INDEPENDENT AUDITOR'S REPORT

Health Education and Training Institute

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Health Education and Training Institute (the Institute), which comprises the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, 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:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2018 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Institute's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Institute 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).

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 27. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Institute. It also states that, unlike the requirement in AASB 1055

‘Budgetary Reporting’ to present original budget information, the Institute’s financial statements present adjusted budget information.

Chief Executive’s Responsibilities for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Chief Executive's responsibility also includes such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the Institute’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 / is] free from material misstatement, whether due to fraud or error
- issue an Independent Auditor’s Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor’s report.

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

- that the Institute 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.

Renee Meimaroglou
Director, Financial Audit Branch

Delegate of the Auditor-General for New South Wales

22 September 2023
SYDNEY

Health Education and Training Institute

Statement by the Accountable Authority

for the year ended 30 June 2023

I state, pursuant to section 7.6(4) of the Government Sector Finance Act 2018 ('GSF Act'):

1. The financial statements of the Health Education and Training Institute for the year ended 30 June 2023 have been prepared in accordance with:

   a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);

   b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2018;* and

   c. Treasurer's Directions issued under the GSF Act.

2. The financial statements present fairly the Health Education and Training Institute's financial position as at 30 June 2023 and the financial performance and cash flows for the year then ended; and

3. I am not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A. Solman

Adjunct Professor Annette Solman
Chief Executive
18 Septermber 2023

Health Education and Training Institute

Statement of Comprehensive Income for the year ended 30 June 2023

	Notes	Consolidated Actual 2023 $000	Consolidated Budget[1] 2023 $000	Consolidated Actual Restated 2022 $000	Parent Actual 2023 $000	Parent Actual Restated 2022 $000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	23,194	25,424	22,640	-	-
Personnel services	3	-	-	-	22,884	22,812
Operating expenses	4	9,317	9,349	8,650	9,317	8,650
Depreciation and amortisation	5	105	105	215	105	215
Grants and subsidies	6	8,425	9,243	8,354	8,425	8,354
Total expenses excluding losses		**41,041**	**44,121**	**39,859**	**40,731**	**40,031**
Revenue						
Ministry of Health recurrent allocations	9	35,487	36,716	30,298	35,487	30,298
Ministry of Health capital allocations	9	-	-	61	-	61
Acceptance by the Crown[2] of employee benefits	13	310	315	(172)	-	-
Sale of goods and services from contracts with customers	10	1,674	2,734	1,920	1,674	1,920
Investment revenue	11	5	-	-	5	-
Grants and other contributions	12	5,363	5,135	5,888	5,363	5,888
Other income	14	71	-	120	71	120
Total revenue		**42,910**	**44,900**	**38,115**	**42,600**	**38,287**
Operating result		**1,869**	**779**	**(1,744)**	**1,869**	**(1,744)**
Gains / (losses) on disposal	15	(15)	-	(43)	(15)	(43)
Impairment losses on financial assets	19	(13)	-	(5)	(13)	(5)
Other gains / (losses)	16	(1)	-	1	(1)	1
Net result		**1,840**	**779**	**(1,791)**	**1,840**	**(1,791)**
Total other comprehensive income		**-**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME		**1,840**	**779**	**(1,791)**	**1,840**	**(1,791)**

[1] Unaudited adjusted budget, see Note 27.

[2] Crown represents 'The Crown in right of the State of New South Wales'

See Note 17 for details regarding restated prior year balances for the Institute.

The accompanying notes form part of these financial statements.

Health Education and Training Institute

Statement of Financial Position as at 30 June 2023

	Notes	Consolidated Actual 2023 $000	Consolidated Budget[1] 2023 $000	Consolidated Actual Restated 2022 $000	Consolidated Actual Restated 1 July 2021 $000	Parent Actual 2023 $000	Parent Actual Restated 2022 $000	Parent Actual Restated 1 July 2021 $000
ASSETS								
Current assets								
Cash and cash equivalents	18	162	138	138	224	162	138	224
Receivables	19	2,010	625	625	823	2,010	625	823
Total current assets		**2,172**	**763**	**763**	**1,047**	**2,172**	**763**	**1,047**
Non-current assets								
Property, plant & equipment	20							
- Land and buildings		-	70	-	1	-	-	1
- Plant and equipment		729	687	422	494	729	422	494
Total property, plant & equipment		729	757	422	495	729	422	495
Intangible assets	22	323	334	334	460	323	334	460
Total non-current assets		**1,052**	**1,091**	**756**	**955**	**1,052**	**756**	**955**
Total assets		**3,224**	**1,854**	**1,519**	**2,002**	**3,224**	**1,519**	**2,002**
LIABILITIES								
Current liabilities								
Payables	24	3,369	3,126	3,151	2,505	3,369	3,151	2,505
Contract liabilities	25	410	697	697	555	410	697	555
Provisions	26	3,901	3,547	3,965	3,438	3,901	3,965	3,438
Total current liabilities		**7,680**	**7,370**	**7,813**	**6,498**	**7,680**	**7,813**	**6,498**
Non-current liabilities								
Provisions	26	65	65	67	74	65	67	74
Total non-current liabilities		**65**	**65**	**67**	**74**	**65**	**67**	**74**
Total liabilities		**7,745**	**7,435**	**7,880**	**6,572**	**7,745**	**7,880**	**6,572**
Net assets		**(4,521)**	**(5,581)**	**(6,361)**	**(4,570)**	**(4,521)**	**(6,361)**	**(4,570)**
EQUITY								
Accumulated funds		(4,521)	(5,581)	(6,361)	(4,570)	(4,521)	(6,361)	(4,570)
Total Equity		**(4,521)**	**(5,581)**	**(6,361)**	**(4,570)**	**(4,521)**	**(6,361)**	**(4,570)**

[1] Unaudited adjusted budget, see Note 27.

See Note 17 for details regarding restated prior year balances for the Institute.

The accompanying notes form part of these financial statements.

Health Education and Training Institute

Statement of Changes in Equity for the year ended 30 June 2023

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds $000	Total $000
Balance at 1 July 2022		**(6,350)**	**(6,350)**
Correction of error - long service leave calculations	17	(11)	(11)
Restated balance at 1 July 2022		**(6,361)**	**(6,361)**
Net result for the year		**1,840**	**1,840**
Total other comprehensive income		**-**	**-**
Total comprehensive income for the year		**1,840**	**1,840**
Balance at 30 June 2023		**(4,521)**	**(4,521)**

	Notes	Accumulated Funds $000	Total $000
Balance at 1 July 2021		**(4,558)**	**(4,558)**
Correction of error - long service leave calculations	17	(12)	(12)
Restated balance at 1 July 2021		**(4,570)**	**(4,570)**
Restated net result for the year		**(1,791)**	**(1,791)**
Total other comprehensive income		**-**	**-**
Restated total comprehensive income for the year		**(1,791)**	**(1,791)**
Restated balance at 30 June 2022		**(6,361)**	**(6,361)**

The accompanying notes form part of these financial statements.

Health Education and Training Institute
Statement of Cash Flows for the year ended 30 June 2023

	Notes	Consolidated Actual 2023 $000	Consolidated Budget[1] 2023 $000	Consolidated Actual 2022 $000	Parent Actual 2023 $000	Parent Actual 2022 $000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(23,791)	(25,976)	(22,443)	-	-
Suppliers for goods and services		(8,919)	(9,601)	(8,273)	(8,919)	(8,273)
Grants and subsidies		(8,706)	(9,524)	(8,671)	(8,706)	(8,671)
Personnel services		-	-	-	(23,791)	(22,443)
Total payments		**(41,416)**	**(45,101)**	**(39,387)**	**(41,416)**	**(39,387)**
Receipts						
Ministry of Health recurrent allocations		35,483	36,716	30,298	35,483	30,298
Ministry of Health capital allocations		-	-	61	-	61
Reimbursements from the Crown[2]		408	408	236	408	236
Sale of goods and services		331	2,749	2,276	331	2,276
Interest received		5	-	-	5	-
Grants and other contributions		5,114	5,180	5,864	5,114	5,864
Other		475	488	625	475	625
Total receipts		**41,816**	**45,541**	**39,360**	**41,816**	**39,360**
NET CASH FLOWS FROM OPERATING ACTIVITIES	28	**400**	**440**	**(27)**	**400**	**(27)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		-	-	36	-	36
Purchases of property, plant and equipment and intangibles		(376)	(440)	(95)	(376)	(95)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(376)**	**(440)**	**(59)**	**(376)**	**(59)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		24	-	(86)	24	(86)
Opening cash and cash equivalents	18	138	138	224	138	224
CLOSING CASH AND CASH EQUIVALENTS	18	**162**	**138**	**138**	**162**	**138**

[1] Unaudited adjusted budget, see Note 27.

[2] Crown represents 'The Crown in right of the State of New South Wales'

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

a) Reporting entity

The Health Education and Training Institute (the Institute) was established under the provisions of the Health Services Act 1997 with effect from 2 April 2012. The reporting entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The Institute is a NSW Government entity and is controlled by the Ministry of Health, which is the immediate parent. The Ministry of Health is controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent.

The Institute is also a parent entity in its own right, as it controls the operations of the:

* Health Education and Training Institute.
* The Health Education and Training Institute Special Purpose Service Entity which provides personnel services to the Institute to exercise its functions and was established under the provisions of the Health Services Act 1997 with effect from 2 April 2012.

The consolidated entity includes the Institute as a parent entity and the Institute Special Purpose Service Entity. The consolidated financial statements disclose balances for the parent entity and the consolidated entity.

In preparing the consolidated financial statements, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2023 have been authorised for issue by the Chief Executive on 18 Septermber 2023.

b) Basis of preparation

The Institute's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

* applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
* the requirements of the *Government Sector Finance Act 2018* ('GSF Act'); and
* Treasurer's Directions issued under the GSF Act.

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

Each year the Secretary of NSW Health and the Chief Executive of Health Education and Training Institute, through the Service Agreement agree to service and funding levels for the forward financial year. The Service Agreement sets out the level of financial resources for public health services under the Institute's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Institute fails to meet Service Agreement performance standards, the Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction. The deferral of the NSW 2023-24 Budget until 19 September 2023 has necessitated a staged approach to the service agreements and budget allocation for the financial year 2023-24. The Institute has received, from the Ministry of Health, interim funding allocation for the first quarter of 2023-24, initial full year activity targets, key performance indicators and performance deliverables for the year and a commitment to receive and execute the final 2023-24 Service agreement in September 2023.

Other circumstances why the going concern assumption is appropriate include:

* Allocated funds, combined with other revenues earned, are adequate to pay debts as and when they become due and payable.
* The Institute has the capacity to review the timing of Ministry of Health allocation cash flows to ensure debts can be paid when they become due and payable.
* The Institute has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the Institute and assist in meeting its overall budget target. The EIP is monitored and evaluated by the Ministry of Health throughout the financial year.

1. Statement of Significant Accounting Policies

* From 1 July 2023, the Institute's Service Agreement will have an adjusted state efficient price to incorporate the additional costs for COVID-19 expenditure.

The Ministry of Health has agreed unconditionally and irrevocably to provide the Institute with adequate financial support so as to ensure its business continuity.

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

The Institute has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates

This position will be re-assessed in future periods as new information comes to light on this matter.

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

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

c) Statement of Compliance

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

d) Accounting for the Goods & Services Tax (GST)

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

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

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

e) Foreign currency translation

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

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

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

1. Statement of Significant Accounting Policies

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

f) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.
Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

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

(i) Effective for the first time in 2022-23

Several amendments and interpretations apply for the first time in 2022-23. The Institute has assessed the new and amended standards and interpretations that are effective for the first time and have determined they are unlikely to have a material impact on the financial statements of the Institute.

(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.

h) Impact of COVID-19 on Financial Reporting for 2022-23

The COVID-19 pandemic has resulted in significant changes in the Institute activity and in the way the services are being delivered. The pandemic has also impacted financial reporting in 2022-23 and increased disclosures are presented in the following notes:

* Note 9 Ministry of Health allocations
* Note 26 Provisions
* Note 27 Adjusted budget review

2. Employee related expenses

	Consolidated 2023 $000	Consolidated[1] 2022 $000	Parent 2023 $000	Parent 2022 $000
Salaries and wages (including annual leave and allocated days off)	20,317	20,748	-	-
Superannuation - defined benefit plans	13	46	-	-
Superannuation - defined contribution plans	2,127	1,964	-	-
Long service leave	283	(306)	-	-
Redundancies	218	62	-	-
Workers' compensation insurance	210	131	-	-
Fringe benefits tax	26	(5)	-	-
	23,194	**22,640**	**-**	**-**

[1] 'Long service leave' costs has been restated to be lower by $0.01 million in the prior year for the consolidated entity. Refer to Note 17 for further details regarding restatement as a result of an error.

Refer to Note 26 for further details on recognition and measurement of employee related expenses.

The long service leave in 2022 was impacted by significant changes in actuarial factors decreasing the employee benefit liabilities assumed by the Crown.

3. Personnel services

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent[1] 2022 $000
Salaries and wages (including annual leave and allocated days off)	-	-	20,317	20,748
Superannuation - defined contribution plans	-	-	2,127	1,964
Long service leave	-	-	(14)	(88)
Redundancies	-	-	218	62
Workers' compensation insurance	-	-	210	131
Fringe benefits tax	-	-	26	(5)
	-	**-**	**22,884**	**22,812**

[1] 'Long service leave' costs has been restated to be lower by $0.00 million in the prior year for the parent entity. Refer to Note 17 for further details regarding restatement as a result of an error.

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

4. Operating expenses

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Advertising	57	28	57	28
Auditor's remuneration - audit of financial statements	61	94	61	94
Consultancies	-	360	-	360
Contractors	328	681	328	681
Domestic supplies and services	3	2	3	2
Drug supplies	-	1	-	1
Food supplies	20	11	20	11
Fuel, light and power	1	(1)	1	(1)
Information management expenses	2,506	1,761	2,506	1,761
Insurance	8	6	8	6
Maintenance (see Note 4 (b))	288	120	288	120
Motor vehicle expenses	29	28	29	28
Postal and telephone costs	4	92	4	92
Printing and stationery	18	22	18	22
Staff related costs	251	107	251	107
Training expenses	1,689	985	1,689	985
Travel related costs	473	156	473	156
Other (see Note 4 (a))	3,581	4,197	3,581	4,197
	9,317	**8,650**	**9,317**	**8,650**

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
(a) Other				
Audiovisual	264	302	264	302
Corporate support services[1]	249	246	249	246
Courier and freight	1	(12)	1	(12)
Membership/professional fees	31	27	31	27
Quality assurance / accreditation	19	3	19	3
Expenses relating to short-term leases	1,005	1,080	1,005	1,080
Other management services	835	1,993	835	1,993
Other miscellaneous	1,177	558	1,177	558
	3,581	**4,197**	**3,581**	**4,197**

(b) Reconciliation of total maintenance expense

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Maintenance contracts	1	13	1	13
New / replacement equipment under $10,000	264	104	264	104
Repairs maintenance / non contract	23	3	23	3
	288	**120**	**288**	**120**

4. Operating expenses (continued)

Recognition and Measurement

Operating expenses includes non-employee costs incurred in delivering the services provided by the Institute. These expenses are recognised in the reporting period in which they are incurred.

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.

Insurance

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

Lease expense

The Institute recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

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

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

5. Depreciation and amortisation

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Depreciation - buildings	-	1	-	1
Depreciation - plant and equipment	76	103	76	103
Amortisation - intangible assets	29	111	29	111
	105	**215**	**105**	**215**

Refer to Note 20 Property, plant and equipment, Note 21 Leases, and Note 22 Intangible assets for recognition and measurement policies on depreciation and amortisation.

6. Grants and subsidies

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Grants to entities controlled by the immediate parent	2,435	2,490	2,435	2,490
Leadership program	65	259	65	259
NSW Nursing & Midwifery Education Contract	896	1,654	896	1,654
Scholarships & Sponsorships	4,770	3,551	4,770	3,551
Other grants	259	400	259	400
	8,425	**8,354**	**8,425**	**8,354**

Recognition and Measurement

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

7. Revenue

Recognition and Measurement

Income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers (AASB 15) or AASB 1058 Income of Not-for-Profit Entities (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15. Comments regarding the accounting policies for the recognition of income are discussed below.

Under the GSF Act 2018, the Institute's own source revenue (which includes but is not limited to receipts from operating activities and proceeds from the sale of minor property, plant and equipment) meets the definition of deemed appropriation money under the GSF Act.

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

8. Summary of compliance

The Appropriation Act 2022 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of $18,729.86 million to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2022-23. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including the Institute.

The Treasury and Energy Legislation Amendment Act 2022 made some amendments to sections 4.7 and 4.9 of the Government Sector Finance Act 2018 (the GSF Act). These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Minister for the Institute, being the Minister for Health, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time the Institute receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the Institute. These deemed appropriations are taken to have been given for the services of the Ministry of Health.

In addition, government money that the Institute receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is now capable of giving rise to deemed appropriations where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

On 16 June 2023, the GSF Amendment (Deemed Appropriations) Regulation 2023 was approved to bring the GSF regulations in line with the above deemed appropriation amendments to the GSF Act.
A summary of compliance is disclosed in the financial statements of the Annual Report of the Ministry of Health. It has been prepared by aggregating the spending authorities of the Minister for Health for the services of the Ministry of Health . It reflects the status at the point in time this disclosure statement is being made. The Institute's spending authority and expenditure is included in the summary of compliance.

The delegation / sub-delegations for 2023 and 2022, authorising officers of the Institute to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the Institute. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the Ministry of Health to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the Ministry of Health.

The State Budget and related Appropriation Bill for year commencing 1 July 2023 has been delayed and is anticipated to be tabled in September 2023. Pursuant to section 4.10 of the GSF Act, the Treasurer has authorised the payment of specified sums out of the Consolidated Fund to meet the requirements of this period. The authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2022-23 annual Appropriation Act.

9. Ministry of Health allocations

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

The Institute recognised additional Ministry of Health recurrent allocations of $Nil (2022: $0.06 million) and Ministry of Health capital allocations of $Nil (2022: $Nil) to cover costs incurred for the testing, diagnosis, treatment and vaccination of COVID-19 patients.

10. Sale of goods and services from contracts with customers

Sale of goods comprise the following:

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Private use of motor vehicles	12	11	12	11
Salary packaging fee	-	1	-	1
Fees for conferences and training	123	95	123	95
Higher education course fees	1,282	1,523	1,282	1,523
Other	257	290	257	290
	1,674	**1,920**	**1,674**	**1,920**

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

Recognition and Measurement

Rendering of services

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

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Education and training services provided to staff, General community, Non-NSW Health entities and Entities controlled by the immediate parent	Various education and training related services are provided to the members of staff, general community, non-NSW health entities and entities controlled by the immediate parent. The performance obligations for these services are typically satisfied by transferring the promised services to its respective customers. The payments are typically due within 30 days after the invoice date.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

Refer to Note 25 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the Institute expects to recognise the unsatisfied portion as revenue.

11. Investment revenue

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Interest income from financial assets at amortised cost	5	-	5	-
	5	**-**	**5**	**-**

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).

12. Grants and other contributions

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Other grants with sufficiently specific performance obligations				
Cancer Institute grants received from an entity controlled by the immediate parent	84	84	84	84
Commonwealth government grants other*	(440)	239	(440)	239
Grants from entities controlled by the ultimate parent	72	165	72	165
Other grants	1,098	1,254	1,098	1,254
Grants without specific performance obligations				
Other grants from entities controlled by the immediate parent	4,509	4,146	4,509	4,146
Donations				
Donations	40	-	40	-
	5,363	**5,888**	**5,363**	**5,888**

*The Institute entered into agreements with Department of Education to offer Commonwealth Supported Places (CSP) to students and received the agreed funding to support the pandemic response in 2020, 2021 and 2022. Reporting and contract issues were identified in September 2022 after the initial reconciliation processed by Department of Education, Skills and Employment (DESE). Discussions continue with the department to address this matter. The Institute has recognised a provision included in note 26 for the return of funds and a reversal of Commonwealth government grants revenue of $526 thousand included above pending the outcome of the discussions.

Recognition and Measurement

Grants and other contributions

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

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

Refer to Note 25 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

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

13. Acceptance by The Crown in right of the State of New South Wales (Crown) of employee benefits

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

	Consolidated 2023 $000	Consolidated[1] 2022 $000	Parent 2023 $000	Parent[1] 2022 $000
Superannuation - defined benefit plans	13	46	-	-
Long service leave provision	297	(218)	-	-
	310	**(172)**	**-**	**-**

[1] 'Long service leave provision' revenue has been restated to be lower by $0.01 million in the prior year for the consolidated and parent entity. Refer to Note 17 for further details regarding restatement as a result of an error.

14. Other income

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Other income comprises the following:				
Bad debts recovered	13	-	13	-
Other	58	120	58	120
	71	**120**	**71**	**120**

Recognition and Measurement

Other income

Other income arises from varying arrangements. Income is generally recognised on an accrual basis and/or when the right to receive the income has been established in accordance with the substance of the relevant agreement.

15. Gains / (losses) on disposal

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	15	26	15	26
Less: proceeds from disposal	-	36	-	36
Net gains / (losses) on disposal	**(15)**	**10**	**(15)**	**10**
Intangible assets				
Written down value of assets disposed	-	53	-	53
Less: proceeds from disposal	-	-	-	-
Net gains / (losses) on disposal	**-**	**(53)**	**-**	**(53)**
Total gains / (losses) on disposal	**(15)**	**(43)**	**(15)**	**(43)**

16. Other gains / (losses)

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Foreign exchange gains / (losses)	(1)	1	(1)	1
	(1)	**1**	**(1)**	**1**

17. Prior period error

During the year it was identified that the long service leave entitlement for certain employees had not been correctly calculated and recognised. The issue only impacted employees who had a period of part time service under certain awards during their employment. It was identified that the accrual for enhanced entitlement did not start on the completion of first 10 years of service by the employee, rather it started upon the completion of full-time equivalency of 10 years of service. This has resulted in an under accrual and / or underpayment of long service leave entitlements for such employees in current and prior years.

The Institute's liability for long service leave are assumed by The Crown in right of the State of New South Wales. The Institute accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits'. Specific on-costs relating to long service leave assumed by The Crown in right of the State of New South Wales are borne by the Institute.

The incorrect calculation of long service leave entitlements has resulted in lower 'Employee related expenses' and lower 'Acceptance by the Crown of employee benefits' revenue in the Statement of Comprehensive Income in prior years. Any consequential on-costs has resulted in lower 'Provisions' liability in the Statement of Financial Position and lower 'Employee related expenses' in the Statement of Comprehensive Income. The error has been corrected during the year, with retrospective adjustments made in the prior periods.

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

Statement of Comprehensive Income for the year ended 30 June 2022 (extract)

	Notes	Consolidated Actual 2022 $000	Consolidated Adjustment 2022 $000	Consolidated Restated 2022 $000	Parent Actual 2022 $000	Parent Adjustment 2022 $000	Parent Restated 2022 $000
Continuing operations							
Expenses excluding losses							
Employee related expenses	2	22,649	(9)	22,640	-	-	-
Personnel services	3	-	-	-	22,813	(1)	22,812
Total expenses excluding		**39,868**	**(9)**	**39,859**	**40,032**	**(1)**	**40,031**
Revenue							
Acceptance by the Crown of employee benefits	13	(164)	(8)	(172)	-	-	-
Total revenue		**38,123**	**(8)**	**38,115**	**38,287**	**-**	**38,287**
Operating result		**(1,745)**	**1**	**(1,744)**	**(1,745)**	**1**	**(1,744)**
Net result from continuing operations		**-**	**-**	**-**	**-**	**-**	**-**
Net result		**(1,792)**	**1**	**(1,791)**	**(1,792)**	**1**	**(1,791)**
Total other comprehensive		**-**	**-**	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME		**(1,792)**	**1**	**(1,791)**	**(1,792)**	**1**	**(1,791)**

Note: The above table is an extract only, showing only those financial statement line items affected by the correction of error.

17. Prior period error (continued)

Statement of Financial Position as at 1 July 2021 (extract)

	Notes	Consolidated Actual 1 July 2021 $000	Consolidated Adjustment 1 July 2021 $000	Consolidated Restated 1 July 2021 $000	Parent Actual 1 July 2021 $000	Parent Adjustment 1 July 2021 $000	Parent Restated 1 July 2021 $000
LIABILITIES							
Current liabilities							
Provisions	26	3,427	11	3,438	3,427	11	3,438
Total current liabilities		**6,487**	**11**	**6,498**	**6,487**	**11**	**6,498**
Non-current liabilities							
Provisions	26	73	1	74	73	1	74
Total non-current liabilities		**73**	**1**	**74**	**73**	**1**	**74**
Total liabilities		**6,560**	**12**	**6,572**	**6,560**	**12**	**6,572**
Net assets		**(4,558)**	**(12)**	**(4,570)**	**(4,558)**	**(12)**	**(4,570)**
EQUITY							
Accumulated funds		(4,558)	(12)	(4,570)	(4,558)	(12)	(4,570)
Total Equity		**(4,558)**	**(12)**	**(4,570)**	**(4,558)**	**(12)**	**(4,570)**

Note: The above table is an extract only, showing only those financial statement line items affected by the correction of error.

Statement of Financial Position as at 30 June 2022 (extract)

	Notes	Consolidated Actual 2022 $000	Consolidated Adjustment 2022 $000	Consolidated Restated 2022 $000	Parent Actual 2022 $000	Parent Adjustment 2022 $000	Parent Restated 2022 $000
LIABILITIES							
Current liabilities							
Provisions	26	3,955	10	3,965	3,955	10	3,965
Total current liabilities		**7,803**	**10**	**7,813**	**7,803**	**10**	**7,813**
Non-current liabilities							
Provisions	26	66	1	67	66	1	67
Total non-current liabilities		**66**	**1**	**67**	**66**	**1**	**67**
Total liabilities		**7,869**	**11**	**7,880**	**7,869**	**11**	**7,880**
Net assets		**(6,350)**	**(11)**	**(6,361)**	**(6,350)**	**(11)**	**(6,361)**
EQUITY							
Accumulated funds		(6,350)	(11)	(6,361)	(6,350)	(11)	(6,361)
Total Equity		**(6,350)**	**(11)**	**(6,361)**	**(6,350)**	**(11)**	**(6,361)**

Note: The above table is an extract only, showing only those financial statement line items affected by the correction of error.

There is no impact on the total operating, investing or financing cash flows for the year ended 30 June 2022.

18. Cash and cash equivalents

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Cash at bank and on hand	162	138	162	138
	162	**138**	**162**	**138**

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

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	162	138	162	138
	162	**138**	**162**	**138**

Refer to Note 30 for details regarding credit risk and market risk arising from financial instruments.

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

HealthShare NSW, a controlled entity of the immediate parent manages accounts payable and employee related payments on behalf of the Institute for payments to suppliers and employees. HealthShare NSW makes payments after the Institute has reviewed and approved the invoices and employee rosters. The Institute's approval of invoices and employee rosters provides authority to HealthShare NSW to make payments. These payments are reported as expenditures and cash outflows in the financial statements of the Institute.

HealthShare NSW receives payments directly from the Ministry of Health on behalf of the Institute to fund these payments. Upon payment, they are reported as revenue (Ministry of Health recurrent and capital allocations) and cash inflows in the financial statements of the Institute.

19. Receivables

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Trade receivables from contracts with customers	234	334	234	334
Intra health receivables	1,484	66	1,484	66
Goods and Services Tax	190	167	190	167
Other receivables	102	87	102	87
Sub total	**2,010**	**654**	**2,010**	**654**
Less: Allowance for expected credit losses*				
- Other receivables	-	(29)	-	(29)
	2,010	**625**	**2,010**	**625**

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

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Other receivables				
Balance at the beginning of the year	**(29)**	**(29)**	**(29)**	**(29)**
Amounts written off during the year	29	5	29	5
Amounts recovered during the year	13	-	13	-
(Increase) / decrease in allowance recognised in the net result	(13)	(5)	(13)	(5)
Balance at the end of the year	**-**	**(29)**	**-**	**(29)**
	-	**(29)**	**-**	**(29)**

19. Receivables (continued)

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 30.

	Consolidated 2023 $000	Consolidated' 2022 $000	Parent 2023 $000	Parent' 2022 $000
Contract receivables (included in Note 19)	1,719	401	1,719	401
Total contract receivables	**1,719**	**401**	**1,719**	**401**

Recognition and Measurement

The Institute recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the agency becomes a party to the contractual provisions of the instrument, the Institute considers:

- Whether the Institute has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or

- Whether at least one of the parties has performed under the agreement.

All ‘regular way’ purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets 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

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

Impairment

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

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

20. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings $000	Plant and Equipment[1] $000	Total $000
At 1 July 2021 - fair value			
Gross carrying amount	20	2,618	2,638
Less: accumulated depreciation and impairment	19	2,124	2,143
Net carrying amount	**1**	**494**	**495**

	Land and Buildings $000	Plant and Equipment $000	Total $000
Year ended 30 June 2022			
Net carrying amount at beginning of year	1	494	495
Additions	-	57	57
Disposals	-	(26)	(26)
Depreciation expense	(1)	(103)	(104)
Net carrying amount at end of year	**-**	**422**	**422**

[1] For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 21-09.

20. Property, plant and equipment (continued)

(a) Total property, plant and equipment (continued)

PARENT AND CONSOLIDATION

	Land and Buildings $000	Plant and Equipment[1] $000	Total $000
At 1 July 2022 - fair value			
Gross carrying amount	20	2,632	2,652
Less: accumulated depreciation and impairment	20	2,210	2,230
Net carrying amount	**-**	**422**	**422**

	Land and Buildings $000	Plant and Equipment $000	Total $000
Year ended 30 June 2023			
Net carrying amount at beginning of year	-	422	422
Additions	-	398	398
Disposals	-	(15)	(15)
Depreciation expense	-	(76)	(76)
Net carrying amount at end of year	**-**	**729**	**729**

	Land and Buildings $000	Plant and Equipment[1] $000	Total $000
At 30 June 2023 - fair value			
Gross carrying amount	-	1,881	1,881
Less: accumulated depreciation and impairment	-	1,152	1,152
Net carrying amount	**-**	**729**	**729**

[1] For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 21-09.

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

PARENT AND CONSOLIDATION

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

20. 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.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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

Capitalisation thresholds

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

Major inspection costs

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

Restoration costs

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

Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Institute.

All material identifiable components of assets are depreciated separately over their useful life.

Land is not a depreciable asset. Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

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

	Useful lives 2023	Useful lives 2022
Buildings - leasehold improvements	3-10 years	3-10 years
Plant and equipment	4-20 years	4-20 years

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

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

Further information on leases is contained in Note 21.

20. Property, plant and equipment (continued)

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction, 'Valuation of Physical Non-Current Assets at Fair Value' (TD 21-05). TPP 21-09 and TD 21-05 adopt fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

Impairment of property, plant and equipment

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

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

Derecognition of property, plant and equipment

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

21. Leases

Entity as a lessee

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

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

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the Institute is the lessee:

PARENT AND CONSOLIDATION

	2023 $000	2022 $000
Expenses relating to short-term leases	1,004	1,080
Total amount recognised in the statement of comprehensive income	**1,004**	**1,080**

The Institute had total cash outflows for leases of $1.00 million for the year ended 30 June 2023 (2022: $1.08 million).

Recognition and Measurement

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

Institute applies the short-term lease recognition exemption to its short-term leases of buildings, offices 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.

22. Intangible assets

PARENT AND CONSOLIDATION

	Software $000	Total $000
At 1 July 2021		
Cost (gross carrying amount)	1,806	1,806
Less: accumulated amortisation and impairment	1,346	1,346
Net carrying amount	**460**	**460**

	Software $000	Total $000
Year ended 30 June 2022		
Net carrying amount at beginning of year	460	460
Additions - acquired separately	38	38
Disposals	(53)	(53)
Amortisation (recognised in depreciation and amortisation)	(111)	(111)
Net carrying amount at end of year	**334**	**334**

	Software $000	Total $000
At 1 July 2022		
Cost (gross carrying amount)	1,755	1,755
Less: accumulated amortisation and impairment	1,421	1,421
Net carrying amount	**334**	**334**

	Software $000	Total $000
Year ended 30 June 2023		
Net carrying amount at beginning of year	334	334
Additions - acquired separately	18	18
Amortisation (recognised in depreciation and amortisation)	(29)	(29)
Net carrying amount at end of year	**323**	**323**

22. Intangible assets (continued)

PARENT AND CONSOLIDATION

	Software $000	Total $000
At 30 June 2023		
Cost (gross carrying amount)	1,773	1,773
Less: accumulated amortisation and impairment	1,450	1,450
Net carrying amount	**323**	**323**

Recognition and Measurement

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

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

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

Computer software developed or acquired by the Institute are recognised as intangible assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

23. Restricted assets

PARENT AND CONSOLIDATION

The Institute's financial statements include the following assets which are restricted for stipulated purposes and / or by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions. They consist of cash assets and rights and obligations to receive and make payments as at 30 June 2023.

Category	1 July 2022 Opening $000	Revenue $000	Expense $000	30 June 2023 Closing $000
Research	132	5	2	135
	132	**5**	**2**	**135**

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

Category	Purpose
Research	Research to gain knowledge, understanding and insight.

24. Payables

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Accrued salaries, wages and on-costs	678	617	-	-
Salaries and wages deductions	11	-	-	-
Payroll and fringe benefits tax	-	2	-	-
Accrued liability - purchase of personnel services	-	-	689	619
Creditors[1]*	-	-	-	-
- Scholarships payables	331	273	331	273
- Education grants payables	878	669	878	669
- Other	991	1,276	991	1,276
Other creditors	-	-	-	-
- Payables to entities controlled by the immediate parent	480	314	480	314
- Other[1]	-	-	-	-
	3,369	**3,151**	**3,369**	**3,151**

¹ Manual creditors has been reclassified from 'Other creditors - other' to 'Creditors' in the current year. The prior period 'Other creditors - other' has been restated lower by $1.292 million and 'Creditors' has been restated higher by $1.292 million to reflect this change.

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 30.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Institute and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

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

25. Contract liabilities

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Current				
Contract liabilities	410	697	410	697
	410	**697**	**410**	**697**

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2023 was impacted by the timing of payments received for [sale of goods and services from contracts with customers | grants and other contributions]. The satisfaction of the specific performance obligations within the contract had not been met at the 30 June 2023. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

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

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Revenue recognised that was included in the contract liability balance at the beginning of the year	363	393	363	393
Transaction price allocated to the remaining performance obligations from contracts with customers	745	1,985	745	1,985

The transaction price allocated to the remaining performance obligations relates to the following revenue classes and is expected to be recognised as follows:

Specific revenue class	2024 $'000	2025 $'000	2026 $'000	≥ 2027 $'000
Sales of goods and services from contracts with customers	403	-	-	-
Grants and other contributions	216	84	42	-
	619	**84**	**42**	**-**

26. Provisions

	Consolidated 2023 $000	Consolidated[1] 2022 $000	Parent 2023 $000	Parent[1] 2022 $000
Current				
Employee benefits and related on-costs				
Annual leave - obligations expected to be settled within 12 months	2,224	1,981	-	-
Annual leave - obligations expected to be settled after 12 months	319	679	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	42	39	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	618	634	-	-
Provision for other employee benefits*	122	562	-	-
Provision for personnel services liability	-	-	3,325	3,895
	3,325	**3,895**	**3,325**	**3,895**
Other Provisions				
Restoration costs	11	11	11	11
Other	565	59	565	59
	576	**70**	**576**	**70**
Total current provisions	**3,901**	**3,965**	**3,901**	**3,965**
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	65	67	-	-
Provision for personnel services liability	-	-	65	67
Total non-current provisions	**65**	**67**	**65**	**67**
Aggregate employee benefits and related on-costs				
Provisions - current	3,325	3,895	-	-
Provisions - non-current	65	67	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 24)	689	617	-	-
Liability - purchase of personnel services	-	-	4,079	4,579
	4,079	**4,579**	**4,079**	**4,579**

[1] Long service leave consequential on-costs has been restated to be higher by $0.01 million in the prior year for the consolidated entity. Provision for personnel services liability has been restated to be higher by $0.01 million in the prior year for the parent entity. Refer to Note 17 for further details regarding restatement as a result of an error.

* Provision for other employee benefits in 2022 included a one-off payment to employees of $0.45 million for the recognition of service during the COVID-19 pandemic.

26. Provisions (continued)

Movements in provisions (other than employee benefits)

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

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Restoration costs				
Carrying amount at beginning of period	11	37	11	37
- Amounts used	-	(26)	-	(26)
Carrying amount at end of period	**11**	**11**	**11**	**11**

The majority of 'restoration costs' represent the expected cost to restore a leased asset at the end of the lease term. Lease end dates vary across the Institute's lease portfolio and therefore the timing of the payments to restore the leased asset at the end of the term will vary. The majority of the 'restoration cost' provision is as per the lease contracts.

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Other				
Carrying amount at beginning of period	59	81	59	81
- Additional provisions recognised*	506	-	506	-
- Amounts used	-	(22)	-	(22)
Carrying amount at end of period	**565**	**59**	**565**	**59**

*The Institute entered into agreements with Department of Education to offer Commonwealth Supported Places (CSP) to students and received the agreed funding to support the pandemic response in 2020, 2021 and 2022. Reporting and contract issues were identified in September 2022 after the initial reconciliation processed by Department of Education, Skills and Employment (DESE). Discussions continue with the department to address this matter. The Institute has recognised a provision for the return of funds pending the outcome of the discussions.

The majority of the 'other' provision represent various contractual related obligations. The Institute has recognised the provision amount by taking into consideration all available information at the reporting date and making best management estimation of the obligation. The timing of the payments will vary for each contractual related obligations.

Recognition and Measurement

Employee benefits and other provisions

Salaries and wages, annual leave, sick leave, allocated days off (ADO) and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave and ADO are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, they are required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 19.20% are applied to the value of leave payable at 30 June 2023 (comparable on-costs for 30 June 2022 were 18.50%). The Institute has assessed the actuarial advice based on the Institute’s circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the Institute does not expect to settle the liability within 12 months as the Institute does not have an unconditional right to defer settlement.

26. Provisions (continued)

Recognition and Measurement (continued)

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave and superannuation

The Institute's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by The Crown in right of the State of New South Wales. The Institute accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits'.

Specific on-costs relating to long service leave assumed by The Crown in right of the State of New South Wales are borne by the Institute.

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

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and Aware Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of workers' compensation insurance premiums and fringe benefits tax.

Other provisions

Other provisions are recognised when: the Institute has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

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

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

27. Adjusted budget review

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

PARENT AND CONSOLIDATION

Net result

The actual Net Result was higher than adjusted budget by $1 million, primarily due to:

	$000
Lower than budgeted NSW Ministry of Health recurrent allocations	1,229
Lower than budgeted employee related expenses due to unfilled vacant positions	(2,230)
Lower than budgeted grants payment primarily due to HLP program lower than expected allocation	(818)
Other budget variations including lower than budgeted education course fee revenue	758
	(1,061)

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 01 July 2022 as follows:

	$000
Initial allocation, 1 July 2022	31,569
Budget Retraction for Aboriginal Allied Health Project Coordinator FY2022-23	(107)
Workforce Bonus	449
FY2022-23 Relocation to 1 Reserve Road (1RR)	1,294
HETI WHIN Coordinator program in FY2022-23 and FY2023-24	201
Health Share Corporate Library Staff – FY2022-23	271
Adult Health Education and Training Institute (HETI) higher education scholarship funds	300
WORKERS COMPENSATION: TMF Agency Performance Adjustment (APA)	(65)
Diagnostic Imaging Medical Physicist (DIMP) Training Costs	174
HETI 2022/23 for grief modules and HSM 3 role	130
Emergency Protocol Initiating Care (EPIC) Implementation	694
HETI Scholarship Grants and Contracts	2,823
FY22 Budget Carry Forwards for Commonwealth National Partnership Agreements (NPA)	319
Intra Health Technology Expense 2022-23 Q1 Wash Up	40
Intra Health Technology Expense 2022-23 MS Uplift	15
Zero Suicides in Care - ZSiC	500
Hyperemesis Gravidarum Initiative Learning Solution	43
Rural Generalist Medical and General Practitioner Procedural Training Programs	(3,308)
HETI Scholarship Grants and Contracts	345
FY2022-23 Defined Benefit Superannuation	39
Voluntary Redundancy Reimbursement	144
Allied Health Workforce Training and Education Initiatives	196
Rural Generalist Medical and General Practitioner Procedural Training Programs	(467)
HETI Scholarship Grants and Contracts	1,228
Emergency Protocol Initiating Care (EPIC) Implementation	(550)
Infrastructure OPEX Uplift 2022-23	82
Workforce Wellbeing Initiative Funding	250
Voluntary Redundancy Reimbursement	107
Balance as per Statement of Comprehensive Income	**36,716**

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

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	Consolidated 2023 $000	Consolidated[1,2] 2022 $000	Parent 2023 $000	Parent[1,2] 2022 $000
Net cash used on operating activities	400	(27)	400	(27)
Depreciation and amortisation expense	(105)	(215)	(105)	(215)
Allowance for impairment	(13)	(5)	(13)	(5)
Decrease / (increase) in provisions	65	(519)	65	(519)
Increase / (decrease) in prepayments and other assets	1,393	(238)	1,393	(238)
Decrease / (increase) in payables	(212)	(602)	(212)	(602)
Decrease / (increase) in contract liabilities	287	(142)	287	(142)
Net gain / (loss) on sale of property, plant and equipment	(15)	(43)	(15)	(43)
Assets donated or brought to account (Note 29)	40	-	40	-
Net result	**1,840**	**(1,791)**	**1,840**	**(1,791)**

¹ 'Decrease / (increase) in provisions' has been restated to be lower by $1.104 thousand in the prior year for the consolidated and parent entity. Refer to Note 17 for further details regarding restatement as a result of an error.

29. Non-cash financing and investing activities

	Consolidated 2023 $000	Consolidated 2022 $000	Parent 2023 $000	Parent 2022 $000
Assets donated or brought to account	40	-	40	-
	40	**-**	**40**	**-**

30. Financial instruments

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

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

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

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2023 $000	Carrying Amount 2022 $000
Financial assets			
Cash and cash equivalents (Note 18)	Amortised cost	162	138
Receivables (Note 19)[1]	Amortised cost	1,820	458
Total financial assets		**1,982**	**596**
Financial liabilities			
Payables (Note 24)[2]	Financial liabilities measured at amortised cost	3,369	3,149
Total financial liabilities		**3,369**	**3,149**

Notes

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

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

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

(b) Derecognition of financial assets and financial liabilities

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

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

30. Financial instruments (continued)

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Institute could be required to repay.

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

(c) Offsetting financial instruments

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

(d) Financial risk

i. Credit risk

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

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

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

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned daily on restricted financial asset cash on hand and bank balances only.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

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

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

30. Financial instruments (continued)

(d) Financial risk (continued)

i. Credit risk (continued)

Accounting policy for impairment of trade receivables and other financial assets (continued)

Receivables - trade receivables, other receivables and contract assets (continued)

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

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

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

The loss allowance for trade receivables, other receivables and contract assets as at 30 June 2023 and 30 June 2022 was determined as follows:

PARENT AND CONSOLIDATION

30 June 2023	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount [1]	294	42	1	-	(1)	336
Expected credit loss	-	-	-	-	-	-

30 June 2022	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	93.55%	6.89%
Estimated total gross carrying amount [1]	384	-	5	1	31	421
Expected credit loss	-	-	-	-	29	29

Notes

[1] The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 Financial Instruments: Disclosures. Therefore the 'total' will not reconcile to the receivables total in Note 19.

The Institute is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2023 and 30 June 2022.

30. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

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

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

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The Institute's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. For all suppliers, that have a correctly rendered invoice, a matched purchase order and where goods have been received, an immediate payment is made irrespective of current contract payment terms.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be affected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

30. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

PARENT AND CONSOLIDATION

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

Maturity Analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure			Maturity Dates		
	Nominal Amount[1] $000	Fixed Interest Rate $000	Variable Interest Rate $000	Non - Interest Bearing $000	< 1 Yr $000	1-5 Yr $000	> 5Yr $000
2023							
Payables:							
- Creditors [2]	3,369	-	-	3,369	3,369	-	-
	3,369	**-**	**-**	**3,369**	**3,369**	**-**	**-**
2022							
Payables:							
- Creditors [2]	3,149	-	-	3,149	3,149	-	-
	3,149	**-**	**-**	**3,149**	**3,149**	**-**	**-**

Notes:

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

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

30. Financial instruments (continued)

iii. Market risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Institute operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2022. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Institute's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The Institute does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

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

PARENT AND CONSOLIDATION

	2023 $000		**2022 $000**	
	-1%	**1%**	**-1%**	**1%**
Net result	(2)	2	(1)	1
Equity	(2)	2	(1)	1

(e) Fair value measurement

Fair value compared to carrying amount

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

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

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

31. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

During the financial year, Health Education and Training Institute obtained key management personnel services from the immediate parent and incurred $379 thousand (2022: $409 thousand) for these services.

The Institute's key management personnel comprise its board members and chief executive (or acting chief executive) from time to time during the year.

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

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

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

There were no transactions with key management personnel and their close family members (2022: $Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2022: $Nil).

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

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

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

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of patient transport services, information management services, domestic supplies and services, food supplies and corporate support services
- Short-term leases for office buildings and spaces
- Staff related costs in relation to seconded staff and some executive salaries
- Various grants and subsidies towards health education and training programs and projects

31. Related party disclosures (continued)

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

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

- Audit of the statutory financial statements
- Utilities, including electricity, gas and water expenses
- Insurance costs

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

- Revenue from recurrent and capital allocations
- Various gants and contributions towards education and training programs
- Revenue in respect of development of eLearning modules and delivery of training services

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

- Various grants and contributions towards education and training programs
- Revenue from acceptance of long service leave liabilities and defined benefit

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions

32. Events after the reporting period

As noted in Note 26, the Institute has recognised a provision for the amount of $526 thousand as at 30 June 2023.

Subsequently, the Institute has received a letter from the Australian Government Department of Education on 30 August 2023 acknowledging their delay in the process and their intention to resolve the matter as soon as possible. The final resolution when confirmed may need adjustment of the provision in 2023-24.

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

END OF AUDITED FINANCIAL STATEMENTS