale of property, plant and equipment	-	(3)
<b>Net result</b>	<b>39,336</b>	<b>35,521</b>

**Osteopathy Council of New South Wales**  
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**25. Financial instruments**

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

**(a) Financial instrument categories**

<b>Class</b>	<b>Category</b>	<b>Carrying Amount 2020</b>	<b>Carrying Amount 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents (Note 12)	Amortised cost	393,554	345,624
Receivables (Note 13) <sup>1</sup>	Amortised cost	327	-
<b>Total Financial Assets</b>		<b>393,881</b>	<b>345,624</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 19)	Financial liabilities measured at amortised cost	35,529	-
Payables (Note 17) <sup>2</sup>	Financial liabilities measured at amortised cost	11,458	14,289
<b>Total Financial Liabilities</b>		<b>46,987</b>	<b>14,289</b>

**Notes**

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.



**25. Financial instruments (continued)**

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

**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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
	\$	\$	\$	\$	\$	\$
<b>30 June 2020</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	317	-	10	-	-	327
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2019</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

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

**25. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk**

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

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**25. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk (continued)**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	11,458	-	-	11,458	11,458	-	-
Borrowings:							
- Lease liabilities	35,529	-	-	35,529	4,513	21,754	9,262
	<b>46,987</b>	-	-	<b>46,987</b>	<b>15,971</b>	<b>21,754</b>	<b>9,262</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	14,289	-	-	14,289	14,289	-	-
	<b>14,289</b>	-	-	<b>14,289</b>	<b>14,289</b>	-	-

**Notes:**

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

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**25. Financial instruments (continued)**

**iii. Market risk**

The Council does not have exposure to market risk on financial instruments.

*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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(3,580)	3,580	(3,456)	3,456
Equity	(3,580)	3,580	(3,456)	3,456

**Osteopathy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**26. Related party transactions**

During the financial year, Osteopathy Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$15,523 (2019: \$18,741) for these services.

**27. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



**Paramedicine  
Council  
of NSW**

# **Paramedicine Council of NSW**

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL  
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING  
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL  
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL

# **Paramedicine Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Paramedicine Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Paramedicine Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a faint grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**PARAMEDICINE COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Paramedicine Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Paramedicine Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Mr Alan Morrison ASM  
President

Date: 15 October 2020



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Mr Peter Lang  
Deputy President

Date: 15 October 2020

**Paramedicine Council of New South Wales**  
**Statement of Comprehensive Income for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	175,609	105,913
Other expenses	3	153,641	96,347
Depreciation and amortisation	4	15,842	42
Finance costs	5	2,162	-
<b>Total expenses excluding losses</b>		<b>347,254</b>	<b>202,302</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	9	15,225	5,904
Registration fees	7	-	336,636
Registration fees from contracts with customers	7	629,180	-
Investment revenue	8	4,100	4,574
<b>Total revenue</b>		<b>648,505</b>	<b>347,114</b>
<b>Operating result</b>		<b>301,251</b>	<b>144,812</b>
Other gains / (losses)	10	(16,288)	-
<b>Net result</b>		<b>284,963</b>	<b>144,812</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>284,963</b>	<b>144,812</b>

The accompanying notes form part of these financial statements.

**Paramedicine Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	781,712	441,102
Receivables	12	4,359	5,311
<b>Total current assets</b>		<b>786,071</b>	<b>446,413</b>
<b>Non-current assets</b>			
Property, plant & equipment	13		
- Plant and equipment		2,333	1,147
- Leasehold improvements		884	-
- WIP - Leasehold improvements		-	973
Total property, plant & equipment		3,217	2,120
Right-of-use assets	14	81,890	-
<b>Total non-current assets</b>		<b>85,107</b>	<b>2,120</b>
<b>Total assets</b>		<b>871,178</b>	<b>448,533</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	15	33,407	13,821
Contract liabilities	16	264,271	-
Lease liabilities	17	12,895	-
Other current liabilities	18	-	247,686
<b>Total current liabilities</b>		<b>310,573</b>	<b>261,507</b>
<b>Non-current liabilities</b>			
Lease liabilities	17	88,616	-
<b>Total non-current liabilities</b>		<b>88,616</b>	<b>-</b>
<b>Total liabilities</b>		<b>399,189</b>	<b>261,507</b>
<b>Net assets</b>		<b>471,989</b>	<b>187,026</b>
<b>EQUITY</b>			
Accumulated funds		471,989	187,026
<b>Total Equity</b>		<b>471,989</b>	<b>187,026</b>

The accompanying notes form part of these financial statements.

**Paramedicine Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Balance at 1 July 2019		187,026
Restated balance at 1 July 2019		187,026
Net result for the year		284,963
Balance at 30 June 2020		471,989

	Notes	Accumulated Funds \$
Balance at 1 July 2018		42,214
Net result for the year		144,812
Balance at 30 June 2019		187,026

**Paramedicine Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(158,897)	(95,914)
Other		(147,238)	(98,175)
Finance costs		(2,162)	-
<b>Total payments</b>		<b>(308,297)</b>	<b>(194,089)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		645,767	584,322
Interest received		4,100	4,575
Other		12,646	6,242
<b>Total receipts</b>		<b>662,513</b>	<b>595,139</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	21	<b>354,216</b>	<b>401,050</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(1,657)	(2,162)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,657)</b>	<b>(2,162)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(11,949)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(11,949)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>340,610</b>	<b>398,888</b>
Opening cash and cash equivalents	11	441,102	42,214
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	11	<b>781,712</b>	<b>441,102</b>

The accompanying notes form part of these financial statements.

# Paramedicine Council of New South Wales

## 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 Paramedicine Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs



# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

##### **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:

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

#### **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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019 \$
<b>Assets</b>	
Right-of-use assets	113,460
<b>Total assets</b>	<b>113,460</b>
<b>Liabilities</b>	
Lease liabilities	113,460
<b>Total liabilities</b>	<b>113,460</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019 \$
Operating lease commitments as at 30 June 2019 (GST included)	51,373
(Less): GST included in operating lease commitments	4,670
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>46,703</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>45,787</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	67,673
<b>Lease liabilities as at 1 July 2019</b>	<b>113,460</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 2. Personnel services

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	134,840	86,176
Superannuation - defined benefit plans	125	102
Superannuation - defined contribution plans	12,315	7,818
Long service leave	17,049	6,399
Redundancies	1,920	-
Workers' compensation insurance	664	292
Payroll taxes	8,696	5,126
	<b>175,609</b>	<b>105,913</b>

#### Recognition and Measurement

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 3. Other expenses

	2020	2019
	\$	\$
Advertising	5	35
Consultancies	183	270
Contractors	37,702	28,359
Domestic supplies and services	824	344
Food supplies	1,821	1,352
Fuel, light and power	456	411
Health assessments	45,800	-
Information management expenses	29,917	29,089
Insurance	7	4
Maintenance (see Note 3(b))	5,755	3,909
Motor vehicle expenses	16	19
Postal and telephone costs	1,008	6,051
Printing and stationery	578	583
Rental	-	7,440
Staff and Council related costs	728	982
Travel related costs	5,241	5,920
Other (see Note 3(a))	23,600	11,579
	<b>153,641</b>	<b>96,347</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	16	22
Membership/professional fees	28	19
Security services	20	14
Expenses relating to leases of low-value assets	80	-
Auditor's Remuneration	5,304	5,000
Sitting Fees	11,929	438
Council Fees	6,126	6,020
General administration expenses	97	66
	<b>23,600</b>	<b>11,579</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	479	260
New / replacement equipment under \$5,000	1,314	1,153
Repairs maintenance / non contract	3,962	2,496
	<b>5,755</b>	<b>3,909</b>

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 15.

##### **Insurance**

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

##### **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 Council 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.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 4. Depreciation and amortisation

	2020	2019
	\$	\$
Depreciation - leasehold improvements	125	-
Depreciation - plant and equipment	435	42
Depreciation - right-of-use buildings	15,282	-
	<b>15,842</b>	<b>42</b>

Refer to Note 13 Property, plant and equipment and Note 14 Leases for recognition and measurement policies on depreciation.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 5. Finance costs

	2020	2019
	\$	\$
Interest expense from lease liabilities	2,162	-
	<b>2,162</b>	<b>-</b>

#### Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

### 6. Expenditure managed on behalf of the Council through the NSW Ministry of Health

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.



# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 7. Registration fees

	2020	2019
	\$	\$
Registration fees	629,180	336,636
	<b>629,180</b>	<b>336,636</b>

#### Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

#### **Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

#### **Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 16 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 Council expects to recognise the unsatisfied portion as revenue.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 8. Investment revenue

	2020	2019
	\$	\$
Interest	4,100	4,574
	<b>4,100</b>	<b>4,574</b>

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### 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).

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 9. Acceptance by the Crown Entity of personnel services

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

	2020	2019
	\$	\$
Superannuation - defined benefit plans	125	102
Long service leave provision	15,099	5,802
	<b>15,224</b>	<b>5,904</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 10. Other gains / (losses)

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(16,288)	-
	<b>(16,288)</b>	<b>-</b>

### Recognition and Measurement

#### *Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Property, plant and equipment
- Note 14 Leases

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 11. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank - held by HPCA*	781,712	441,102
	<b>781,712</b>	<b>441,102</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	781,712	441,102
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>781,712</b>	<b>441,102</b>

Refer to Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 12. Receivables

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	285	-
Trade receivables	-	868
Goods and Services Tax	2,845	1,062
Prepayments	1,229	3,381
	<b>4,359</b>	<b>5,311</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 22.

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

## Paramedicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 13. Property, plant and equipment

##### (a) Total property, plant and equipment

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	2,810	36	-	2,846
Movements in WIP		973	-	973
Less: accumulated depreciation and impairment	477	125	-	602
<b>Net carrying amount</b>	<b>2,333</b>	<b>884</b>	<b>-</b>	<b>3,217</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	1,189	-	973	2,162
Less: accumulated depreciation and impairment	42	-	-	42
<b>Net carrying amount</b>	<b>1,147</b>	<b>-</b>	<b>973</b>	<b>2,120</b>

##### (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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	1,147	-	973	2,120
Movements in WIP	-	973	(973)	-
Additions	1,621	36	-	1,657
Depreciation expense	(435)	(125)	-	(560)
<b>Net carrying amount at end of year</b>	<b>2,333</b>	<b>884</b>	<b>-</b>	<b>3,217</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	-	-	-	-
Additions	1,189	-	973	2,162
Depreciation expense	(42)	-	-	(42)
<b>Net carrying amount at end of year</b>	<b>1,147</b>	<b>-</b>	<b>973</b>	<b>2,120</b>

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

The Council 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 Council.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 13. 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.

##### *Capitalisation thresholds*

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

##### *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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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



## Paramedicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 13. Property, plant and equipment (continued)

##### ***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 14.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 14.

##### ***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

##### ***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

##### ***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.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 14. Leases

#### (a) Entity as a lessee

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

#### Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	113,460	-	113,460
Depreciation expense	(15,282)	-	(15,282)
Impairment losses (recognised in 'Other gains /	(16,288)	-	(16,288)
<b>Balance at 30 June 2020</b>	<b>81,890</b>	<b>-</b>	<b>81,890</b>

#### Lease liabilities

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	113,460
Interest expenses	2,162
Payments	(14,111)
<b>Balance at 30 June 2020</b>	<b>101,511</b>

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 14. Leases (continued)

#### (a) Entity as a lessee (continued)

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

	Total \$
<b>2020</b>	
Depreciation expense of right-of-use assets	15,282
Interest expense on lease liabilities	2,162
Expenses relating to leases of low-value assets	80
Impairment losses on right-of-use assets	16,288
<b>Total amount recognised in the statement of comprehensive income</b>	<b>33,812</b>

The Council had total cash outflows for leases of \$14,111 for the year ended 30 June 2020.

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

	Operating leases 2019 \$	Finance leases 2019 \$
Within one year	20,685	-
Later than one year and not later than five years	30,688	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>51,373</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	<i>4,670</i>	<i>-</i>
<b>Total (excluding GST)</b>	<b>46,703</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

##### *i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 14. Leases (continued)

#### (a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

#### ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 17.

#### iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 14. Leases (continued)

#### (a) Entity as a lessee (continued)

##### 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 Council 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 Council 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.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Payables

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	4,890	3,710
Taxation and payroll deductions	768	408
Creditors	6,881	824
Accrued Expenditure	20,868	8,879
	<b>33,407</b>	<b>13,821</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	5,658	4,118
	<b>5,658</b>	<b>4,118</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 22.

#### Recognition and Measurement

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

**Paramedicine Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**16. Contract liabilities**

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	264,271	247,686
	<b>264,271</b>	<b>247,686</b>

**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 registration fees and grants. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

**Paramedicine Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**17. Lease liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 14)	12,895	-
	<b>12,895</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 14)	88,616	-
	<b>88,616</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 22.

**Recognition and Measurement**

*Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.



# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 18. Other liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	247,686
	-	<b>247,686</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 16. Contract Liabilities for the reclassification of Unearned revenue as at 1 July 2019.

**19. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

**20. Contingent liabilities and assets**

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

## Paramedicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 21. Reconciliation of cash flows from operating activities to net result

	2020	2019
	\$	\$
Net cash used on operating activities	354,216	401,050
Depreciation and amortisation expense	(15,842)	(42)
(Increase) / decrease in unearned revenue	247,686	(247,686)
Increase / (decrease) in prepayments and other assets	(952)	5,311
Decrease / (increase) in payables	(19,586)	(13,821)
Decrease / (increase) in contract liabilities	(264,271)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(16,288)	-
<b>Net result</b>	<b>284,963</b>	<b>144,812</b>

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 22. Financial instruments

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, 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 \$	Carrying Amount 2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents (Note 11)	Amortised cost	781,712	441,102
Receivables (Note 12) <sup>1</sup>	Amortised cost	285	868
<b>Total Financial Assets</b>		<b>781,997</b>	<b>441,970</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 17)	Financial liabilities measured at amortised cost	101,511	-
Payables (Note 15) <sup>2</sup>	Financial liabilities measured at amortised cost	32,639	13,413
<b>Total Financial Liabilities</b>		<b>134,150</b>	<b>13,413</b>

#### Notes

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

## Paramedicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

#### 22. Financial instruments (continued)

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

###### 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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	256	-	29	-	-	285
Expected credit loss	-	-	-	-	-	-
30 June 2019	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	868	-	-	-	-	868
Expected credit loss	-	-	-	-	-	-

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

## Paramedicine Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 22. Financial instruments (continued)

##### (d) Financial risk (continued)

##### ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 22. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk (continued)

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	32,639	-	-	32,639	32,639	-	-
Borrowings:							
- Lease liabilities	101,511	-	-	101,511	12,895	62,154	26,462
	<b>134,150</b>	-	-	<b>134,150</b>	<b>45,534</b>	<b>62,154</b>	<b>26,462</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	13,413	-	-	13,413	13,413	-	-
	<b>13,413</b>	-	-	<b>13,413</b>	<b>13,413</b>	-	-

#### Notes:

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

# Paramedicine Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 22. Financial instruments (continued)

#### iii. Market risk

The Council does not have exposure to market risk on financial instruments.

##### *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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(6,802)	6,802	(4,411)	4,411
Equity	(6,802)	6,802	(4,411)	4,411



# **Paramedicine Council of New South Wales**

## **Notes to and forming part of the Financial Statements**

for the year ended 30 June 2020

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### **23. Related party transactions**

During the financial year, Paramedicine Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$10,387 (2019: \$6,458) for these services.

### **24. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



**Pharmacy Council  
of New South Wales**

Protecting the public  
Regulating pharmacists and pharmacies

# Pharmacy Council of NSW

## Annual Financial Statements

year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL  
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING  
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL  
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL

# **Pharmacy Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Pharmacy Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Pharmacy Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light blue grid background.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY


**PHARMACY COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Pharmacy Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Pharmacy Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Dr Joyce Cooper  
President

Date: 15 October 2020



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Ms Veronica Murdoch  
Deputy President

Date: 15 October 2020

# Pharmacy Council of New South Wales

## Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	2,087,724	2,092,581
Other expenses	3	1,809,450	1,755,535
Depreciation and amortisation	4	189,253	63,646
Education and research	5	7,440	-
Finance costs	6	21,853	-
<b>Total expenses excluding losses</b>		<b>4,115,720</b>	<b>3,911,762</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	11	65,678	123,898
Registration fees	8	-	3,059,750
Registration fees from contracts with customers	8	3,635,824	-
Investment revenue	9	30,144	69,220
Grants and other contributions	10	9,487	-
Other income		11,000	43,709
<b>Total revenue</b>		<b>3,752,133</b>	<b>3,296,577</b>
<b>Operating result</b>		<b>(363,587)</b>	<b>(615,185)</b>
Gains / (losses) on disposal	12	-	(54)
Other gains / (losses)	13	(164,609)	(12,984)
<b>Net result</b>		<b>(528,196)</b>	<b>(628,223)</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(528,196)</b>	<b>(628,223)</b>

The accompanying notes form part of these financial statements.



**Pharmacy Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	4,708,576	4,333,539
Receivables	15	46,054	51,955
<b>Total current assets</b>		<b>4,754,630</b>	<b>4,385,494</b>
<b>Non-current assets</b>			
Property, plant & equipment	16		
- Plant and equipment		57,328	65,892
- Leasehold improvements		62,779	51,863
- WIP - Leasehold improvements		-	19,701
Total property, plant & equipment		120,107	137,456
Right-of-use assets	17	827,606	-
Intangible assets	18	201	542
<b>Total non-current assets</b>		<b>947,914</b>	<b>137,998</b>
<b>Total assets</b>		<b>5,702,544</b>	<b>4,523,492</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	19	291,817	183,469
Contract liabilities	20	2,097,504	-
Lease liabilities	21	130,315	-
Other current liabilities	23	-	1,524,498
<b>Total current liabilities</b>		<b>2,519,636</b>	<b>1,707,967</b>
<b>Non-current liabilities</b>			
Lease liabilities	21	895,579	-
Provisions	22	92,893	92,893
<b>Total non-current liabilities</b>		<b>988,472</b>	<b>92,893</b>
<b>Total liabilities</b>		<b>3,508,108</b>	<b>1,800,860</b>
<b>Net assets</b>		<b>2,194,436</b>	<b>2,722,632</b>
<b>EQUITY</b>			
Accumulated funds		2,194,436	2,722,632
<b>Total Equity</b>		<b>2,194,436</b>	<b>2,722,632</b>

The accompanying notes form part of these financial statements.

# Pharmacy Council of New South Wales

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

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	Notes	Accumulated Funds \$
Balance at 1 July 2019		2,722,632
Restated balance at 1 July 2019		2,722,632
Net result for the year		(528,196)
Balance at 30 June 2020		<u>2,194,436</u>

	Notes	Accumulated Funds \$
Balance at 1 July 2018		3,350,855
Net result for the year		(628,223)
Balance at 30 June 2019		<u>2,722,632</u>

**Pharmacy Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(2,008,517)	(2,057,436)
Other		(1,844,084)	(1,940,419)
Education and research		(7,905)	-
Finance costs		(21,853)	-
<b>Total payments</b>		<b>(3,882,359)</b>	<b>(3,997,855)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		4,167,437	3,216,791
Interest received		30,144	69,220
Grants and other contributions		50,909	-
Other		146,790	157,465
<b>Total receipts</b>		<b>4,395,280</b>	<b>3,443,476</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	26	<b>512,921</b>	<b>(554,379)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	1,339
Purchases of property, plant and equipment and intangibles		(17,123)	(43,778)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(17,123)</b>	<b>(42,439)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(120,761)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(120,761)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>375,037</b>	<b>(596,818)</b>
Opening cash and cash equivalents	14	4,333,539	4,930,357
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	14	<b>4,708,576</b>	<b>4,333,539</b>

The accompanying notes form part of these financial statements.

**Pharmacy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**1. Statement of Significant Accounting Policies**

**a) Reporting entity**

The Pharmacy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

**b) Basis of preparation**

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions**

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

**Pharmacy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**1. Statement of Significant Accounting Policies**

**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.

**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 Council 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 Council.

**AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

**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:

**Pharmacy Council of New South Wales**  
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**1. Statement of Significant Accounting Policies**

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

**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.

*Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

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**1. Statement of Significant Accounting Policies**

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	<b>1 July 2019</b>
	<b>\$</b>
<b>Assets</b>	
Right-of-use assets	1,146,654
<b>Total assets</b>	<b>1,146,654</b>
<b>Liabilities</b>	
Lease liabilities	1,146,654
<b>Total liabilities</b>	<b>1,146,654</b>
<b>Equity</b>	
Accumulated funds	-
	<b>-</b>

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	<b>1 July 2019</b>
	<b>\$</b>
Operating lease commitments as at 30 June 2019 (GST included)	519,189
(Less): GST included in operating lease commitments	47,199
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>471,990</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>462,735</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	683,919
<b>Lease liabilities as at 1 July 2019</b>	<b>1,146,654</b>

**(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 Council 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. The Council has no service concession arrangements to which the standard will apply.

**Pharmacy Council of New South Wales**  
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**2. Personnel services**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages (including annual leave)	1,704,605	1,673,960
Superannuation - defined benefit plans	1,263	1,760
Superannuation - defined contribution plans	156,855	154,152
Long service leave	67,821	135,314
Redundancies	19,476	-
Workers' compensation insurance	6,734	5,908
Payroll taxes	130,970	121,487
	<b>2,087,724</b>	<b>2,092,581</b>

**Recognition and Measurement**

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.



**Pharmacy Council of New South Wales**  
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for the year ended 30 June 2020

**3. Other expenses**

	2020	2019
	\$	\$
Advertising	48	708
Consultancies	1,860	1,358
Contractors	414,958	382,411
Domestic supplies and services	8,456	4,493
Food supplies	12,563	16,543
Fuel, light and power	4,605	2,088
Health assessments	39,080	69,904
Information management expenses	333,862	162,143
Insurance	1,389	1,383
Maintenance (see Note 3(b))	57,878	73,579
Motor vehicle expenses	10,752	7,126
Postal and telephone costs	9,739	29,298
Printing and stationery	7,358	20,475
Rental	-	149,458
Inspections	-	13,681
Staff and Council related costs	5,921	17,989
Travel related costs	49,590	64,306
Other (see Note 3(a))	851,391	738,592
	<b>1,809,450</b>	<b>1,755,535</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	547	906
Legal services	148,832	85,844
Membership/professional fees	283	2,385
Security services	202	274
Expenses relating to leases of low-value assets	805	-
Auditor's Remuneration	18,145	12,434
Sitting Fees	397,096	317,395
NSW Civil & Administrative Tribunal Fixed Costs	65,679	65,280
Council Fees	194,548	196,198
General administration expenses	25,254	57,876
	<b>851,391</b>	<b>738,592</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	4,845	5,270
New / replacement equipment under \$5,000	13,028	23,204
Repairs maintenance / non contract	40,005	45,105
	<b>57,878</b>	<b>73,579</b>

**3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 19.

***Insurance***

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

***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 Council 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.

**Pharmacy Council of New South Wales**  
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**4. Depreciation and amortisation**

	2020	2019
	\$	\$
Depreciation - leasehold improvements	9,518	20,778
Depreciation - plant and equipment	24,955	19,701
Depreciation - right-of-use buildings	154,439	-
Amortisation - intangible assets	341	23,167
	<b>189,253</b>	<b>63,646</b>

Refer to Note 16 Property, plant and equipment, Note 17 Leases, and Note 18 Intangible assets for recognition and measurement policies on depreciation and amortisation.

**5. Education and research**

	2020	2019
	\$	\$
Education and research	7,440	-
	<b>7,440</b>	<b>-</b>

**Recognition and Measurement**

The Council is responsible for the administration of the Education and Research account. The Minister for Health, in consultation with the Council, may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

In accordance to Health Practitioner Regulation National Law (NSW) section 41S Education and Research Account, the Council may expend money in the Education and Research Account for or towards the following purposes:

- (a) any purpose relating to education and research about the health, performance and conduct of registered health practitioners or students registered in the health profession for which the Council is established;
- (b) meeting administrative expenditure incurred with respect to the Education and Research Account and the purposes for which it is used.

**Pharmacy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
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**6. Finance costs**

	2020	2019
	\$	\$
Interest expense from lease liabilities	21,853	-
	<b>21,853</b>	<b>-</b>

**Recognition and Measurement**

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

**7. Expenditure managed on behalf of the Council through the NSW Ministry of Health**

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

**Pharmacy Council of New South Wales**  
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**8. Registration fees**

	2020 \$	2019 \$
Registration fees	3,635,824	3,058,625
Other	-	1,125
	<b>3,635,824</b>	<b>3,059,750</b>

**Recognition and Measurement**

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

**Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

**Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 20 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 Council expects to recognise the unsatisfied portion as revenue.

**Pharmacy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
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**9. Investment revenue**

	2020	2019
	\$	\$
Interest	30,144	69,220
	<b>30,144</b>	<b>69,220</b>

**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).

**Pharmacy Council of New South Wales**  
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**10. Grants and other contributions**

	2020	2019
	\$	\$
Grants with sufficiently specific performance obligations	9,487	-
	<b>9,487</b>	<b>-</b>

**Recognition and Measurement**

***Grants and other contributions (from 1 July 2019)***

Revenue from grants with sufficiently specific performance obligations is recognised when the Council satisfies a performance obligation by transferring the promised goods or services.

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 20 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 Council obtains control over the granted assets (e.g. cash).

**Pharmacy Council of New South Wales**  
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**11. Acceptance by the Crown Entity of personnel services**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Superannuation - defined benefit plans	1,263	1,760
Long service leave provision	64,415	122,138
	<b>65,678</b>	<b>123,898</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.



**Pharmacy Council of New South Wales**  
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**12. Gains / (losses) on disposal**

	2020	2019
	\$	\$
Property, plant and equipment	-	3,205
Less: accumulated depreciation	-	(1,812)
<b>Written down value</b>	<b>-</b>	<b>1,393</b>
Less: proceeds from disposal	-	1,339
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>(54)</b>

**13. Other gains / (losses)**

	2020	2019
	\$	\$
Impairment losses on financial assets	-	(12,984)
Impairment losses on right-of-use assets	(164,609)	-
	<b>(164,609)</b>	<b>(12,984)</b>

**Recognition and Measurement**

Impairment losses may arise on assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 15 Receivables
- Note 16 Property, plant and equipment
- Note 17 Leases
- Note 18 Intangible assets

**Pharmacy Council of New South Wales**  
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**14. Cash and cash equivalents**

	2020	2019
	\$	\$
Cash at bank and on hand	93,061	99,826
Cash at bank - held by HPCA*	4,615,515	4,233,713
	<b>4,708,576</b>	<b>4,333,539</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	4,708,576	4,333,539
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>4,708,576</b>	<b>4,333,539</b>

The Council operates the bank accounts shown below:

Education and Research Account**	93,061	99,826
	<b>93,061</b>	<b>99,826</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

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

**Pharmacy Council of New South Wales**  
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**15. Receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	1,207	-
Trade receivables	-	23,359
Goods and Services Tax	32,386	18,860
Prepayments	12,461	9,736
	<b>46,054</b>	<b>51,955</b>

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

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

**Pharmacy Council of New South Wales**  
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**16. Property, plant and equipment**

**(a) Total property, plant and equipment**

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	114,252	167,644	-	281,896
Movements in WIP	-	19,701	-	19,701
Less: accumulated depreciation and impairment	56,924	124,566	-	181,490
<b>Net carrying amount</b>	<b>57,328</b>	<b>62,779</b>	<b>-</b>	<b>120,107</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	97,862	166,912	19,701	284,475
Less: accumulated depreciation and impairment	31,970	115,049	-	147,019
<b>Net carrying amount</b>	<b>65,892</b>	<b>51,863</b>	<b>19,701</b>	<b>137,456</b>

**(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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	65,892	51,863	19,701	137,456
Movements in WIP	-	19,701	(19,701)	-
Additions	16,391	733	-	17,124
Depreciation expense	(24,955)	(9,518)	-	(34,473)
<b>Net carrying amount at end of year</b>	<b>57,328</b>	<b>62,779</b>	<b>-</b>	<b>120,107</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	62,909	72,641	-	135,550
Adjustment to Opening Gross Carrying Amount*	-	88,793	-	88,793
Adjustment to Opening Accumulated Depreciation*	-	(88,793)	-	(88,793)
Additions	24,077	-	19,701	43,778
Disposals	(1,393)	-	-	(1,393)
Depreciation expense	(19,701)	(20,778)	-	(40,479)
<b>Net carrying amount at end of year</b>	<b>65,892</b>	<b>51,863</b>	<b>19,701</b>	<b>137,456</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

**16. Property, plant and equipment (continued)**

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

The Council 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 Council.

**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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

***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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

**16. Property, plant and equipment (continued)**

***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 17.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 17.

***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

***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.

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**17. Leases**

**(a) Entity as a lessee**

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

**Right-of-use assets under leases**

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	1,146,654	-	1,146,654
Depreciation expense	(154,439)	-	(154,439)
Impairment losses (recognised in 'Other gains /	(164,609)	-	(164,609)
<b>Balance at 30 June 2020</b>	<b>827,606</b>	<b>-</b>	<b>827,606</b>

**Lease liabilities**

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	1,146,654
Interest expenses	21,853
Payments	(142,614)
<b>Balance at 30 June 2020</b>	<b>1,025,893</b>

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**17. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

	<b>Total</b>
	<b>\$</b>
<b>2020</b>	
Depreciation expense of right-of-use assets	154,439
Interest expense on lease liabilities	21,853
Expenses relating to leases of low-value assets	805
Impairment losses on right-of-use assets	164,609
<b>Total amount recognised in the statement of comprehensive income</b>	<b>341,706</b>

The Council had total cash outflows for leases of \$142,614 for the year ended 30 June 2020.

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

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	209,050	-
Later than one year and not later than five years	310,139	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>519,189</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	<i>47,199</i>	<i>-</i>
<b>Total (excluding GST)</b>	<b>471,990</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

*i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<b>Useful lives</b>
Buildings	5 years



**17. Leases (continued)**

**(a) Entity as a lessee (continued)**

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

*ii. Lease liabilities*

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 21.

*iii. Short-term leases and leases of low-value assets*

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

**17. Leases (continued)**

**(a) Entity as a lessee (continued)**

**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 Council 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 Council 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.

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**18. Intangible assets**

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	229,378	229,378
Less: accumulated amortisation and impairment	229,177	228,836
<b>Net carrying amount</b>	<b>201</b>	<b>542</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	542	23,709
Amortisation (recognised in depreciation and amortisation)	(341)	(23,167)
<b>Net carrying amount at end of year</b>	<b>201</b>	<b>542</b>

**Recognition and Measurement**

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

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**19. Payables**

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	46,385	34,933
Taxation and payroll deductions	11,419	8,922
Creditors	12,305	13,631
Accrued Expenditure	221,708	125,983
	<b>291,817</b>	<b>183,469</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	57,804	43,855
	<b>57,804</b>	<b>43,855</b>

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 Council 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 Council. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

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**20. Contract liabilities**

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	2,056,082	1,524,498
Contract liabilities - grants	41,422	-
	<b>2,097,504</b>	<b>1,524,498</b>

**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 registration fees and grants. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

The Council's contract liability balance has increased significantly during the year due to the following factors:

- the NSW complaints fee for general registration increased from \$241 to \$318 for the registration period commenced on 1 December 2019
- there was a 2% increase in the number of registrants
- the Pharmacy Premises registration fee rose from \$320 to \$415 for the financial year ending 30 June 2020

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**21. Lease liabilities**

	2020 \$	2019 \$
<b>Current</b>		
Lease liability (see Note 17)	130,315	-
	<b>130,315</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 17)	895,579	-
	<b>895,579</b>	<b>-</b>

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

**Recognition and Measurement**

*Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

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**22. Provisions**

	2020 \$	2019 \$
<b>Non-current</b>		
Make good provision	92,893	92,893
	<b>92,893</b>	<b>92,893</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	92,893	92,893
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>92,893</b>	<b>92,893</b>

**Recognition and Measurement**

***Provision for make good***

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

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

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**23. Other liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	1,524,498
	-	<b>1,524,498</b>

Refer to Note 8. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 20. Contract liabilities for the reclassification of unearned revenue as at 1 July 2019.



**24. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

**25. Contingent liabilities and assets**

**(a) Contingent liabilities**

**Cost recoveries**

The Council previously recovered costs associated with certain regulatory activities from practitioners. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and the Council is currently taking steps to identify such transactions and return the money to the practitioner where possible. A contingent liability has been recognised as the Council is unable to reasonably estimate the value of these refunds.

It is expected that the Council will be able to reliably estimate the refund amount in the second quarter of the financial year 2020/21. However, this completion of the process will depend on the following factors:

- Quantity and quality of the retrieved data;
- Confirmation and approval of the refunds by the Council and HPCA Legal team; and
- Response from the identified and contacted practitioners.

**(b) Contingent assets**

There were no contingent assets which would have a material effect on the disclosures in these financial statements.

**Pharmacy Council of New South Wales**  
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**26. Reconciliation of cash flows from operating activities to net result**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net cash used on operating activities	512,921	(554,379)
Depreciation and amortisation expense	(189,253)	(63,646)
Allowance for impairment	-	(12,984)
(Increase) / decrease in unearned revenue	1,524,498	(157,041)
Increase / (decrease) in prepayments and other assets	(5,901)	21,800
Decrease / (increase) in payables	(108,348)	138,081
Decrease / (increase) in contract liabilities	(2,097,504)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(164,609)	-
Net gain / (loss) on sale of property, plant and equipment	-	(54)
<b>Net result</b>	<b>(528,196)</b>	<b>(628,223)</b>

**Pharmacy Council of New South Wales**  
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**27. Financial instruments**

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

**(a) Financial instrument categories**

<b>Class</b>	<b>Category</b>	<b>Carrying Amount 2020</b>	<b>Carrying Amount 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents (Note 14)	Amortised cost	4,708,576	4,333,539
Receivables (Note 15) <sup>1</sup>	Amortised cost	1,207	23,359
<b>Total Financial Assets</b>		<b>4,709,783</b>	<b>4,356,898</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 21)	Financial liabilities measured at amortised cost	1,025,894	-
Payables (Note 19) <sup>2</sup>	Financial liabilities measured at amortised cost	280,398	174,547
<b>Total Financial Liabilities</b>		<b>1,306,292</b>	<b>174,547</b>

**Notes**

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

**27. Financial instruments (continued)**

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

**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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
	\$	\$	\$	\$	\$	\$
<b>30 June 2020</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	915	-	292	-	-	1,207
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2019</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	23,359	-	-	-	-	23,359
Expected credit loss	-	-	-	-	-	-

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

**27. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk**

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

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**27. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk (continued)**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	280,398	-	-	280,398	280,398	-	-
Borrowings:							
- Lease liabilities	1,025,894	-	-	1,025,894	130,315	628,149	267,430
	<b>1,306,292</b>	-	-	<b>1,306,292</b>	<b>410,713</b>	<b>628,149</b>	<b>267,430</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	174,547	-	-	174,547	174,547	-	-
	<b>174,547</b>	-	-	<b>174,547</b>	<b>174,547</b>	-	-

**Notes:**

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

**Pharmacy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**27. Financial instruments (continued)**

**iii. Market risk**

The Council does not have exposure to market risk on financial instruments.

*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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(36,827)	36,827	(43,335)	43,335
Equity	(36,827)	36,827	(43,335)	43,335

**Pharmacy Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**28. Related party transactions**

During the financial year, Pharmacy Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$350,370 (2019: \$360,179) for these services.

**29. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**





**Physiotherapy  
Council  
of NSW**

# **Physiotherapy Council of NSW**

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL **CHINESE MEDICINE COUNCIL**  
CHIROPRACTIC COUNCIL **DENTAL COUNCIL** MEDICAL COUNCIL **MEDICAL RADIATION PRACTICE COUNCIL** NURSING  
AND MIDWIFERY COUNCIL **OCCUPATIONAL THERAPY COUNCIL** OPTOMETRY COUNCIL **OSTEOPATHY COUNCIL**  
**PARAMEDICINE COUNCIL** PHARMACY COUNCIL **PHYSIOTHERAPY COUNCIL** PODIATRY COUNCIL **PSYCHOLOGY COUNCIL**

# **Physiotherapy Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Physiotherapy Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Physiotherapy Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light blue horizontal line.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**PHYSIOTHERAPY COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Physiotherapy Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Physiotherapy Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Ms Elizabeth Ward  
President

Date: 15 October 2020



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Mr Toni Andary  
Deputy President

Date: 15 October 2020

**Physiotherapy Council of New South Wales**  
**Statement of Comprehensive Income for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	252,364	215,178
Other expenses	3	203,550	224,788
Depreciation and amortisation	4	19,289	3,726
Education and research	5	-	17,949
Finance costs	6	2,500	-
<b>Total expenses excluding losses</b>		<b>477,703</b>	<b>461,641</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	10	17,759	11,999
Registration fees	8	-	631,256
Registration fees from contracts with customers	8	550,116	-
Investment revenue	9	14,432	30,220
Other income		-	70
<b>Total revenue</b>		<b>582,307</b>	<b>673,545</b>
<b>Operating result</b>		<b>104,604</b>	<b>211,904</b>
Gains / (losses) on disposal	11	-	(8)
Other gains / (losses)	12	(18,833)	-
<b>Net result</b>		<b>85,771</b>	<b>211,896</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>85,771</b>	<b>211,896</b>

The accompanying notes form part of these financial statements.

**Physiotherapy Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	2,105,961	2,075,542
Receivables	14	6,847	8,914
<b>Total current assets</b>		<b>2,112,808</b>	<b>2,084,456</b>
<b>Non-current assets</b>			
Property, plant & equipment	15		
- Plant and equipment		3,750	2,747
- Leasehold improvements		4,683	3,357
- WIP - Leasehold improvements		-	1,956
Total property, plant & equipment		8,433	8,060
Right-of-use assets	16	94,686	-
Intangible assets	17	24	67
<b>Total non-current assets</b>		<b>103,143</b>	<b>8,127</b>
<b>Total assets</b>		<b>2,215,951</b>	<b>2,092,583</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	18	27,658	42,335
Contract liabilities	19	195,233	-
Lease liabilities	20	14,909	-
Other current liabilities	22	-	260,331
<b>Total current liabilities</b>		<b>237,800</b>	<b>302,666</b>
<b>Non-current liabilities</b>			
Lease liabilities	20	102,463	-
Provisions	21	12,614	12,614
<b>Total non-current liabilities</b>		<b>115,077</b>	<b>12,614</b>
<b>Total liabilities</b>		<b>352,877</b>	<b>315,280</b>
<b>Net assets</b>		<b>1,863,074</b>	<b>1,777,303</b>
<b>EQUITY</b>			
Accumulated funds		1,863,074	1,777,303
<b>Total Equity</b>		<b>1,863,074</b>	<b>1,777,303</b>

The accompanying notes form part of these financial statements.



**Physiotherapy Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Balance at 1 July 2019		1,777,303
Restated balance at 1 July 2019		1,777,303
Net result for the year		85,771
Balance at 30 June 2020		1,863,074

	Notes	Accumulated Funds \$
Balance at 1 July 2018		1,565,407
Net result for the year		211,896
Balance at 30 June 2019		1,777,303

**Physiotherapy Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(241,846)	(205,790)
Other		(223,644)	(235,254)
Education and research		-	(19,454)
Finance costs		(2,500)	-
<b>Total payments</b>		<b>(467,990)</b>	<b>(460,498)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		485,022	648,411
Interest received		14,432	30,220
Other		14,721	18,516
<b>Total receipts</b>		<b>514,175</b>	<b>697,147</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	25	<b>46,185</b>	<b>236,649</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	191
Purchases of property, plant and equipment and intangibles		(1,950)	(4,347)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,950)</b>	<b>(4,156)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(13,816)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(13,816)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>30,419</b>	<b>232,493</b>
Opening cash and cash equivalents	13	2,075,542	1,843,049
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	13	<b>2,105,961</b>	<b>2,075,542</b>

The accompanying notes form part of these financial statements.

# Physiotherapy Council of New South Wales

## 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 Physiotherapy Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

##### **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:

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

#### 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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019 \$
<b>Assets</b>	
Right-of-use assets	131,188
<b>Total assets</b>	<b>131,188</b>
<b>Liabilities</b>	
Lease liabilities	131,188
<b>Total liabilities</b>	<b>131,188</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019 \$
Operating lease commitments as at 30 June 2019 (GST included)	59,400
(Less): GST included in operating lease commitments	5,400
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>54,000</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>52,941</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	78,247
<b>Lease liabilities as at 1 July 2019</b>	<b>131,188</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 2. Personnel services

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	196,310	172,588
Superannuation - defined benefit plans	145	174
Superannuation - defined contribution plans	18,012	15,712
Long service leave	19,595	13,049
Redundancies	2,236	-
Workers' compensation insurance	773	589
Payroll taxes	15,293	13,066
	<b>252,364</b>	<b>215,178</b>

#### Recognition and Measurement

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 3. Other expenses

	2020	2019
	\$	\$
Advertising	6	71
Consultancies	214	1,143
Contractors	51,115	60,866
Domestic supplies and services	900	1,062
Food supplies	1,913	4,876
Fuel, light and power	527	677
Health assessments	12,130	7,875
Information management expenses	35,858	27,525
Insurance	8	7
Maintenance (see Note 3(b))	6,630	6,727
Motor vehicle expenses	18	39
Postal and telephone costs	1,235	7,504
Printing and stationery	806	1,172
Rental	-	14,659
Staff and Council related costs	2,007	2,163
Travel related costs	8,063	12,203
Other (see Note 3(a))	82,120	76,219
	<b>203,550</b>	<b>224,788</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	11	21
Legal services	-	120
Membership/professional fees	33	38
Security services	23	27
Expenses relating to leases of low-value assets	92	-
Auditor's Remuneration	6,371	6,521
Sitting Fees	30,138	30,085
NSW Civil & Administrative Tribunal Fixed Costs	9,468	300
Council Fees	31,909	35,603
General administration expenses	4,075	3,504
	<b>82,120</b>	<b>76,219</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	554	523
New / replacement equipment under \$5,000	1,498	2,318
Repairs maintenance / non contract	4,578	3,886
	<b>6,630</b>	<b>6,727</b>



# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 18.

##### **Insurance**

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

##### **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 Council 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.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 4. Depreciation and amortisation

	2020	2019
	\$	\$
Depreciation - leasehold improvements	703	1,346
Depreciation - plant and equipment	874	380
Depreciation - right-of-use buildings	17,669	-
Amortisation - intangible assets	43	1,999
	<b>19,289</b>	<b>3,726</b>

Refer to Note 27 Property, plant and equipment, Note 16 Leases, and Note 17 Intangible assets for recognition and measurement policies on depreciation and amortisation.

### 5. Education and research

	2020	2019
	\$	\$
Education and research	-	17,949
	-	<b>17,949</b>

#### Recognition and Measurement

The Council is responsible for the administration of the Education and Research account. The Minister for Health, in consultation with the Council, may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

In accordance to Health Practitioner Regulation National Law (NSW) section 41S Education and Research Account, the Council may expend money in the Education and Research Account for or towards the following purposes:

- (a) any purpose relating to education and research about the health, performance and conduct of registered health practitioners or students registered in the health profession for which the Council is established;
- (b) meeting administrative expenditure incurred with respect to the Education and Research Account and the purposes for which it is used.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 6. Finance costs

	2020	2019
	\$	\$
Interest expense from lease liabilities	2,500	-
	<b>2,500</b>	<b>-</b>

#### Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

### 7. Expenditure managed on behalf of the Council through the NSW Ministry of Health

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 8. Registration fees

	2020	2019
	\$	\$
Registration fees	550,116	631,256
	550,116	631,256

#### Recognition and Measurement

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

#### **Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

#### **Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 19 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 Council expects to recognise the unsatisfied portion as revenue.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 9. Investment revenue

	2020	2019
	\$	\$
Interest	14,432	30,220
	<b>14,432</b>	<b>30,220</b>

### 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).

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 10. Acceptance by the Crown Entity of personnel services

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

	2020	2019
	\$	\$
Superannuation - defined benefit plans	145	174
Long service leave provision	17,614	11,825
	<b>17,759</b>	<b>11,999</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 11. Gains / (losses) on disposal

	2020	2019
	\$	\$
Property, plant and equipment	-	458
<i>Less: accumulated depreciation</i>	-	(259)
<b>Written down value</b>	-	<b>199</b>
<i>Less: proceeds from disposal</i>	-	191
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	-	<b>(8)</b>

### 12. Other gains / (losses)

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(18,833)	-
	(18,833)	-

### Recognition and Measurement

#### *Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 27 Property, plant and equipment
- Note 16 Leases
- Note 17 Intangible assets

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 13. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	172,195	171,037
Cash at bank - held by HPCA*	1,933,766	1,904,505
	<b>2,105,961</b>	<b>2,075,542</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	2,105,961	2,075,542
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>2,105,961</b>	<b>2,075,542</b>

The Council operates the bank accounts shown below:

Education and Research Account**	172,195	171,037
	<b>172,195</b>	<b>171,037</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 26 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.



# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 14. Receivables

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	2,361	-
Trade receivables	-	682
Goods and Services Tax	3,055	2,678
Prepayments	1,431	5,554
	<b>6,847</b>	<b>8,914</b>

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

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Property, plant and equipment

#### (a) Total property, plant and equipment

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	5,215	17,328	-	22,543
Movements in WIP	-	1,956	-	1,956
Less: accumulated depreciation and impairment	1,465	14,601	-	16,066
<b>Net carrying amount</b>	<b>3,750</b>	<b>4,683</b>	<b>-</b>	<b>8,433</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	3,338	17,255	1,956	22,549
Less: accumulated depreciation and impairment	591	13,898	-	14,489
<b>Net carrying amount</b>	<b>2,747</b>	<b>3,357</b>	<b>1,956</b>	<b>8,060</b>

#### (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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	2,747	3,357	1,956	8,060
Movements in WIP	-	1,956	(1,956)	-
Additions	1,877	73	-	1,950
Depreciation expense	(874)	(703)	-	(1,577)
<b>Net carrying amount at end of year</b>	<b>3,750</b>	<b>4,683</b>	<b>-</b>	<b>8,433</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	935	4,704	-	5,639
Adjustment to Opening Gross Carrying Amount*	-	12,037	-	12,037
Adjustment to Opening Accumulated Depreciation*	-	(12,037)	-	(12,037)
Additions	2,391	-	1,956	4,347
Disposals	(199)	-	-	(199)
Depreciation expense	(380)	(1,347)	-	(1,727)
<b>Net carrying amount at end of year</b>	<b>2,747</b>	<b>3,357</b>	<b>1,956</b>	<b>8,060</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 15. Property, plant and equipment (continued)

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

The Council 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 Council.

#### 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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

##### *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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

## Physiotherapy Council of New South Wales

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 15. Property, plant and equipment (continued)

##### ***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 16.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 16.

##### ***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

##### ***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

##### ***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.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Leases

#### (a) Entity as a lessee

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

#### Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	131,188	-	131,188
Depreciation expense	(17,669)	-	(17,669)
Impairment losses (recognised in 'Other gains /	(18,833)	-	(18,833)
<b>Balance at 30 June 2020</b>	<b>94,686</b>	<b>-</b>	<b>94,686</b>

#### Lease liabilities

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	131,188
Interest expenses	2,500
Payments	(16,316)
<b>Balance at 30 June 2020</b>	<b>117,372</b>

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

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

	Total \$
<b>2020</b>	
Depreciation expense of right-of-use assets	17,669
Interest expense on lease liabilities	2,500
Expenses relating to leases of low-value assets	92
Impairment losses on right-of-use assets	18,833
<b>Total amount recognised in the statement of comprehensive income</b>	<b>39,094</b>

The Council had total cash outflows for leases of \$16,316 for the year ended 30 June 2020.

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

	Operating leases 2019 \$	Finance leases 2019 \$
Within one year	23,917	-
Later than one year and not later than five years	35,483	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>59,400</b>	<b>-</b>
Less: GST recoverable from the Australian Taxation Office	5,400	-
<b>Total (excluding GST)</b>	<b>54,000</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

##### *i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	5 years

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

#### ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 20.

#### iii. Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. Leases (continued)

#### (a) Entity as a lessee (continued)

##### 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 Council 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 Council 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.



# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 17. Intangible assets

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	7,442	7,442
Less: accumulated amortisation and impairment	7,418	7,375
<b>Net carrying amount</b>	<b>24</b>	<b>67</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	67	2,066
Amortisation (recognised in depreciation and amortisation)	(43)	(1,999)
<b>Net carrying amount at end of year</b>	<b>24</b>	<b>67</b>

### Recognition and Measurement

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 18. Payables

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	6,196	13,940
Taxation and payroll deductions	1,523	960
Creditors	2,898	1,052
Accrued Expenditure	17,041	26,383
	<b>27,658</b>	<b>42,335</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	7,719	14,900
	<b>7,719</b>	<b>14,900</b>

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

#### Recognition and Measurement

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

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 19. Contract liabilities

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	195,233	260,331
	<b>195,233</b>	<b>260,331</b>

#### 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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 20. Lease liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 16)	14,909	-
	<b>14,909</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 16)	102,463	-
	<b>102,463</b>	<b>-</b>

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

#### Recognition and Measurement

##### *Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 21. Provisions

	2020	2019
	\$	\$
<b>Non-current</b>		
Make good provision	12,614	12,614
	<b>12,614</b>	<b>12,614</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	12,614	12,614
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>12,614</b>	<b>12,614</b>

#### Recognition and Measurement

##### *Provision for make good*

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

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

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 22. Other liabilities

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	260,331
	-	<b>260,331</b>

Refer to Note 8. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 19. Contract liabilities for the reclassification of unearned revenue as at 1 July 2019.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 23. Commitments

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

### 24. Contingent liabilities and assets

#### (a) Contingent liabilities

##### Cost recoveries

The Council previously recovered costs associated with certain regulatory activities from practitioners. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and the Council is currently taking steps to identify such transactions and return the money to the practitioner where possible. A contingent liability has been recognised as the Council is unable to reasonably estimate the value of these refunds.

It is expected that the Council will be able to reliably estimate the refund amount in the second quarter of the financial year 2020/21. However, this completion of the process will depend on the following factors:

- Quantity and quality of the retrieved data;
- Confirmation and approval of the refunds by the Council and HPCA Legal team; and
- Response from the identified and contacted practitioners.

#### (b) Contingent assets

There were no contingent assets which would have a material effect on the disclosures in these financial statements.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 25. Reconciliation of cash flows from operating activities to net result

	2020	2019
	\$	\$
Net cash used on operating activities	46,185	236,649
Depreciation and amortisation expense	(19,289)	(3,726)
(Increase) / decrease in unearned revenue	260,331	(17,155)
Increase / (decrease) in prepayments and other assets	(2,067)	1,317
Decrease / (increase) in payables	14,677	(5,181)
Decrease / (increase) in contract liabilities	(195,233)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(18,833)	-
Net gain / (loss) on sale of property, plant and equipment	-	(8)
<b>Net result</b>	<b>85,771</b>	<b>211,896</b>



# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, 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 \$	Carrying Amount 2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents (Note 13)	Amortised cost	2,105,961	2,075,542
Receivables (Note 14) <sup>1</sup>	Amortised cost	2,361	682
<b>Total Financial Assets</b>		<b>2,108,322</b>	<b>2,076,224</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 20)	Financial liabilities measured at amortised cost	117,372	-
Payables (Note 18) <sup>2</sup>	Financial liabilities measured at amortised cost	26,135	41,375
<b>Total Financial Liabilities</b>		<b>143,507</b>	<b>41,375</b>

#### Notes

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments (continued)

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

##### 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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
30 June 2020	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	321	-	33	-	2,007	2,361
Expected credit loss	-	-	-	-	-	-
30 June 2019	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	682	-	-	-	-	682
Expected credit loss	-	-	-	-	-	-

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

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 26. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 26. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk (continued)

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	26,135	-	-	26,135	26,135	-	-
Borrowings:							
- Lease liabilities	117,372	-	-	117,372	14,909	71,866	30,597
	<b>143,507</b>	-	-	<b>143,507</b>	<b>41,044</b>	<b>71,866</b>	<b>30,597</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	41,375	-	-	41,375	41,375	-	-
	<b>41,375</b>	-	-	<b>41,375</b>	<b>41,375</b>	-	-

#### Notes:

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 26. Financial instruments (continued)

#### iii. Market risk

The Council does not have exposure to market risk on financial instruments.

##### *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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(19,886)	19,886	(20,755)	20,755
Equity	(19,886)	19,886	(20,755)	20,755

# Physiotherapy Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 27. Related party transactions

During the financial year, Physiotherapy Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$42,300 (2019: \$52,262) for these services.

### 28. Events after the reporting period

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



**Podiatry  
Council  
of NSW**

# **Podiatry Council of NSW**

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL  
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING  
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL  
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL

**Podiatry Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020





## INDEPENDENT AUDITOR'S REPORT

### Podiatry Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Podiatry Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written in a cursive style.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**PODIATRY COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Podiatry Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Podiatry Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Mr Luke Taylor  
President



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Dr Kristy Robson  
Deputy President

Date: 15 October 2020

Date: 15 October 2020

# Podiatry Council of New South Wales

## Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	85,082	60,382
Other expenses	3	70,519	80,284
Depreciation and amortisation	4	5,631	1,115
Finance costs	5	716	-
<b>Total expenses excluding losses</b>		<b>161,948</b>	<b>141,781</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	9	7,976	3,198
Registration fees	7	-	303,826
Registration fees from contracts with customers	7	278,334	-
Investment revenue	8	5,802	10,984
Other income		-	15
<b>Total revenue</b>		<b>292,112</b>	<b>318,023</b>
<b>Operating result</b>		<b>130,164</b>	<b>176,242</b>
Gains / (losses) on disposal	10	-	(4)
Other gains / (losses)	11	(5,395)	-
<b>Net result</b>		<b>124,769</b>	<b>176,238</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>124,769</b>	<b>176,238</b>

The accompanying notes form part of these financial statements.

**Podiatry Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	909,960	790,808
Receivables	13	895	3,531
<b>Total current assets</b>		<b>910,855</b>	<b>794,339</b>
<b>Non-current assets</b>			
Property, plant & equipment	14		
- Plant and equipment		1,128	861
- Leasehold improvements		1,823	1,546
- WIP - Leasehold improvements		-	534
Total property, plant & equipment		2,951	2,941
Right-of-use assets	15	27,127	-
Intangible assets	16	13	35
<b>Total non-current assets</b>		<b>30,091</b>	<b>2,976</b>
<b>Total assets</b>		<b>940,946</b>	<b>797,315</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	17	12,259	14,444
Contract liabilities	18	109,138	-
Lease liabilities	19	4,271	-
Other current liabilities	21	-	121,716
<b>Total current liabilities</b>		<b>125,668</b>	<b>136,160</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	29,354	-
Provisions	20	7,126	7,126
<b>Total non-current liabilities</b>		<b>36,480</b>	<b>7,126</b>
<b>Total liabilities</b>		<b>162,148</b>	<b>143,286</b>
<b>Net assets</b>		<b>778,798</b>	<b>654,029</b>
<b>EQUITY</b>			
Accumulated funds		778,798	654,029
<b>Total Equity</b>		<b>778,798</b>	<b>654,029</b>

The accompanying notes form part of these financial statements.

**Podiatry Council of New South Wales**  
**Statement of Changes in Equity for the year ended 30 June 2020**

	Notes	Accumulated Funds \$
Balance at 1 July 2019		654,029
Restated balance at 1 July 2019		654,029
Net result for the year		124,769
Balance at 30 June 2020		778,798

	Notes	Accumulated Funds \$
Balance at 1 July 2018		477,791
Net result for the year		176,238
Balance at 30 June 2019		654,029

**Podiatry Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(80,665)	(67,434)
Other		(72,115)	(94,402)
Finance costs		(716)	-
<b>Total payments</b>		<b>(153,496)</b>	<b>(161,836)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		265,756	297,342
Interest received		5,802	10,984
Other		5,605	6,667
<b>Total receipts</b>		<b>277,163</b>	<b>314,993</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	<b>123,667</b>	<b>153,157</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	105
Purchases of property, plant and equipment and intangibles		(557)	(1,187)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(557)</b>	<b>(1,082)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(3,958)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(3,958)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>119,152</b>	<b>152,075</b>
Opening cash and cash equivalents	12	790,808	638,733
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	12	<b>909,960</b>	<b>790,808</b>

The accompanying notes form part of these financial statements.



# Podiatry Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### a) Reporting entity

The Podiatry Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

#### b) Basis of preparation

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

# Podiatry Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### 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.

#### 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 Council 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 Council.

##### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

##### **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:

# Podiatry Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

#### 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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

# Podiatry Council of New South Wales

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	1 July 2019 \$
<b>Assets</b>	
Right-of-use assets	37,584
<b>Total assets</b>	<b>37,584</b>
<b>Liabilities</b>	
Lease liabilities	37,584
<b>Total liabilities</b>	<b>37,584</b>
<b>Equity</b>	
Accumulated funds	-

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	1 July 2019 \$
Operating lease commitments as at 30 June 2019 (GST included)	17,017
(Less): GST included in operating lease commitments	1,547
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>15,470</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>15,167</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	22,417
<b>Lease liabilities as at 1 July 2019</b>	<b>37,584</b>

#### (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 Council 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. The Council has no service concession arrangements to which the standard will apply.

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**2. Personnel services**

	2020	2019
	\$	\$
Salaries and wages (including annual leave)	64,140	48,653
Superannuation - defined benefit plans	41	24
Superannuation - defined contribution plans	5,896	4,214
Long service leave	8,946	3,504
Redundancies	634	-
Workers' compensation insurance	219	159
Payroll taxes	5,206	3,828
	<b>85,082</b>	<b>60,382</b>

**Recognition and Measurement**

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**3. Other expenses**

	2020	2019
	\$	\$
Advertising	92	19
Consultancies	61	178
Contractors	17,706	16,498
Domestic supplies and services	268	207
Food supplies	598	1,135
Fuel, light and power	151	143
Health assessments	5,000	4,550
Information management expenses	11,083	8,604
Insurance	2	2
Maintenance (see Note 3(b))	1,900	1,346
Motor vehicle expenses	5	11
Postal and telephone costs	328	2,867
Printing and stationery	191	320
Rental	-	3,759
Staff and Council related costs	294	511
Travel related costs	8,539	14,277
Other (see Note 3(a))	24,301	25,857
	<b>70,519</b>	<b>80,284</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	18	6
Legal services	-	48
Membership/professional fees	9	10
Security services	7	7
Expenses relating to leases of low-value assets	26	-
Auditor's Remuneration	6,367	3,504
Sitting Fees	5,809	7,678
NSW Civil & Administrative Tribunal Fixed Costs	-	300
Council Fees	10,634	12,641
General administration expenses	1,431	1,663
	<b>24,301</b>	<b>25,857</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	159	144
New / replacement equipment under \$5,000	429	632
Repairs maintenance / non contract	1,312	570
	<b>1,900</b>	<b>1,346</b>

**3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 17.

***Insurance***

The Council'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. TMF is managed by Insurance and Care NSW (iCare).

***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 Council 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.

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**4. Depreciation and amortisation**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Depreciation - leasehold improvements	277	622
Depreciation - plant and equipment	270	181
Depreciation - right-of-use buildings	5,062	-
Amortisation - intangible assets	22	312
	<b>5,631</b>	<b>1,115</b>

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.



**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**5. Finance costs**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Interest expense from lease liabilities	716	-
	<b>716</b>	<b>-</b>

**Recognition and Measurement**

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

**6. Expenditure managed on behalf of the Council through the NSW Ministry of Health**

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**7. Registration fees**

	2020	2019
	\$	\$
Registration fees	278,334	303,826
	<b>278,334</b>	<b>303,826</b>

**Recognition and Measurement**

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

**Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

**Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 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 Council expects to recognise the unsatisfied portion as revenue.

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**8. Investment revenue**

	2020	2019
	\$	\$
Interest	5,802	10,984
	<b>5,802</b>	<b>10,984</b>

**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).

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**9. Acceptance by the Crown Entity of personnel services**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Superannuation - defined benefit plans	41	24
Long service leave provision	7,935	3,174
	<b>7,976</b>	<b>3,198</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**10. Gains / (losses) on disposal**

	2020	2019
	\$	\$
Property, plant and equipment	-	250
Less: accumulated depreciation	-	(141)
<b>Written down value</b>	<b>-</b>	<b>109</b>
Less: proceeds from disposal	-	105
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	<b>-</b>	<b>(4)</b>

**11. Other gains / (losses)**

	2020	2019
	\$	\$
Impairment losses on right-of-use assets	(5,395)	-
	<b>(5,395)</b>	<b>-</b>

**Recognition and Measurement**

*Impairment losses on non-financial assets*

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**12. Cash and cash equivalents**

	2020	2019
	\$	\$
Cash at bank and on hand	67,168	66,716
Cash at bank - held by HPCA*	842,792	724,092
	<b>909,960</b>	<b>790,808</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	909,960	790,808
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>909,960</b>	<b>790,808</b>

The Council operates the bank accounts shown below:

Education and Research Account**	67,168	66,716
	<b>67,168</b>	<b>66,716</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**13. Receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	66	-
Trade receivables	-	75
Goods and Services Tax	424	943
Prepayments	405	2,513
	<b>895</b>	<b>3,531</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**14. Property, plant and equipment**

**(a) Total property, plant and equipment**

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	1,697	9,270	-	10,967
Movements in WIP	-	534	-	534
Less: accumulated depreciation and impairment	569	7,981	-	8,550
<b>Net carrying amount</b>	<b>1,128</b>	<b>1,823</b>	<b>-</b>	<b>2,951</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	1,160	9,250	534	10,944
Less: accumulated depreciation and impairment	299	7,704	-	8,003
<b>Net carrying amount</b>	<b>861</b>	<b>1,546</b>	<b>534</b>	<b>2,941</b>

**(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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	861	1,546	534	2,941
Movements in WIP	-	534	(534)	-
Additions	537	20	-	557
Depreciation expense	(270)	(277)	-	(547)
<b>Net carrying amount at end of year</b>	<b>1,128</b>	<b>1,823</b>	<b>-</b>	<b>2,951</b>
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	498	2,168	-	2,666
Adjustment to Opening Gross Carrying Amount*	-	6,826	-	6,826
Adjustment to Opening Accumulated Depreciation*	-	(6,826)	-	(6,826)
Additions	653	-	534	1,187
Disposals	(109)	-	-	(109)
Depreciation expense	(181)	(622)	-	(803)
<b>Net carrying amount at end of year</b>	<b>861</b>	<b>1,546</b>	<b>534</b>	<b>2,941</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.



**14. Property, plant and equipment (continued)**

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

The Council 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 Council.

**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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

**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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

**14. Property, plant and equipment (continued)**

***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 15.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 15.

***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

***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.

**Podiatry Council of New South Wales**  
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for the year ended 30 June 2020

**15. Leases**

**(a) Entity as a lessee**

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

**Right-of-use assets under leases**

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	37,584	-	37,584
Depreciation expense	(5,062)	-	(5,062)
Impairment losses (recognised in 'Other gains /	(5,395)	-	(5,395)
<b>Balance at 30 June 2020</b>	<b>27,127</b>	<b>-</b>	<b>27,127</b>

**Lease liabilities**

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	37,584
Interest expenses	716
Payments	(4,674)
<b>Balance at 30 June 2020</b>	<b>33,626</b>

**Podiatry Council of New South Wales**  
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**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

	<b>Total</b>
	<b>\$</b>
<b>2020</b>	
Depreciation expense of right-of-use assets	5,062
Interest expense on lease liabilities	716
Expenses relating to leases of low-value assets	26
Impairment losses on right-of-use assets	5,395
<b>Total amount recognised in the statement of comprehensive income</b>	<b>11,199</b>

The Council had total cash outflows for leases of \$4,674 for the year ended 30 June 2020.

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

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	6,852	-
Later than one year and not later than five years	10,165	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>17,017</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	<i>1,547</i>	<i>-</i>
<b>Total (excluding GST)</b>	<b>15,470</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

*i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<b>Useful lives</b>
Buildings	5 years

**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

*ii. Lease liabilities*

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

*iii. Short-term leases and leases of low-value assets*

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

**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 Council 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 Council 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.

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**16. Intangible assets**

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	1,042	1,042
Less: accumulated amortisation and impairment	1,029	1,007
<b>Net carrying amount</b>	<b>13</b>	<b>35</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	35	347
Amortisation (recognised in depreciation and amortisation)	(22)	(312)
<b>Net carrying amount at end of year</b>	<b>13</b>	<b>35</b>

**Recognition and Measurement**

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

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**17. Payables**

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	2,368	6,057
Taxation and payroll deductions	488	341
Creditors	427	327
Accrued Expenditure	8,976	7,719
	<b>12,259</b>	<b>14,444</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	2,856	6,398
	<b>2,856</b>	<b>6,398</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 25.

**Recognition and Measurement**

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



**Podiatry Council of New South Wales**  
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**18. Contract liabilities**

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	109,138	121,716
	<b>109,138</b>	<b>121,716</b>

**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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

**Podiatry Council of New South Wales**  
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**19. Lease liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 15)	4,271	-
	<b>4,271</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 15)	29,354	-
	<b>29,354</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

**Recognition and Measurement**

*Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

**Podiatry Council of New South Wales**  
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**20. Provisions**

	2020 \$	2019 \$
<b>Non-current</b>		
Make good provision	7,126	7,126
	<b>7,126</b>	<b>7,126</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	7,126	7,126
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>7,126</b>	<b>7,126</b>

**Recognition and Measurement**

***Provision for make good***

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

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

**Podiatry Council of New South Wales**  
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**21. Other liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	121,716
	-	<b>121,716</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 18. Contract liabilities for the reclassification of unearned revenue as at 1 July 2019.

**22. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

**23. Contingent liabilities and assets**

There were no contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

**Podiatry Council of New South Wales**  
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**24. Reconciliation of cash flows from operating activities to net result**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net cash used on operating activities	123,667	153,157
Depreciation and amortisation expense	(5,631)	(1,115)
(Increase) / decrease in unearned revenue	121,716	6,484
Increase / (decrease) in prepayments and other assets	(2,636)	323
Decrease / (increase) in payables	2,186	17,393
Decrease / (increase) in contract liabilities	(109,138)	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(5,395)	-
Net gain / (loss) on sale of property, plant and equipment	-	(4)
<b>Net result</b>	<b>124,769</b>	<b>176,238</b>

**Podiatry Council of New South Wales**  
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**25. Financial instruments**

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

**(a) Financial instrument categories**

<b>Class</b>	<b>Category</b>	<b>Carrying Amount 2020</b>	<b>Carrying Amount 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents (Note 12)	Amortised cost	909,960	790,808
Receivables (Note 13) <sup>1</sup>	Amortised cost	66	75
<b>Total Financial Assets</b>		<b>910,026</b>	<b>790,883</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 19)	Financial liabilities measured at amortised cost	33,625	-
Payables (Note 17) <sup>2</sup>	Financial liabilities measured at amortised cost	11,771	14,103
<b>Total Financial Liabilities</b>		<b>45,396</b>	<b>14,103</b>

**Notes**

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

**25. Financial instruments (continued)**

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

**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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
	\$	\$	\$	\$	\$	\$
<b>30 June 2020</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	56	-	10	-	-	66
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2019</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	75	-	-	-	-	75
Expected credit loss	-	-	-	-	-	-

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



**25. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk**

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**25. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk (continued)**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	11,771	-	-	11,771	11,771	-	-
Borrowings:							
- Lease liabilities	33,625	-	-	33,625	4,271	20,589	8,765
	<b>45,396</b>	-	-	<b>45,396</b>	<b>16,042</b>	<b>20,589</b>	<b>8,765</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	14,103	-	-	14,103	14,103	-	-
	<b>14,103</b>	-	-	<b>14,103</b>	<b>14,103</b>	-	-

**Notes:**

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**25. Financial instruments (continued)**

**iii. Market risk**

The Council does not have exposure to market risk on financial instruments.

*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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(8,763)	8,763	(7,908)	7,908
Equity	(8,763)	8,763	(7,908)	7,908

**Podiatry Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**26. Related party transactions**

During the financial year, Podiatry Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$11,278 (2019: \$15,054) for these services.

**27. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**



# Psychology Council of NSW

**Annual Financial Statements**  
year ended 30 June 2020

**JOINT ANNUAL REPORTS OF THE 15 NEW SOUTH WALES HEALTH PROFESSIONAL COUNCILS**  
ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH PRACTICE COUNCIL CHINESE MEDICINE COUNCIL  
CHIROPRACTIC COUNCIL DENTAL COUNCIL MEDICAL COUNCIL MEDICAL RADIATION PRACTICE COUNCIL NURSING  
AND MIDWIFERY COUNCIL OCCUPATIONAL THERAPY COUNCIL OPTOMETRY COUNCIL OSTEOPATHY COUNCIL  
PARAMEDICINE COUNCIL PHARMACY COUNCIL PHYSIOTHERAPY COUNCIL PODIATRY COUNCIL PSYCHOLOGY COUNCIL

# **Psychology Council of New South Wales**

Annual Financial Statements

for the year ended 30 June 2020



## INDEPENDENT AUDITOR'S REPORT

### Psychology Council of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Psychology Council of New South Wales (the Council), 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 Council 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 Council 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 Council'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 members of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Council.

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 Council's Responsibilities for the Financial Statements**

The members of the Council are 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 members of the Council determine 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 members of the Council are responsible for assessing the Council'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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.



My opinion does not provide assurance:

- that the Council 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.

A handwritten signature in black ink, appearing to read 'Somaiya', written over a light blue horizontal line.

Somaiya Ahmed  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020  
SYDNEY

**PSYCHOLOGY COUNCIL  
OF NEW SOUTH WALES**

**STATEMENT BY MEMBERS OF THE COUNCIL  
FOR THE YEAR ENDED 30 JUNE 2020**

Pursuant to s 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Psychology Council of New South Wales, we declare on behalf of the Council that in our opinion:

- 1) The accompanying financial statements exhibit a true and fair view of the financial position of the Psychology Council of New South Wales as at 30 June 2020 and financial performance for the year then ended.
- 2) The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983 (the Act)*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



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Ms Gail Purkis  
President

Date: 15 October 2020



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Conjoint Associate Professor Christopher Willcox  
Deputy President

Date: 15 October 2020

# Psychology Council of New South Wales

Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
<b>Expenses excluding losses</b>			
Personnel services	2	864,523	911,597
Other expenses	3	623,521	686,087
Depreciation and amortisation	4	68,181	14,173
Finance costs	5	8,474	-
<b>Total expenses excluding losses</b>		<b>1,564,699</b>	<b>1,611,857</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of personnel services	9	29,572	45,074
Registration fees	7	-	1,724,454
Registration fees from contracts with customers	7	1,704,219	-
Investment revenue	8	26,067	55,604
Other income		-	290
<b>Total revenue</b>		<b>1,759,858</b>	<b>1,825,422</b>
<b>Operating result</b>		<b>195,159</b>	<b>213,565</b>
Gains / (losses) on disposal	10	-	(25)
Other gains / (losses)	11	(63,828)	(1,332)
<b>Net result</b>		<b>131,331</b>	<b>212,208</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>131,331</b>	<b>212,208</b>

The accompanying notes form part of these financial statements.

**Psychology Council of New South Wales**  
**Statement of Financial Position as at 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	3,823,323	3,720,167
Receivables	13	16,301	15,540
<b>Total current assets</b>		<b>3,839,624</b>	<b>3,735,707</b>
<b>Non-current assets</b>			
Property, plant & equipment	14		
- Plant and equipment		14,621	11,892
- Leasehold improvements		29,368	25,503
- WIP - Leasehold improvements		-	8,033
Total property, plant & equipment		43,989	45,428
Right-of-use assets	15	320,909	-
Intangible assets	16	118	323
<b>Total non-current assets</b>		<b>365,016</b>	<b>45,751</b>
<b>Total assets</b>		<b>4,204,640</b>	<b>3,781,458</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	17	69,991	106,910
Contract liabilities	18	719,567	-
Lease liabilities	19	50,530	-
Other current liabilities	21	-	788,592
<b>Total current liabilities</b>		<b>840,088</b>	<b>895,502</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	347,265	-
Provisions	20	49,667	49,667
<b>Total non-current liabilities</b>		<b>396,932</b>	<b>49,667</b>
<b>Total liabilities</b>		<b>1,237,020</b>	<b>945,169</b>
<b>Net assets</b>		<b>2,967,620</b>	<b>2,836,289</b>
<b>EQUITY</b>			
Accumulated funds		2,967,620	2,836,289
<b>Total Equity</b>		<b>2,967,620</b>	<b>2,836,289</b>

The accompanying notes form part of these financial statements.

# Psychology Council of New South Wales

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

	Notes	Accumulated Funds \$
Balance at 1 July 2019		2,836,289
Restated balance at 1 July 2019		2,836,289
Net result for the year		131,331
Balance at 30 June 2020		2,967,620

	Notes	Accumulated Funds \$
Balance at 1 July 2018		2,624,081
Net result for the year		212,208
Balance at 30 June 2019		2,836,289

**Psychology Council of New South Wales**  
**Statement of Cash Flows for the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Personnel services		(861,783)	(873,011)
Other		(686,177)	(790,562)
Finance costs		(8,474)	-
<b>Total payments</b>		<b>(1,556,434)</b>	<b>(1,663,573)</b>
<b>Receipts</b>			
Registration fees from contracts with customers		1,635,205	1,808,031
Interest received		26,067	55,604
Other		51,796	55,081
<b>Total receipts</b>		<b>1,713,068</b>	<b>1,918,716</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	<b>156,634</b>	<b>255,143</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	629
Purchases of property, plant and equipment and intangibles		(6,653)	(17,851)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(6,653)</b>	<b>(17,222)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(46,825)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(46,825)</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>103,156</b>	<b>237,921</b>
Opening cash and cash equivalents	12	3,720,167	3,482,246
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	12	<b>3,823,323</b>	<b>3,720,167</b>

The accompanying notes form part of these financial statements.

**Psychology Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

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**1. Statement of Significant Accounting Policies**

**a) Reporting entity**

The Psychology Council of New South Wales (the Council) as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the Health Practitioner Regulation National Law (NSW) No 86a (the Law).

These financial statements are for the year ended 30 June 2020 and have been authorised for issue by the Council on 15 October 2020.

**b) Basis of preparation**

The Council'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 of the Council have been prepared on a going concern basis.

Despite the Novel Coronavirus (COVID-19) pandemic in late February 2020, the going concern assumption remains appropriate. There has not been a significant impact on the Council and it is able to pay debts as and when they come due and payable.

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 dollar and are expressed in Australian currency, which is the Council'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 Council 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) Significant accounting judgements, estimates and assumptions**

The agreed cost sharing arrangements for the distribution of pooled costs between Health Professional Councils were introduced effective 1 July 2012. Since 2012 some revisions have been made to the cost allocation methodology.

These indirect costs are shown as part of the Council's statement of comprehensive income and includes the following expense line items:

1. Personnel services
2. Other expenses:
  - \* Building expenses
  - \* Contracted labour
  - \* Information and communications technology
3. Depreciation and amortisation
4. Finance costs

**1. Statement of Significant Accounting Policies**

**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.

**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 Council 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 Council.

**AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes 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 Council expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Council 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 Council 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 Council 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.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year. Income in advance was previously classified as an other liability, as at 1 July 2019 it has been reclassified as a contract liability, there has been no change in the amounts recognised.

**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:



## 1. Statement of Significant Accounting Policies

- \* 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 Council.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council 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 Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

### **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.

#### *Lessee accounting*

AASB 16 requires the Council 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 Council 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 Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

The Council 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 Council 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.

**Psychology Council of New South Wales**  
**Notes to and forming part of the Financial Statements**  
for the year ended 30 June 2020

**1. Statement of Significant Accounting Policies**

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

	<b>1 July 2019</b>
	<b>\$</b>
<b>Assets</b>	
Right-of-use assets	444,621
<b>Total assets</b>	<b>444,621</b>
<b>Liabilities</b>	
Lease liabilities	444,621
<b>Total liabilities</b>	<b>444,621</b>
<b>Equity</b>	
Accumulated funds	-
	<b>-</b>

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	<b>1 July 2019</b>
	<b>\$</b>
Operating lease commitments as at 30 June 2019 (GST included)	201,318
(Less): GST included in operating lease commitments	18,302
<b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>	<b>183,016</b>
Weighted average incremental borrowing rate as at 1 July 2019	2.00%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b>179,427</b>
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	265,194
<b>Lease liabilities as at 1 July 2019</b>	<b>444,621</b>

**(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 Council 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. The Council has no service concession arrangements to which the standard will apply.

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**2. Personnel services**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages (including annual leave)	706,971	741,321
Superannuation - defined benefit plans	489	720
Superannuation - defined contribution plans	64,902	68,128
Long service leave	30,927	48,946
Redundancies	7,548	-
Workers' compensation insurance	2,610	2,413
Payroll taxes	51,076	50,069
	<b>864,523</b>	<b>911,597</b>

**Recognition and Measurement**

In accordance with an agreed Memorandum of Understanding, personnel services are acquired from the MOH.

Liabilities for salaries and wages (including non-monetary benefits), recreation leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

In accordance with NSWTC 18-13 'Accounting for Long Service Leave and Annual Leave', the Council's annual leave has been assessed as a short-term liability as these short-term benefits are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee renders the related services.

The Council's liability for Long Service Leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity. In accordance with NSWTC15-07, the Council accounts for superannuation and LSL assumed by the Crown, as part of the personnel services expense and revenue as resources received free of charge.

The Council 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 Personnel Services'.

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.

The outstanding amounts of payroll tax and workers' compensation insurance premiums, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

All employees in defined contribution superannuation schemes receive the Superannuation Guarantee Levy contribution. Contributions are made by the Ministry of Health to an employee superannuation fund and are charged as an expense when incurred.

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**3. Other expenses**

	2020	2019
	\$	\$
Advertising	19	289
Consultancies	721	1,420
Contractors	169,187	153,889
Domestic supplies and services	3,220	2,360
Food supplies	3,889	6,776
Fuel, light and power	1,786	2,901
Health assessments	36,040	54,687
Information management expenses	106,685	66,411
Insurance	27	30
Maintenance (see Note 3(b))	22,440	31,671
Motor vehicle expenses	62	160
Postal and telephone costs	4,221	11,290
Printing and stationery	2,256	4,941
Rental	-	61,176
Staff and Council related costs	3,111	8,005
Travel related costs	7,220	6,452
Other (see Note 3(a))	262,637	273,629
	<b>623,521</b>	<b>686,087</b>

	2020	2019
	\$	\$
<b>(a) Other</b>		
Courier and freight	99	125
Legal services	13,040	7,378
Membership/professional fees	110	331
Security services	78	112
Expenses relating to leases of low-value assets	312	-
Auditor's Remuneration	6,371	6,376
Sitting Fees	99,630	129,335
NSW Civil & Administrative Tribunal Fixed Costs	36,095	29,520
Council Fees	97,765	97,765
General administration expenses	9,137	2,687
	<b>262,637</b>	<b>273,629</b>

<b>(b) Reconciliation of total maintenance</b>		
Maintenance contracts	1,879	2,150
New / replacement equipment under \$5,000	5,050	9,515
Repairs maintenance / non contract	15,511	20,006
	<b>22,440</b>	<b>31,671</b>

**3. 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 Council. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 17.

***Insurance***

The Council's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for government entities. The expense / (premium) is determined by the fund manager based on past claims experience. The TMF is managed by Insurance and Care NSW (iCare).

***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 Council 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.

**Psychology Council of New South Wales**  
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**4. Depreciation and amortisation**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Depreciation - leasehold improvements	4,467	10,218
Depreciation - plant and equipment	3,625	1,734
Depreciation - right-of-use buildings	59,884	-
Amortisation - intangible assets	205	2,221
	<b>68,181</b>	<b>14,173</b>

Refer to Note 14 Property, plant and equipment, Note 15 Leases, and Note 16 Intangible assets for recognition and measurement policies on depreciation and amortisation.

**Psychology Council of New South Wales**  
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**5. Finance costs**

	2020	2019
	\$	\$
Interest expense from lease liabilities	8,474	-
	<b>8,474</b>	<b>-</b>

**Recognition and Measurement**

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

**6. Expenditure managed on behalf of the Council through the NSW Ministry of Health**

The Council's accounts are managed by the Health Administration Corporation (HAC). Executive and administrative support functions are provided by the Health Professional Councils Authority (HPCA), which is an executive agency of the NSW Ministry of Health (MOH).

In accordance with an agreed Memorandum of Understanding, salaries and associated oncosts are paid by the MOH. The MOH continues to pay for the staff and associated oncosts. These costs are reimbursed by the Council to the MOH.

**Psychology Council of New South Wales**  
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**7. Registration fees**

	2020	2019
	\$	\$
Registration fees	1,704,219	1,724,454
	<b>1,704,219</b>	<b>1,724,454</b>

**Recognition and Measurement**

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010, with a further 4 Councils established on 1 July 2012 and another 1 Council established on 8 January 2018 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission (HCCC).

Under s 26A of the Law, the complaints element of the registration fees payable by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the Law, receives fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2020 registration fee.

**Recognition until 30 June 2019**

Fees are progressively recognised as income by the Council as the annual registration period elapses. Fees in advance represent unearned income at balance date.

**Recognition from 1 July 2019**

Revenue from registration fees is recognised when the Council satisfies the performance obligation by transferring the promised services. Revenue is typically recognised as the annual registration period elapses.

The annual NSW Complaints Fee is set by the Council each year, based on the level of regulatory activities, and approved by the Minister for Health.

Refer to Note 18 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 Council expects to recognise the unsatisfied portion as revenue.



**Psychology Council of New South Wales**  
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for the year ended 30 June 2020

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**8. Investment revenue**

	2020	2019
	\$	\$
Interest	26,067	55,604
	<b>26,067</b>	<b>55,604</b>

**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).

**Psychology Council of New South Wales**  
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for the year ended 30 June 2020

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**9. Acceptance by the Crown Entity of personnel services**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Superannuation - defined benefit plans	489	720
Long service leave provision	29,083	44,354
	<b>29,572</b>	<b>45,074</b>

Refer to Note 2. Personnel services for recognition and measurement policies on acceptance by the Crown Entity of personnel services.

**Psychology Council of New South Wales**  
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**10. Gains / (losses) on disposal**

	2020	2019
	\$	\$
Property, plant and equipment	-	1,505
<i>Less: accumulated depreciation</i>	-	(851)
<b>Written down value</b>	-	<b>654</b>
<i>Less: proceeds from disposal</i>	-	629
<b>Gain / (Loss) on disposal of property, plant and equipment</b>	-	<b>(25)</b>

**11. Other gains / (losses)**

	2020	2019
	\$	\$
Impairment losses on financial assets	-	(1,332)
Impairment losses on right-of-use assets	(63,828)	-
	<b>(63,828)</b>	<b>(1,332)</b>

**Recognition and Measurement**

Impairment losses may arise on assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 13 Receivables
- Note 14 Property, plant and equipment
- Note 15 Leases
- Note 16 Intangible assets

**Psychology Council of New South Wales**  
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**12. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	78,406	77,879
Cash at bank - held by HPCA*	3,744,917	3,642,288
	<b>3,823,323</b>	<b>3,720,167</b>

\*This is cash held by the HPCA, an executive agency of the MOH, on behalf of the Council for its operating activities.

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:

<b>Cash and cash equivalents (per Statement of Financial Position)</b>	<b>3,823,323</b>	<b>3,720,167</b>
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>3,823,323</b>	<b>3,720,167</b>

The Council operates the bank accounts shown below:

Education and Research Account**	78,406	77,879
	<b>78,406</b>	<b>77,879</b>

\*\*Managed by the HPCA, an executive agency of the MOH.

Refer to Note 25 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Psychology Council of New South Wales**  
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**13. Receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers	1,714	-
Trade receivables	-	1,043
Goods and Services Tax	9,758	9,569
Prepayments	4,829	4,928
	<b>16,301</b>	<b>15,540</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 25.

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

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

The Council did not deem it necessary to recognise an allowance for impairment at 30 June 2020.

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**14. Property, plant and equipment**

**(a) Total property, plant and equipment**

The Council has an interest in plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>As at 30 June 2020</b>				
Gross carrying amount	20,961	86,285	-	107,246
Movements in WIP	-	8,033	-	8,033
Less: accumulated depreciation and impairment	6,340	64,950	-	71,290
<b>Net carrying amount</b>	<b>14,621</b>	<b>29,368</b>	<b>-</b>	<b>43,989</b>
<b>As at 30 June 2019</b>				
Gross carrying amount	14,607	85,986	8,033	108,626
Less: accumulated depreciation and impairment	2,715	60,483	-	63,198
<b>Net carrying amount</b>	<b>11,892</b>	<b>25,503</b>	<b>8,033</b>	<b>45,428</b>

**(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:

	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2020</b>				
Net carrying amount at beginning of year	11,892	25,503	8,033	45,428
Movements in WIP	-	8,033	(8,033)	-
Additions	6,354	299	-	6,653
Depreciation expense	(3,625)	(4,467)	-	(8,092)
<b>Net carrying amount at end of year</b>	<b>14,621</b>	<b>29,368</b>	<b>-</b>	<b>43,989</b>
	Plant and Equipment \$	Leasehold Improvement \$	WIP - Leasehold Improvement \$	Total \$
<b>Year ended 30 June 2019</b>				
Net carrying amount at beginning of year	4,462	35,721	-	40,183
Adjustment to Opening Gross Carrying Amount*	-	47,471	-	47,471
Adjustment to Opening Accumulated Depreciation*	-	(47,471)	-	(47,471)
Additions	9,818	-	8,033	17,851
Disposals	(654)	-	-	(654)
Depreciation expense	(1,734)	(10,218)	-	(11,952)
<b>Net carrying amount at end of year</b>	<b>11,892</b>	<b>25,503</b>	<b>8,033</b>	<b>45,428</b>

\*Relates to the reinstatement of the make good asset for Pitt Street, incorrectly disposed of in the 2017 financial year. There is no impact on the net book value of the asset or the Council's net result for the period as at disposal it was fully depreciated. It has been reinstated to improve the accuracy of Leasehold Improvements and so that the gross value of the make good asset equals the provision included under liabilities in the Financial Statements.

**14. Property, plant and equipment (continued)**

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

The Council 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 Council.

**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 and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised. The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. These capitalised shared use assets are then allocated to the Council using an agreed allocation method.

***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 Council. 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:

	<b>Useful lives</b>
Plant and equipment	25%
Leasehold improvements	20% - 41.4%

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

**14. Property, plant and equipment (continued)**

***Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)***

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Council has elected to present right-of-use assets separately in the Statement of Financial Position.

Therefore, at that date property, plant and equipment recognised under leases previously treated as operating leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item.

Further information on leases is contained in Note 15.

Subsequent to the adoption of AASB 16, the Council, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Further information on right-of-use assets is contained in Note 15.

***Revaluation of property, plant and equipment***

There has been no revaluation on any of the Council's plant and equipment as they are non-specialised assets. Non-specialised assets with short useful lives are measured at depreciated historical cost as a surrogate for fair value.

***Impairment of property, plant and equipment***

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

***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.



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**15. Leases**

**(a) Entity as a lessee**

The Council leases a property at Pitt Street and the contract is made for a fixed period of 5 years, with an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$nil.

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 Council 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 and comprises solely of a coffee machine at the Pitt Street premises.

**Right-of-use assets under leases**

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

	Buildings \$	Plant and Equipment \$	Total \$
<b>2020</b>			
Balance at 1 July 2019	444,621	-	444,621
Depreciation expense	(59,884)	-	(59,884)
Impairment losses (recognised in 'Other gains /	(63,828)	-	(63,828)
<b>Balance at 30 June 2020</b>	<b>320,909</b>	<b>-</b>	<b>320,909</b>

**Lease liabilities**

The following table presents liabilities under leases.

	Total \$
<b>2020</b>	
Balance at 1 July 2019	444,621
Interest expenses	8,474
Payments	(55,299)
<b>Balance at 30 June 2020</b>	<b>397,796</b>

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**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

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

	<b>Total</b>
	<b>\$</b>
<b>2020</b>	
Depreciation expense of right-of-use assets	59,884
Interest expense on lease liabilities	8,474
Expenses relating to leases of low-value assets	312
Impairment losses on right-of-use assets	63,828
<b>Total amount recognised in the statement of comprehensive income</b>	<b>132,498</b>

The Council had total cash outflows for leases of \$55,299 for the year ended 30 June 2020.

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

	<b>Operating leases</b>	<b>Finance leases</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Within one year	81,060	-
Later than one year and not later than five years	120,258	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>201,318</b>	<b>-</b>
<i>Less: GST recoverable from the Australian Taxation Office</i>	<i>18,302</i>	<i>-</i>
<b>Total (excluding GST)</b>	<b>183,016</b>	<b>-</b>

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

The Council 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.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

*i. Right-of-use assets*

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<b>Useful lives</b>
Buildings	5 years

**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council 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 Council 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. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

*ii. Lease liabilities*

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The Council does not borrow funds in the market.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in Note 19.

*iii. Short-term leases and leases of low-value assets*

The Council applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

**15. Leases (continued)**

**(a) Entity as a lessee (continued)**

**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 Council 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 Council 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.

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**16. Intangible assets**

The Council has an interest in intangible assets used by all health professional Councils. The assets are not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	2020	2019
	\$	\$
Cost (gross carrying amount)	7,667	7,667
Less: accumulated amortisation and impairment	7,549	7,344
<b>Net carrying amount</b>	<b>118</b>	<b>323</b>

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

	2020	2019
	\$	\$
<b>Year ended 30 June 2020</b>		
Net carrying amount at beginning of year	323	2,544
Amortisation (recognised in depreciation and amortisation)	(205)	(2,221)
<b>Net carrying amount at end of year</b>	<b>118</b>	<b>323</b>

**Recognition and Measurement**

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council 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 Council'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 Council's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the Council 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.

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**17. Payables**

	2020	2019
	\$	\$
<b>Current</b>		
Personnel Services - Ministry of Health	16,789	45,845
Taxation and payroll deductions	6,205	3,762
Creditors	4,138	5,737
Accrued Expenditure	42,859	51,566
	<b>69,991</b>	<b>106,910</b>
<b>Aggregate Personnel Services and Related On-Costs</b>		
Personnel Services - Ministry of Health	22,994	49,607
	<b>22,994</b>	<b>49,607</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 25.

**Recognition and Measurement**

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

**Psychology Council of New South Wales**  
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**18. Contract liabilities**

	2020 \$	1 July 2019 adjusted for AASB 15 \$
<b>Current</b>		
Contract liabilities - registration fees	719,567	788,592
	<b>719,567</b>	<b>788,592</b>

**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 registration fees. The satisfaction of the specific performance obligations within the contract have not been met at the 30 June 2020 as the registration period starts from 1 December 2019 and ends on 30 November 2020.

Registration fees recognised as contract liabilities at 30 June 2020 will be recognised in the first and second quarters of 2020-21 as the remaining registration period elapses.

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**19. Lease liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Lease liability (see Note 15)	50,530	-
	<b>50,530</b>	<b>-</b>
<b>Non-current</b>		
Lease liability (see Note 15)	347,265	-
	<b>347,265</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above lease liabilities are disclosed in Note 25.

**Recognition and Measurement**

*Financial liabilities at amortised cost*

The Council's leases have been previously classified as operating leases under AASB 117. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.



**Psychology Council of New South Wales**  
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**20. Provisions**

	2020 \$	2019 \$
<b>Non-current</b>		
Make good provision	49,667	49,667
	<b>49,667</b>	<b>49,667</b>
<b>Movements in provisions</b>		
Movements in the make good provision are set below:		
Carrying amount at beginning of period	49,667	49,667
- Unwinding / change in the discount rate	-	-
- Additional provisions recognised	-	-
<b>Carrying amount at end of period</b>	<b>49,667</b>	<b>49,667</b>

**Recognition and Measurement**

***Provision for make good***

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

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

**Psychology Council of New South Wales**  
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**21. Other liabilities**

	2020	2019
	\$	\$
<b>Current</b>		
Unearned revenue	-	788,592
	-	<b>788,592</b>

Refer to Note 7. Registration fees for recognition and measurement policies on unearned revenue.

Refer to Note 18. Contract liabilities for the reclassification of unearned revenue as at 1 July 2019

**22. Commitments**

There were no capital commitments which would have a material effect on the disclosures in these financial statements.

**23. Contingent liabilities and assets**

**(a) Contingent liabilities**

**Cost recoveries**

The Council previously recovered costs associated with certain regulatory activities from practitioners. It was subsequently determined that the Council does not have the power to recover these costs. This practice has ceased and the Council is currently taking steps to identify such transactions and return the money to the practitioner where possible. A contingent liability has been recognised as the Council is unable to reasonably estimate the value of these refunds.

It is expected that the Council will be able to reliably estimate the refund amount in the second quarter of the financial year 2020/21. However, this completion of the process will depend on the following factors:

- Quantity and quality of the retrieved data;
- Confirmation and approval of the refunds by the Council and HPCA Legal team; and
- Response from the identified and contacted practitioners.

**(b) Contingent assets**

There were no contingent assets which would have a material effect on the disclosures in these financial statements.

**Psychology Council of New South Wales**  
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**24. Reconciliation of cash flows from operating activities to net result**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net cash used on operating activities	156,634	255,143
Depreciation and amortisation expense	(68,181)	(14,173)
Allowance for impairment	-	(1,332)
(Increase) / decrease in unearned revenue	788,592	(83,577)
Increase / (decrease) in prepayments and other assets	761	2,195
Decrease / (increase) in payables	36,920	53,977
Decrease / (increase) in contract liabilities	(719,567)	-
Amortisation of finance lease liabilities	-	-
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	(63,828)	-
Net gain / (loss) on sale of property, plant and equipment	-	(25)
<b>Net result</b>	<b>131,331</b>	<b>212,208</b>

**Psychology Council of New South Wales**  
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**25. Financial instruments**

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

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

Risk management policies are established to identify and analyse the risks faced by the Council, 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 \$	Carrying Amount 2019 \$
<b>Financial Assets</b>			
Cash and cash equivalents (Note 12)	Amortised cost	3,823,323	3,720,167
Receivables (Note 13) <sup>1</sup>	Amortised cost	1,714	1,043
<b>Total Financial Assets</b>		<b>3,825,037</b>	<b>3,721,210</b>
<b>Financial Liabilities</b>			
Lease liabilities (Note 19)	Financial liabilities measured at amortised cost	397,795	-
Payables (Note 17) <sup>2</sup>	Financial liabilities measured at amortised cost	63,786	103,148
<b>Total Financial Liabilities</b>		<b>461,581</b>	<b>103,148</b>

**Notes**

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

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

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

When the Council 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 Council 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 Council's continuing involvement in the asset. In that case, the Council 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.

**25. Financial instruments (continued)**

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

**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 0.25% in 2019-20 compared to 1.25% 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.

The Council 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 Council 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
	\$	\$	\$	\$	\$	\$
<b>30 June 2020</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	1,601	-	113	-	-	1,714
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2019</b>						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount	1,043	-	-	-	-	1,043
Expected credit loss	-	-	-	-	-	-

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

**25. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk**

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 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.

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.

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**25. Financial instruments (continued)**

**(d) Financial risk (continued)**

**ii. Liquidity risk (continued)**

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

*Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure			Maturity Dates			
	Nominal Amount <sup>1</sup> \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non - Interest Bearing \$	< 1 Yr \$	1-5 Yr \$	> 5Yr \$
<b>2020</b>							
Payables:							
- Creditors <sup>2</sup>	63,786	-	-	63,786	63,786	-	-
Borrowings:							
- Lease liabilities	397,795	-	-	397,795	50,530	243,567	103,698
	<b>461,581</b>	<b>-</b>	<b>-</b>	<b>461,581</b>	<b>114,316</b>	<b>243,567</b>	<b>103,698</b>
<b>2019</b>							
Payables:							
- Creditors <sup>2</sup>	103,148	-	-	103,148	103,148	-	-
	<b>103,148</b>	<b>-</b>	<b>-</b>	<b>103,148</b>	<b>103,148</b>	<b>-</b>	<b>-</b>

**Notes:**

<sup>1</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Council 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.

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



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**25. Financial instruments (continued)**

**iii. Market risk**

The Council does not have exposure to market risk on financial instruments.

*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 Council's interest bearing liabilities. In accordance with TC 15-01, the Council transferred all 'at call' cash deposits to the Treasury Banking System on 2 September 2015. These funds are sitting in an interest bearing bank account earning the Reserve Bank of Australia (RBA) Cash Rate. The RBA Cash Rate changed from 1.25% at 1 July 2018 to 0.25% at 30 June 2020.

The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as 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.

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

	2020		2019	
	\$		\$	
	-1%	1%	-1%	1%
Net result	(34,255)	34,255	(37,202)	37,202
Equity	(34,255)	34,255	(37,202)	37,202

**Psychology Council of New South Wales**  
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**26. Related party transactions**

During the financial year, Psychology Council of New South Wales obtained key management personnel services from the NSW Ministry of Health and incurred \$125,777 (2019: \$128,135) for these services.

**27. Events after the reporting period**

At the date of authorisation of the financial report, the impact on the Council from the effects of the COVID-19 virus is not significant, however, the Council will continue to monitor and respond to developing situations.

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

**END OF AUDITED FINANCIAL STATEMENTS**