Family & Community Services

NSW GOVERNMENT

Family and Community Services Annual Report 2015–16

Volume 2

Audited Consolidated Financial Statements for the year ending 30 June 2016

Contents

Audited consolidated financial statements for the year ending 30 June 2016

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Department of Family and Community Services

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Department of Family and Community Services (the Department), which comprise the statements of financial position as at 30 June 2016, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows, service group statements and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Department and the consolidated entity. The consolidated entity comprises the Department and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Department and the consolidated entity as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Department and the consolidated entity in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

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Secretary's Responsibility for the Financial Statements

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

In preparing the financial statements, the Secretary must assess the ability of the Department and the consolidated entity to continue as a going concern unless operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Department or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

A. T. Whitfield

AT Whitfield PSM

Deputy Auditor-General

16 September 2016
SYDNEY

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

CERTIFICATION OF ACCOUNTS

Pursuant to Section 45(F) of the *Public Finance and Audit Act 1983* (Act), we state that:

a) the accompanying financial statements of the Department of Family and Community Services (department) being the parent entity, and the consolidated entity comprising the department and its controlled entities' activities for the year ended 30 June 2016 have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, Public Finance and Audit Regulation 2015 and Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act.

b) the financial statements and notes exhibit a true and fair view of the financial position and transactions of the department and its controlled entities.

c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Michael Coutts-Trotter
Secretary
15 September 2016

Denise Dawson
Chief Finance Officer
15 September 2016

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of comprehensive income for the year ended 30 June 2016

	Notes	PARENT			CONSOLIDATED		
		Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000	Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	**1,794,670**	1,559,181	1,558,111	**1,922,797**	1,749,368	1,732,205
Other operating expenses	2(b)	**397,064**	428,677	368,054	**423,432**	466,757	411,767
Depreciation and amortisation	2(c)	**82,062**	84,447	86,765	**82,501**	84,957	88,113
Grants and subsidies	2(d)	**3,897,447**	3,857,289	3,354,583	**3,848,959**	3,857,289	3,274,365
Finance Costs	2(e)	**634**	-	894	**637**	-	904
Total expenses excluding losses		**6,171,877**	5,929,594	5,368,407	**6,278,326**	6,158,371	5,507,354
Revenue							
Recurrent appropriation (net of transfer payments)	3(a)	**5,392,637**	5,379,017	4,874,919	**5,392,637**	5,379,017	4,874,919
Capital appropriation	3(a)	**81,386**	82,586	169,754	**81,386**	82,586	169,754
Sale of goods and services	3(b)	**201,578**	201,647	196,377	**210,993**	229,333	210,630
Personnel services revenue - Aboriginal Housing		**12,928**	12,367	11,642	**12,928**	12,367	11,642
Personnel services revenue - Land and Housing Corporation		**61,033**	71,897	58,318	**61,033**	71,897	58,318
Investment revenue	3(c)	**2,288**	572	13,096	**3,496**	5,382	17,787
Grants and contributions	3(d)	**35,366**	18,353	33,752	**104,808**	214,965	156,283
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	**81,327**	51,566	76,800	**81,327**	51,566	76,800
Other revenue	3(f)	**43,258**	22,681	24,155	**49,479**	23,285	25,936
Total Revenue		**5,911,801**	5,840,686	5,458,813	**5,998,087**	6,070,398	5,602,069
Gain / (loss) on disposal	4	**(10,929)**	2,663	1,478	**(10,953)**	3,299	2,057
Other gains / (losses)	5	**(3,815)**	(862)	4,677	**(3,349)**	(959)	5,085
Net result		**(274,720)**	(87,107)	96,561	**(294,541)**	(85,633)	101,857
Other comprehensive income							
Items that will not be reclassified to net result							
Net increase / (decrease) in property, plant and equipment asset revaluation surplus		**92,223**	-	53,501	**92,223**	-	53,476
Actuarial gains/(losses) on superannuation funds	19	**(354)**	-	(426)	**(1,166)**	-	(617)
Other superannuation fund value changes	19	**-**	-	-	**(12,500)**	-	-
Total other comprehensive income		**91,869**	-	53,075	**78,557**	-	52,859
TOTAL COMPREHENSIVE INCOME		**(182,851)**	(87,107)	149,636	**(215,984)**	(85,633)	154,716

The accompanying notes form part of these financial statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of financial position as at 30 June 2016

	Notes	PARENT			CONSOLIDATED		
		Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000	Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000
ASSETS							
Current Assets							
Cash and cash equivalents	8	**113,791**	101,876	569,059	**117,363**	158,346	635,524
Receivables	9	**126,207**	81,945	108,296	**135,032**	87,814	113,800
Inventories	10	**-**	-	1	**-**	-	1
		239,998	183,821	677,356	**252,395**	246,160	749,325
Non-current assets held for sale	12	**5,075**	-	2,541	**5,075**	-	2,541
Total Current Assets		**245,073**	183,821	679,897	**257,470**	246,160	751,866
Non-Current Assets							
Receivables	9	**5,387**	6,332	7,800	**5,387**	6,332	7,800
Financial assets at fair value	11	**-**	-	-	**24,131**	27,208	23,846
Property, plant and equipment							
Land and buildings	13	**1,317,000**	1,227,234	1,196,473	**1,325,919**	1,227,870	1,204,981
Plant and equipment	13	**89,413**	86,757	107,226	**89,414**	89,586	107,667
Total property, plant and equipment		**1,406,413**	1,313,991	1,303,699	**1,415,333**	1,317,456	1,312,648
Intangible assets	14	**96,253**	100,349	60,134	**96,253**	100,349	60,134
Total Non-Current Assets		**1,508,053**	1,420,672	1,371,633	**1,541,104**	1,451,345	1,404,428
Total Assets		**1,753,126**	1,604,493	2,051,530	**1,798,574**	1,697,505	2,156,294
LIABILITIES							
Current Liabilities							
Payables	16	**135,308**	97,832	438,779	**135,965**	102,404	447,977
Provisions	17	**275,391**	147,866	164,324	**277,206**	179,045	194,456
Other	18	**298**	7,137	71	**298**	7,137	71
Total Current Liabilities		**410,997**	252,835	603,174	**413,469**	288,586	642,504
Non-Current Liabilities							
Provisions	17	**115,604**	34,791	40,378	**115,604**	44,138	50,296
Other	18	**604**	6,122	447	**604**	6,122	447
Total Non-Current Liabilities		**116,208**	40,913	40,825	**116,208**	50,260	50,743
Total Liabilities		**527,205**	293,748	643,999	**529,677**	338,846	693,247
Net Assets		**1,225,921**	1,310,745	1,407,531	**1,268,897**	1,358,659	1,463,047
EQUITY							
Reserves		**145,415**	35,636	53,501	**145,018**	36,037	53,476
Accumulated funds		**1,080,506**	1,275,109	1,354,030	**1,123,879**	1,322,622	1,409,571
Total Equity		**1,225,921**	1,310,745	1,407,531	**1,268,897**	1,358,659	1,463,047

The accompanying notes form part of these financial statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of changes in equity for the year ended 30 June 2016

PARENT	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2015		1,354,030	53,501	1,407,531
Net result for the year		(274,720)	-	(274,720)
Other comprehensive income:				
Net increase/(decrease) in property plant and equipment	13	-	92,223	92,223
Available for sale financial assets				
- Transfers on disposal		309	(309)	-
Actuarial gains/(losses) on superannuation funds	19	(354)	-	(354)
Total other comprehensive income		**(45)**	**91,914**	**91,869**
Total comprehensive income for the year		**(274,765)**	**91,914**	**(182,851)**
Transactions with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers	20	1,241	-	1,241
Balance at 30 June 2016		**1,080,506**	**145,415**	**1,225,921**

PARENT	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2014		1,257,895	-	1,257,895
Net result for the year		96,561	-	96,561
Other comprehensive income:				
Net increase/(decrease) in property plant and equipment	5,13	-	53,501	53,501
Actuarial gains/(losses) on superannuation funds	19	(426)	-	(426)
Total other comprehensive income		**(426)**	**53,501**	**53,075**
Total comprehensive income for the year		**96,135**	**53,501**	**149,636**
Balance at 30 June 2015		1,354,030	53,501	1,407,531

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of changes in equity for the year ended 30 June 2016

CONSOLIDATED	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2015		1,409,571	53,476	1,463,047
Net result for the year		(294,541)	-	(294,541)
Other comprehensive income:				
Net increase/(decrease) in property plant equipment	13	-	92,223	92,223
Available for sale financial assets				
- Transfers on disposal		309	(309)	-
Actuarial gains/(losses) on superannuation funds	19	(1,166)	-	(1,166)
Other superannuation fund changes	19	(12,500)		(12,500)
Total other comprehensive income		**(13,357)**	**91,914**	**78,557**
Total comprehensive income for the year		**(307,898)**	**91,914**	**(215,984)**
Transactions with owners in their capacity as owners				
Asset revaluation reserve balance transferred to accumulated funds on transfer of assets to AU Home Services Pty Ltd		372	(372)	-
Transfer from the Crown Superannuation Reserve Account	19	13,620	-	13,620
Increase/(decrease) in net assets from equity transfers	20	8,214	-	8,214
Balance at 30 June 2016		**1,123,879**	**145,018**	**1,268,897**

CONSOLIDATED	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2014		1,308,331	-	1,308,331
Net result for the year		101,857	-	101,857
Other comprehensive income:				
Net increase/(decrease) in property plant and equipment	13	-	53,476	53,476
Actuarial gains/(losses) on superannuation funds	19	(617)	-	(617)
Total other comprehensive income		**(617)**	**53,476**	**52,859**
Total comprehensive income for the year		**101,240**	**53,476**	**154,716**
Balance at 30 June 2015		1,409,571	53,476	1,463,047

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Statement of cash flows for the year ended 30 June 2016

	Notes	PARENT			CONSOLIDATED		
		Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000	Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee related		(1,505,254)	(1,520,687)	(1,410,994)	(1,640,685)	(1,714,125)	(1,582,085)
Grants and subsidies		(4,526,992)	(3,841,589)	(3,496,895)	(4,478,504)	(3,841,589)	(3,416,676)
Other		(403,159)	(1,017,251)	(351,873)	(403,184)	(1,076,602)	(406,981)
Total Payments		(6,435,405)	(6,379,527)	(5,259,762)	(6,522,373)	(6,632,316)	(5,405,742)
Receipts							
Recurrent appropriation		5,392,637	5,379,017	4,874,856	5,392,637	5,379,017	4,874,856
Capital appropriation (excluding equity appropriations)		81,386	82,586	169,754	81,386	82,586	169,754
Reimbursements from the Crown Entity		17,037	-	11,710	17,037	-	11,710
Sale of goods and services		198,014	285,662	229,536	208,137	312,751	244,930
Interest received		5,376	1,195	12,686	6,291	3,194	15,083
GST Recoveries		365,000	-	283,154	365,000	281,999	283,154
Grants and contributions		10,961	23,629	9,339	80,403	220,241	140,056
Other		38,200	294,895	44,192	37,131	34,618	45,945
Total Receipts		6,108,611	6,066,984	5,635,227	6,188,022	6,314,606	5,785,488
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	(326,794)	(312,543)	375,465	(334,351)	(317,710)	379,746
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of land and buildings and plant and equipment		59,916	74,812	16,691	59,922	75,572	17,387
Purchases of land and buildings and plant and equipment		(129,375)	(138,368)	(206,047)	(129,510)	(141,368)	(206,220)
Other		(61,090)	(70,758)	-	(61,090)	(70,758)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(130,549)	(134,314)	(189,356)	(130,678)	(136,554)	(188,833)
NET INCREASE/(DECREASE) IN CASH		(457,343)	(446,857)	186,109	(465,029)	(454,264)	190,913
Opening cash and cash equivalents		569,059	548,733	382,950	635,524	612,610	444,611
Cash transferred in / (out) as a result of administrative restructuring	20	2,075	-	-	(53,132)	-	-
CLOSING CASH AND CASH EQUIVALENTS	8	113,791	101,876	569,059	117,363	158,346	635,524

The accompanying notes form part of these financial statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Consolidated Service Group Statements for the Year Ended 30 June 2016

ENTITY'S EXPENSES & INCOME	Community Support for People with Disability, their Family and Carers		Short Term Interventions for People with Disability, their Family and Carers		Supported Accommodation for People with Disability		Earlier Intervention for Vulnerable People and Support for Communities		Statutory Child Protection		Out-of-Home Care for Vulnerable Children and Young People	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2015 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Expenses excluding losses												
Operating expenses												
Employee related	87,218	88,692	144,025	129,754	726,966	591,782	23,524	13,838	386,472	328,399	145,874	139,430
Other operating expenses	15,314	14,329	31,556	30,126	128,128	116,501	13,112	5,962	81,463	78,111	53,370	41,468
Depreciation and amortisation	1,406	2,198	7,357	7,191	35,680	35,693	1,320	1,004	15,041	16,638	8,782	7,031
Grants and subsidies	787,782	784,933	240,601	152,892	1,130,730	866,366	280,693	230,561	29,308	30,856	839,239	721,732
Finance Costs	-	9	1	18	131	98	-	30	405	475	2	253
TOTAL EXPENSES EXCLUDING LOSSES	891,721	890,161	423,540	319,981	2,021,639	1,610,440	318,649	251,393	492,689	454,477	1,045,267	909,914
Revenue												
Recurrent appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Capital appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Sales of goods and services	1,111	880	2,394	661	54,009	46,264	100	400	1,827	1,973	870	935
Personnel services revenue	-	-	-	-	-	-	-	-	-	-	-	-
Investment revenue	73	1,695	142	912	646	3,443	19	322	348	1,205	167	715
Grants and contributions	9	855	20	1,138	3,166	7,387	14,402	1,207	2,436	7,209	4,309	3,524
Acceptance by the Crown Entity of employee benefits		-		-		-		-		-		-
Other revenue	1,620	688	4,156	5,285	7,860	10,081	1,163	446	3,252	2,670	14,685	1,143
Total revenue	2,813	3,919	6,712	8,196	65,731	67,175	15,684	2,375	7,863	13,057	20,037	6,317
Gain / (loss) on disposal	(441)	54	-	(8)	(10,824)	1,726	(2)	(5)	(78)	(114)	(34)	(43)
Other gains / (losses)	(51)	181	(43)	432	(2,384)	1,654	(14)	133	(506)	910	(222)	438
Net result	(889,430)	(945,997)	(416,871)	(311,361)	(1,968,816)	(1,539,675)	(302,981)	(248,890)	(485,410)	(440,624)	(1,025,486)	(903,208)
Other Comprehensive Income												
Increase/(decrease) in asset revaluation surplus	3,311	2,032	-	(453)	86,182	53,235	(972)	(103)	3,060	324	642	68
Other net increases/(decreases) in equity	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	3,311	2,032	-	(453)	86,182	53,235	(972)	(103)	3,060	324	842	68
TOTAL COMPREHENSIVE INCOME	(886,119)	(843,965)	(416,871)	(311,814)	(1,882,734)	(1,486,440)	(303,953)	(248,993)	(482,350)	(440,300)	(1,024,844)	(903,140)

Eliminations between service groups have been adjusted in the service group statements

ENTITY'S EXPENSES & INCOME	Social Housing Assistance and Tenancy Support		Homelessness Services		Home Care Service of NSW		John Williams Memorial Charitable Trust		Not Attributed		Consolidated Entity Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Expenses excluding losses												
Operating expenses												
Employee related	274,380	259,165	26,208	17,060	128,130	174,034	-	-	-	-	1,922,797	1,732,205
Other operating expenses	64,300	60,655	9,808	6,129	26,292	58,118	91	168	-	-	423,432	411,767
Depreciation and amortisation	13,310	15,519	1,160	1,492	316	1,228	121	123	-	-	82,501	89,113
Grants and subsidies	313,552	283,798	227,054	223,227	-	-	-	-	-	-	3,848,959	3,274,365
Finance Costs	93	12	1	1	3	10	-	-	-	-	637	904
TOTAL EXPENSES EXCLUDING LOSSES	665,635	629,350	264,231	247,899	154,743	233,448	212	291	-	-	6,278,326	5,507,354
Revenue												
Recurrent appropriation	-	-	-	-	-	-	-	-	5,392,637	4,874,919	5,392,637	4,874,919
Capital appropriation	-	-	-	-	-	-	-	-	81,386	169,754	81,386	169,754
(Asset sale proceeds transferred to the Crown Entity)	-	-	-	-	-	-	-	-	-	-	-	-
Sales of goods and services	135,644	130,679	401	-	14,631	28,038	-	-	-	-	210,893	210,630
Personnel services revenue	73,961	69,960	-	-	-	-	-	-	-	-	73,961	69,960
Investment revenue	816	4,661	77	143	1,169	4,637	39	53	-	-	3,496	17,787
Grants and contributions	16,304	12,218	-	213	64,142	122,532	-	-	-	-	104,808	156,283
Acceptance by the Crown Entity of employee benefits		-		.		-	-	.	81,327	76,800	81,327	76,800
Other revenue	10,017	3,793	476	49	6,189	1,753	31	28	-	-	49,479	25,935
Total revenue	236,742	221,311	954	405	86,131	157,780	70	81	5,555,350	5,121,473	5,898,087	5,602,069
Gain / (loss) on disposal	250	(130)	-	(5)	(24)	578	-	-	-	-	(10,953)	2,057
Other gains / (losses)	(541)	(570)	(24)	1,290	(565)	(139)	1,031	596	-	-	(3,349)	5,085
Net result	(429,184)	(408,738)	(263,301)	(246,208)	(69,201)	(75,299)	889	386	5,555,350	5,121,473	(254,541)	101,857
Other Comprehensive Income												
Increase/(decrease) in asset revaluation surplus	-	(293)	-	(1,309)	-	(25)	-	-	-	-	92,223	53,476
Other net increases/(decreases) in equity	-	-	-	-	-	-	-	-	-	-	-	-
Other superannuation fund changes	-	-	-	-	(12,500)	-	-	-	-	-	(12,500)	-
Actuarial gains/(losses) on superannuation funds	(354)	(426)	-	-	(812)	(191)	-	-	-	-	(1,166)	(617)
Total Other Comprehensive Income	(354)	(719)	-	(1,309)	(13,312)	(216)	-	-	-	-	78,557	52,859
TOTAL COMPREHENSIVE INCOME	(429,538)	(409,458)	(263,301)	(247,518)	(82,513)	(75,515)	889	386	5,555,350	5,121,473	(215,984)	154,716

Eliminations between service groups have been adjusted in the service group statements

The names and purposes of each service group are summarised in Note 7

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Consolidated Service Group Statements for the Year Ended 30 June 2016 (continued)

ENTITY'S ASSETS & LIABILITIES	Community Support for People with Disability, their Family and Carers		Short Term Interventions for People with Disability, their Family and Carers		Supported Accommodation for People with Disability		Earlier Intervention for Vulnerable People and Support for Communities		Statutory Child Protection		Out-of-Home Care for Vulnerable Children and Young People	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current Assets												
Cash and cash equivalents	14,226	108,809	7,191	48,704	32,492	172,465	2,971	3,636	10,086	29,837	6,964	16,260
Receivables	5,834	1,654	4,271	7,957	32,946	32,197	5,485	3,149	18,940	14,010	19,173	10,377
Inventories	-	-	-	-	-	1	-	-	-	-	-	-
Non-current assets held for sale	179	48	-	-	4,445	1,195	-	26	-	898	451	374
Total Current Assets	20,239	110,511	11,462	56,661	69,883	205,858	8,456	6,811	29,026	44,745	26,588	27,011
Non-Current Assets												
Receivables	-	-	-	-	-	-	-	-	-	-	5,387	7,528
Financial assets at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment												
Land and buildings	65,720	59,622	170,918	155,058	1,053,386	955,636	516	526	510	535	25,952	25,096
Plant and equipment	2,127	1,449	2,698	3,169	26,722	31,602	927	1,371	31,443	34,152	12,612	14,454
Total property, plant and equipment	67,847	61,071	173,616	158,227	1,080,108	987,238	1,443	1,897	31,953	34,687	38,564	39,550
Intangible assets	7,052	1,640	3,960	3,999	31,019	16,215	1,891	1,330	23,548	17,201	9,863	7,661
Total Non-Current Assets	74,899	62,711	177,576	162,226	1,111,127	1,003,453	3,334	3,227	55,501	51,888	53,814	54,739
Total Assets	95,138	173,222	189,038	218,887	1,181,010	1,209,311	11,790	10,038	84,527	96,633	80,402	81,750
Current Liabilities												
Payables	4,828	26,332	14,167	68,273	38,985	257,400	437	671	28,091	36,344	31,688	33,451
Provisions	17,054	6,705	25,853	14,421	150,295	57,372	2,927	2,501	20,877	22,110	32,550	31,290
Other	17	4	126	30	155	37	-	-	-	-	-	-
Total Current Liabilities	21,899	33,041	40,146	82,724	189,435	314,809	3,364	3,172	48,968	58,454	64,238	64,741
Non-Current Liabilities												
Provisions	6,996	349	13,240	3,507	58,292	3,696	303	725	10,496	11,806	9,588	6,309
Other	31	23	259	192	314	232	-	-	-	-	-	-
Total Non-Current Liabilities	7,027	372	13,499	3,699	58,606	3,928	303	725	10,496	11,806	9,588	6,309
Total Liabilities	28,926	33,413	53,645	86,423	248,041	318,737	3,667	3,897	59,464	70,260	73,826	71,050
Net Assets	66,212	139,809	135,393	132,464	932,969	890,574	8,123	6,141	25,063	26,373	6,576	10,700

Eliminations between service groups have been adjusted in the service group statements

ENTITY'S ASSETS & LIABILITIES	Social Housing Assistance and Tenancy Support		Homelessness Services		Home Care Service of NSW		John Williams Memorial Charitable Trust		Not Attributed		**Consolidated Entity Total**	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current Assets												
Cash and cash equivalents	36,706	184,940	3,155	4,409	1,843	64,546	1,729	1,918	-	-	**117,363**	635,524
Receivables	37,077	35,690	2,248	3,164	9,049	5,591	9	11	-	-	**135,032**	113,800
Inventories	-	-	-	-	-	-	-	-	-	-	-	1
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	**5,075**	2,541
Total Current Assets	73,783	220,630	5,403	7,573	10,892	70,137	1,738	1,929	-	-	**257,470**	751,866
Non-Current Assets												
Receivables	-	272	-	-	-	-	-	-	-	-	**5,387**	7,800
Financial assets at fair value	-	-	-	-	24,131	23,846	-	-	-	-	**24,131**	23,846
Property, plant and equipment					-							
Land and buildings	-	-	-	-	-	635	8,917	7,873	-	-	**1,325,919**	1,204,981
Plant and equipment	12,303	20,045	582	986	-	439	-	-	-	-	**89,414**	107,667
Total property, plant and equipment	12,303	20,045	582	986	-	1,074	8,917	7,873	-	-	**1,415,333**	1,312,648
Intangible assets	13,997	9,926	4,923	2,162	-	-	-	-	-	-	**96,253**	60,134
Total Non-Current Assets	26,300	30,243	5,505	3,148	24,131	24,920	8,917	7,873	-	-	**1,541,104**	1,404,428
Total Assets	100,083	250,873	10,908	10,721	35,023	95,057	10,655	9,802	-	-	**1,798,574**	2,156,294
Current Liabilities												
Payables	14,804	14,742	2,070	1,467	887	9,253	8	44	-	-	**135,965**	447,977
Provisions	23,792	28,805	2,053	1,120	1,815	30,132	-	-	-	-	**277,206**	194,456
Other	-	-	-	-	-	-	-	-	-	-	**298**	71
Total Current Liabilities	38,596	43,547	4,123	2,587	2,702	39,385	8	44	-	-	**413,469**	642,504
Non-Current Liabilities												
Provisions	16,627	13,957	52	30	-	9,917	-	-	-	-	**115,604**	50,296
Other	-	-	-	-	-	-	-	-	-	-	**604**	447
Total Non-Current Liabilities	16,627	13,957	52	30	-	9,917	-	-	-	-	**116,208**	50,743
Total Liabilities	55,223	57,504	4,175	2,617	2,702	49,302	8	44	-	-	**529,677**	693,247
Net Assets	44,860	193,369	6,733	8,104	32,321	45,755	10,647	9,758	-	-	**1,268,897**	1,463,047

Eliminations between service groups have been adjusted in the service group statements

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Supplementary Financial Statements

Summary of Compliance with Financial Directives

	2016				2015			
	Recurrent Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	Recurrent Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net Claim on Consolidated Fund $'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
· Appropriation Act	5,379,017	5,235,088	82,586	81,386	5,095,683	4,964,783	229,316	169,754
	5,379,017	5,235,088	82,586	81,386	5,095,683	4,964,783	229,316	169,754
OTHER APPROPRIATIONS/ EXPENDITURE								
· Treasurer's Advance	13,784	-	-	-	-	-	-	-
· s26 PFAA - Commonwealth specific purpose payments	224,346	224,346	-	-	7,980	7,980	-	-
· Transfers to / from another entity (s32 of the Appropriation Act)	-	-	-	-	116	-	-	-
· Other adjustments	(131,555)	-	(1,200)		(125,351)	-	(42,513)	-
	106,575	224,346	(1,200)	-	(117,255)	7,980	(42,513)	-
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	5,485,592	5,459,434	81,386	81,386	4,978,428	4,972,763	186,803	169,754
Amount drawn down against Appropriation		5,459,434		81,386		4,972,763		169,754
Liability to Consolidated Fund *		-		-		-		-

*The liability to Consolidated Fund represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure/Net claim on Consolidated Fund".
The summary of compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies

(a) Reporting entity

The Department of Family and Community Services (FACS), as a reporting entity, comprises all entities under its control, namely the Home Care Service of NSW (HCS), which administers and comes under the Home Care Service Act (1988) refer Note 1(b) for administrative changes during 2015/16 to HCS and the John Williams Memorial Charitable Trust.

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

FACS is a NSW government entity. FACS is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The consolidated financial statements for the year ended 30 June 2016 have been authorised for issue by the Secretary, on 15 September, 2016.

(b) Administrative restructure

(i) Administrative restructures as a result of changes to the Government Sector Employment Act 2013 (GSE):

There were no administrative restructures as a result of changes to the GSE in 2015/16 and nil in 2014/15.

(ii) Administrative restructures as a result of Administrative Arrangements Orders and other government orders:

The following administrative restructure changes occurred during 2015/16.

- On 1 July 2015, the Office of Communities (except the Office of Aboriginal Affairs) transferred from the Department of Education to FACS
- On 1 July 2015, Women NSW was transferred from FACS to the Ministry of Health
- On 19 February 2016, assets and liabilities of Home Care Services of NSW (HCS) were transferred via a vesting order to an Implementation Company, established by the State Government to facilitate the sale of HCS to Australian Unity.

For comparative purposes, there were no administrative restructure changes as a result of Administrative Arrangements Orders and other government orders in 2014/15.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(c) Basis of preparation

FACS' financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment, assets held for sale and financial assets at "fair value through profit and loss" are measured at fair value. Other financial statement items are prepared under the historical cost convention except where specified otherwise.

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

Full implementation of the National Disability Insurance Scheme (NDIS) is forecast to occur by 2017-18 and will have a material impact on the operations and organisational structure of FACS in future reporting periods.

FACS operates disability services that are planned for transition to the Non Government (NGO) sector as part of the implementation of NDIS.

As part of the reforms in the disability services area, employees of FACS will be impacted, including some who will transfer to the NGO sector and others who will be made redundant. Transferring employees will be entitled to a transfer payment and redundant employees will be entitled to redundancy payments.

The transition to the NDIS constitutes a restructure for which FACS has a present constructive obligation to make transfer and redundancy payments. It is probable that an outflow of resources embodying economic benefits will be required to settle this obligation. The amount has been reliably estimated. On this basis, a provision for transfer payments and redundancy costs has been recognised in the financial statements. Refer to Note 1(i) (iii) (d) for additional details regarding recognition of provisions.

FACS' business during 2016-17 will most likely be as in the past except for the sale of HCS and the impacts of the staged implementation of NDIS and management has prepared the financial statements based on this assumption.

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

(d) Statement of Compliance

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

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(e) Insurance

FACS' insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The premium, which is expensed, is determined by the Fund Manager based on past claim experience.

(f) Accounting for the Goods and Services Tax (GST)

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

i) the GST incurred by FACS as a purchaser, which is not recoverable from the Australian Taxation Office (ATO), is recognised as part of the asset acquisition cost or as additional cost of an expense item;

ii) receivables and payables are reported at the GST inclusive amounts.

iii) Cash flows are reported in the Statement of Cash Flows on a GST inclusive basis under the appropriate cash flow category. However, GST receivable from or payable to the ATO relating to cash flows arising from investing and financing activities is classified as operating cash flows.

(g) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Accounting policies on recognition of specific types of income are discussed below:

i) Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when FACS obtains control over the assets comprising the appropriations or contributions. Control is normally obtained when cash is received.

- Unspent appropriations are recognised as liabilities rather than income. The authority to spend the appropriation received lapses and any unspent amount must be repaid to Consolidated Fund.

This liability to Consolidated Fund is disclosed in Note 18 "Current liabilities – other" and will be extinguished during the next financial year by repaying the amount to Consolidated Fund.

ii) Sale of goods

Revenue from the sale of goods is recognised as revenue when FACS transfers significant risks and rewards of ownership of the goods sold to the purchaser.

iii) Rendering of services

Revenue is recognised when FACS completes the rendering of services. When services are rendered in stages, revenue equivalent to the value of the services rendered based on labour hours spent, is recognised progressively as each stage is completed.

Income arising from the provision of personnel services is recognised when the services are provided and only to the extent that the associated recoverable expense is recognised.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(g) Income Recognition (continued)

iv) Investment revenue

- Interest

Interest is recognised as revenue as it accrues, using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

- Rent

Rent is recognised as revenue on a straight line basis over the term of the lease and in accordance with AASB 117 Leases.

(h) Assets

i) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by FACS. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the assets at the time they are acquired or constructed, or where applicable, the amount attributed to the assets when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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

ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing $5,000 or more individually are capitalised.

When property, plant and equipment and intangible assets form part of a network, the cost of individual assets comprising the network are aggregated when applying the capitalisation threshold of $5,000 or more. Once the $5,000 capitalisation threshold is reached, further asset acquisitions that form part of the network are capitalised regardless of the amount.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(h) Assets (continued)

iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with NSW Treasury's Policy Paper TPP 14–01 Valuation of Physical Non-Current Assets at Fair Value. This policy adopts fair value in accordance with AASB 13 "Fair Value Measurement" and AASB 116.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 15 for further information regarding fair value.

FACS conducts a comprehensive revaluation of each class of property, plant and equipment at least every three years or with sufficient regularity to ensure that the carrying amount of every asset in each asset class does not materially differ from its fair value at reporting date.

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

When revaluing property, plant and equipment using the cost approach, the gross amount and the related accumulated depreciation of the asset are separately restated. Otherwise, the accumulated depreciation balance at the date of revaluation is credited to the related asset account. The resulting net balance in the asset account is increased or decreased by recognising a revaluation increment or decrement.

The revaluation increment relating to an asset class where a revaluation decrement has been recognised as an expense in prior years, is first used to reverse the previously recognised expense by recognising revenue in the net result reported in the Statement of Comprehensive Income. The remaining balance is directly credited to the Revaluation Surplus account.

The revaluation decrement relating to an asset class is first offset against the existing credit balance in the Revaluation Surplus account for that asset class. The remaining balance is recognised as an expense in the net result reported in the Statement of Comprehensive Income.

As FACS is a not-for-profit entity, the revaluation increment or decrement relating to individual assets within an asset class are offset against one another within that asset class, but not against assets in a different asset class.

When a previously revalued asset is disposed of, any remaining balance in the revaluation surplus pertaining to that asset is transferred to Accumulated Funds.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(h) Assets (continued)

iv) 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. This is because AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less cost to sell and depreciated replacement cost. This means that for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

v) Depreciation

Property, plant and equipment, other than land and certain heritage assets are depreciated on a straight line basis, so as to write off the depreciable amount of each asset over its useful life.

Land is not a depreciable asset. The policy not to depreciate heritage assets is reviewed annually on the basis that heritage assets may not have limited useful lives because appropriate curatorial and preservation policies are adopted by FACS.

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

The estimated useful lives of FACS' depreciable assets are:

Asset Class	*Estimated Useful Life*
Buildings and Infrastructure	40 years
Motor Vehicles	4-7 years
Plant, furniture and equipment – general and commercial	4-7 years
Plant, furniture and equipment – industrial	20 years
Leasehold improvements - shorter of estimated useful life of improvements & term of lease	

vi) Major inspection costs

The labour cost of performing major inspection for faults is recognised in the carrying amount of an asset as a replacement of a part, when the recognition criteria are satisfied.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(h) Assets (continued)

vii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of the asset, to the extent that it is recognised as a liability by FACS. A liability is recognised when FACS has a legal or constructive obligation to restore the asset.

viii) Maintenance

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

ix) Leased assets

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

FACS has not entered into any finance lease arrangements.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

x) Intangible assets

FACS recognises intangible assets only if it is probable that future economic benefits will flow to FACS and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at nil or nominal cost, the cost is its fair value as at acquisition date.

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

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

The useful lives of intangible assets are assessed to be finite. FACS' intangible assets are amortised using the straight line method over a period of four to seven years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than the intangible asset's carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in value is recognised as an impairment loss.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(h) Assets (continued)

xi) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. These financial assets are recognised initially at fair value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of the receivables.

Short term receivables with no stated interest rate are measured at the original amount charged as the effect of discounting is considered to be immaterial.

An allowance for impairment of receivables is established when there is objective evidence that FACS will not be able to collect all amounts due. Changes in the value of receivables are recognised in the net result reported in the Statement of Comprehensive Income, during the period in which the impairment is recognised or derecognised.

xii) Inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential arises when existing current replacement costs are lower than the carrying amount of the inventories.

Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average or "first-in first-out" method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost at the date of acquisition.

Current replacement cost is the cost the agency would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

xiii) Investments

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

The Hour-Glass Investment Facilities are designated at fair value through profit or loss. These financial assets are managed and their performance is evaluated on a fair value basis by FACS on a continual basis. Information about the performance of these assets, including performance against industry benchmarks for each class of investment is provided internally on a monthly basis to the FACS key management personnel for their endorsement of the investment strategy.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(h) Assets (continued)

xiv) Investments (continued)

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is recognised in the net result reported in the Statement of Comprehensive Income as "Investment Revenue".

xiv) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that FACS will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of impairment loss is recognised in the net result reported in the Statement of Comprehensive Income. Where there is objective evidence, reversals of previously recognised impairment losses are reversed in the net result for the year.

xv) De-recognition of financial assets and financial liabilities

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire; or if FACS transfers the financial assets:

- where substantially all the risks and rewards have been transferred or

- where FACS has not transferred substantially all the risks and rewards, but control has not been retained

Where FACS has neither transferred or retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of FACS' involvement in the financial assets.

Financial liabilities are de-recognised when the obligations specified in the contract are discharged, cancelled or expire.

xvi) Non-current assets held for sale

FACS has certain non-current assets classified as held for sale, where their carrying amount wil be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell.

These assets are not depreciated while they are classified as held for sale.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(h) Assets (continued)

xvii) Trust funds

FACS receives monies in a trustee capacity for various Trusts as set out in Note 26. As FACS performs only a custodial role in respect of these monies and because the monies cannot be used for the achievement of FACS' own objectives, these funds are not recognised in the financial statements.

xviii) Other Assets

Other assets are recognised on a cost basis.

(i) Liabilities

i) Payables

Payables represent liabilities for goods and services provided to FACS and are recognised initially at fair value. Subsequent measurement is at amortised cost using the effective interest method. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

ii) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, plus in the case of financial guarantees not at fair value through profit or loss, directly attributable transactions costs where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less accumulated amortisation, where appropriate.

FACS has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2016 and as at 30 June 2015. Refer Note 22 regarding disclosures on contingent liabilities.

iii) Employee benefits and other provisions

a) Salaries and wages, annual leave, sick leave 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.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(i) Liabilities (continued)

iii) Employee benefits and other provisions (continued)

a) Salaries and wages, annual leave, sick leave and on-costs (continued)

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

b) Long service leave and superannuation

Except for Home Care Service Staff Agency and Aboriginal Housing Office staff, FACS' liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. FACS accounts for the liability as having been extinguished, resulting in the amount assumed being accounted for as a non-monetary revenue line item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119. This is based on the application of certain factors specified in NSW TC 15/09 to employees with five or more years of service, using current rates of pay. These factors are determined based on an actuarial review to approximate present value.

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

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(i) Liabilities (continued)

iii) Employee benefits and other provisions (continued)

b) Long service leave and superannuation (continued)

- Superannuation

i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as expense when they are due. Prepaid contributions are recognised as an asset, to the extent that a cash refund or reduction in future payments is available.

ii) Defined benefit plan

A defined plan is a post-employment benefit plan other than a defined contribution plan. An actuarial assessment of the defined benefit is undertaken before each reporting date. The assessment uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan.

A liability or an asset in respect of the defined benefit superannuation plan is recognised in the Statement of Financial Position and is measured as the present value of the defined benefit obligation as at reporting date. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the market yield rate on government bonds of similar maturity to those obligations.

The amount recognised in the net result for superannuation is the net total of current service cost, interest cost and the expected return on plan assets. Actuarial gains and losses are charged directly to Equity in the year they occur.

c) 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 payroll tax, workers' compensation insurance premiums and fringe benefits tax.

d) Other provisions

Other provisions exist when:

(i) FACS has a present legal or constructive obligation as a result of a past event;
(ii) it is probable that an outflow of resources will be required to settle the obligation; and
(iii) the amount of the obligation can be reliably estimated

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(i) Liabilities (continued)

d) Other provisions (continued)

Any provision for restructuring is recognised only when FACS has a detailed formal plan and has raised a valid expectation in those affected by the restructuring that a restructure will be carried out because FACS is starting to implement the plan or has announced the main features to those affected.

Provisions include restoration costs on leased office premises. In the majority of cases the provision is calculated by using the make good rate per square metre implicit in each lease agreement, which is then discounted to present value using the government bond rate (1.98% as at 30 June 2016). The provisions are established by individual lease and amortised over the term of the lease. The unamortised value of the obligation is recorded as an asset.

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.

(j) Fair value hierarchy

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

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

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

Refer Note 15 and Note 27 for further disclosures regarding fair value measurements of financial and non-financial assets.

(k) Equity and reserves

i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with FACS' revaluation of property, plant and equipment as discussed in note 1(h)(iii).

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

(k) Equity and reserves (continued)

ii) Accumulated funds

Accumulated funds include all current and prior period retained funds.

iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

(l) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs, functions or parts thereof between NSW public sector agencies and equity appropriations are designated as contributions by owners and recognised as adjustments to Accumulated Funds. This treatment is consistent with AASB1004 and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. In most instances, this will approximate fair value.

All other equity transfers are recognised at fair value except for intangibles. Where an intangible has been recognised at amortised cost by the transferor because there is no active market, FACS recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, FACS does not recognise that asset.

(m) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 24.

(n) Comparative information

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

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

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

(i) Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of previous years except as a result of the following new or revised standards and amendments adopted for the first time in the financial year ended 30 June 2016:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 *Materiality*

Adoption of this amendment has not had a material effect on the financial position or performance of FACS or presentation and disclosures in the Financial Statements.

(ii) Issued but not effective

NSW public sector entities are not permitted to early adopt new Australian accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards and interpretations have not been applied and are not yet effective (refer Treasury Circular NSWTC 16/02 Mandates of Options and Major Policy Decisions under Australian Accounting Standards).

	Operative Date
AASB 9 and AASB 2014-7 regarding financial instruments	1 January 2018
AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers	1 January 2018
AASB 16 *Leases*	1 January 2019
AASB 1056 *Superannuation Entities*	1 July 2016
AASB 1057 and AASB 2015-9 *Application of Australian Accounting Standards*	1 January 2016
AASB 2014-3 regarding accounting for acquisitions of interests in joint operations	1 January 2016
AASB 2014-4 regarding acceptable methods of depreciation and amortisation	1 January 2016
AASB 2014-9 regarding equity method in separate financial statements	1 January 2016
AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	1 January 2016
AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)	1 January 2016
AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*	1 January 2016
AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*	1 July 2016
AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*	1 July 2016
AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable* Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

1. Summary of Significant Accounting Policies (continued)

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

(ii) Issued but not effective (continued)

FACS' assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the entity other than as set out below;

- AASB 124 *Related Party Disclosures* operative from 1 July 2016 will result in additional note disclosure that identifies related party relationships or arrangements and any related party transactions and commitments arising from these arrangements. Only related party information considered material is required to be disclosed.
  AASB 124 also requires disclosure of Key Management Personnel compensation in aggregation.

Management is assessing the potential effect of this standard.

- AASB 16 *Leases* operative from 1 January 2019 will require entities to recognise an additional asset on the Statement of Financial Position representing the economic benefit of having the 'right of use' of a leased asset in return for making regular lease payments. A lease liability will also be required to be recognised representing the obligation to make lease payments over the term of the lease.
  Lease contracts of 12 months or less are excluded from the requirements of AASB 16.

Management is assessing the potential effect of this standard.

(p) Change in accounting policies

There has been no change in the FACS' accounting policies.

Department of Family and Community Services
Notes to and forming part of the financail statements *for the year ended 30 June 2016*

	PARENT 2016 $'000	PARENT 2015 $'000	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
2. Expenses Excluding Losses				
(a) Employee related expenses				
Salaries and wages (including annual leave) (i)	1,274,638	1,247,052	1,383,140	1,393,552
Superannuation - defined contribution plans	107,751	104,512	116,812	117,636
Superannuation - defined benefit plans	11,709	14,009	12,695	15,781
Long service leave	68,417	61,340	69,120	65,050
Workers' compensation insurance	37,598	37,992	46,433	46,947
Payroll tax and fringe benefit tax (ii)	89,205	75,831	89,245	75,862
Redundancy expense (ii)	205,063	17,148	205,063	17,150
Other	289	227	289	227
	1,794,670	1,558,111	1,922,797	1,732,205

(i) Employee related costs capitalised in fixed asset accounts are excluded from the above and totalled $11.645 million (2015: $Nil).
(ii) Redundancy payments include transfer, redundancy and payroll tax oncosts of $181.012 million relating to the transition of Direct Disability Services to the Non-Government sector as part of the Government's implementation of the National Disability Insurance Scheme (NDIS) in NSW.

	PARENT 2016 $'000	PARENT 2015 $'000	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
(b) Other operating expenses				
Auditor's remuneration - audit of the financial statements	565	573	748	748
Internal Auditor's remuneration - other services	1,023	1,561	1,119	1,710
Advertising	1,077	1,148	1,159	1,240
Bad and doubtful debts	120	427	120	427
Cleaning	8,521	7,632	8,845	7,966
Computer maintenance, software licences and other related expenditure	45,474	32,918	45,482	32,924
Consultants	3,503	1,199	3,503	1,199
Other contract services	55,319	53,751	55,319	53,751
Contractors and short term staff	934	958	934	958
Equipment	2,259	2,402	2,332	2,513
Fee for services rendered	16,845	15,083	16,845	15,083
Groceries - Group Homes	13,258	13,000	13,258	13,000
Insurance	2,778	2,529	3,070	2,826
Legal costs	17,388	15,206	17,528	15,573
Maintenance (i)	16,581	14,103	16,762	14,339
Management and other fees	13,285	6,018	22,891	21,212
Medical support services	2,124	2,513	2,124	2,513
Motor vehicle running costs	27,412	27,510	28,612	29,261
Operating lease rental expense-minimum lease payments	75,688	75,121	78,253	79,118
Telecommunications	12,132	16,038	12,363	16,504
Printing, postage and stationery	8,700	7,754	9,500	8,977
Property and residential expenses	3,912	3,809	3,912	3,809
Staff development	21,145	20,963	23,462	26,427
Travelling, removal and subsistence	9,702	8,353	16,127	18,914
Utilities	10,672	11,921	10,840	12,215
Other	26,647	25,564	28,526	28,560
	397,064	368,054	423,432	411,767
(i) Reconciliation - Total Maintenance				
Maintenance expense - contractor labour and other (non employee related) as above	16,581	14,103	16,762	14,339
Employee related maintenance expense included in Note 2 (a)	3,011	3,015	3,011	3,015
Total maintenance expenses included in Note 2 (a) and 2 (b)	19,592	17,118	19,773	17,354
(c) Depreciation and amortisation expense				
Depreciation				
Buildings	22,706	21,499	22,840	21,650
Computer equipment	6,357	7,313	6,357	7,314
Motor vehicles	180	511	250	793
Furniture and equipment	1,086	952	1,089	1,009
Plant and equipment	2,818	2,904	2,820	2,908
Leasehold improvements	24,838	22,253	25,058	23,106
	57,985	55,432	58,424	56,780
Amortisation				
Intangibles	6,513	17,573	6,513	17,573
Internally developed assets	17,564	13,760	17,564	13,760
	24,077	31,333	24,077	31,333
	82,062	86,765	82,501	88,113

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2016

	PARENT		CONSOLIDATED	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
(d) Grants and subsidies				
Ageing program	**3,391**	3,597	**3,391**	3,597
Community services program	**318**	100	**318**	100
Disability services program	**1,675,260**	1,504,165	**1,669,679**	1,475,889
Community care supports program	**186,054**	209,480	**143,147**	157,538
Out of home care	**839,162**	718,805	**839,162**	718,805
Prevention and early Intervention	**242,031**	229,606	**242,031**	229,606
Statutory child protection service	**29,462**	25,396	**29,462**	25,396
Rental Assistance	**25,908**	17,376	**25,908**	17,376
Rental subsidies to disadvantaged groups	**22,421**	21,063	**22,421**	21,063
Grants to Other Government Departments	**5,372**	6,817	**5,372**	6,817
Housing Community Assistance Program	**568**	1,056	**568**	1,056
Housing Initiatives Leasing	**75,761**	69,121	**75,761**	69,121
Housing Grants to Community Groups	**27,965**	28,823	**27,965**	28,823
Grants to Land and Housing Corporation	**156,186**	132,908	**156,186**	132,908
Other Grants to Individuals and Other Organisations (i)	**607,588**	386,270	**607,588**	386,270
	3,897,447	3,354,583	**3,848,959**	3,274,365

(i) Grants to Indiviiduals and Other Organisations included a once off payment of $206.6 million to the Commonwealth Government in relation to Aged Care Support Packages

FACS directly funded $129.8 million (2014/15 $167.5 million) to service providers through grant payments for the delivery of specialist disability services within the Hunter trial site for the National Disability Insurance Scheme (NDIS). This is otherwise known as the "in-kind" contribution to NDIS.

FACS received $5.65 million from service providers in 2015-16 (2014-15 $1.38 million) representing a return of unspent grants under the following programs: $3.45 million (2014-15 $0.22 million) for the Disability Services program, $2.20 million (2014-15 $1.15 million) for the Community Care Supports Program (formerly Home and Community Care program) and $0.01m for Ageing program. As cash recoveries relating to grants are considered Consolidated Fund monies, receipts are remitted to the Crown Entity on a regular basis.

	PARENT		CONSOLIDATED	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
(e) Finance costs				
Unwinding of discount rate	**634**	894	**637**	904
	634	894	**637**	904

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

	PARENT		CONSOLIDATED	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
3. Revenue				
a) Appropriations				
Recurrent appropriations				
Total recurrent draw-downs from NSW Treasury (per Summary of compliance)	**5,459,434**	4,972,763	**5,459,434**	4,972,763
	5,459,434	4,972,763	**5,459,434**	4,972,763
Comprising:				
Recurrent appropriations (per Statement of comprehensive income)	**5,392,637**	4,874,919	**5,392,637**	4,874,919
Transfer payments (Aboriginal Housing Office)	**66,797**	97,844	**66,797**	97,844
	5,459,434	4,972,763	**5,459,434**	4,972,763
Capital appropriations				
Total capital draw-downs from NSW Treasury (per Summary of compliance)	**81,386**	169,754	**81,386**	169,754
	81,386	169,754	**81,386**	169,754
Comprising:				
Capital appropriations (per Statement of comprehensive income)	**81,386**	169,754	**81,386**	169,754
	81,386	169,754	**81,386**	169,754
b) Sale of goods and services				
Community Options program fees	-	-	**8**	26
Corporate client fees	-	-	**2,676**	3,918
Fee for Service Home Care Services	**5,300**	7,491	-	-
Home and Community Care	**4,536**	7,094	**10,593**	18,378
Residential Client Fees	**42,708**	43,375	**42,708**	43,375
Management Fees - Land and Housing Corporation	**128,308**	127,986	**128,308**	127,986
Rendering of services - Disaster Welfare	**111**	153	**111**	153
Veterans' Home Care fees	-	-	**4,004**	6,120
Other fees	**20,715**	10,278	**22,585**	10,674
	201,678	196,377	**210,993**	210,630
c) Investment revenue				
Interest	**462**	11,835	**1,670**	16,526
Rents	**1,826**	1,261	**1,826**	1,261
	2,288	13,096	**3,496**	17,787
d) Grants and contributions				
Commonwealth				
Home and Community Care program	-	-	**22,381**	68,213
Other Commonwealth Government grants	**14**	2,512	**2,128**	4,009
	14	2,512	**24,509**	72,222
State				
Community Care Supports Program	-	-	**41,837**	48,873
Other State Government grants *	**35,352**	31,240	**38,462**	35,188
	35,352	31,240	**80,299**	84,061
Total Grants and Contributions	**35,366**	33,752	**104,808**	156,283

* Including reimbursement for redundancy funding of $15.145 million (2015: $13.347 million)

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

	PARENT		CONSOLIDATED	
	2016	2015	2016	2015
e) Acceptance by the Crown Entity of Employee Benefits and Other Liabilities	**$'000**	$'000	$'000	$'000
The following liabilities and / or expenses have been assumed by the Crown Entity or other government agencies:				
Superannuation - defined benefit	**12,592**	14,687	**12,592**	14,687
Long service leave	**68,147**	61,099	**68,147**	61,099
Payroll tax	**588**	1,014	**588**	1,014
	81,327	76,800	**81,327**	76,800
f) Other revenue				
Assets recognised for the first time	**353**	1,023	**353**	1,023
TMF Hindsight adjustment	**23,198**	1,095	**28,916**	2,268
Overseas adoptions	**184**	282	**184**	282
Rental Assistance Subsidies	**1,328**	1,791	**1,328**	1,791
Other	**18,195**	19,964	**18,698**	20,572
	43,258	24,155	**49,479**	25,936
4. Gain/(loss) on disposal				
(i) Gain/(loss) on disposal of non-current assets held for sale:				
Proceeds from disposal (net of selling expenses)	**57,169**	7,913	**57,169**	7,913
Written down value of assets disposed	**(54,558)**	(5,773)	**(54,558)**	(5,773)
Net gain/(loss) on disposal of non-current assets held for sale	**2,611**	2,140	**2,611**	2,140
Gain/(loss) on disposal of land and buildings:				
Proceeds from disposal (net of selling expenses)	**1,634**	7,822	**1,634**	7,822
Written down value of assets disposed	**(14,943)**	(7,715)	**(14,943)**	(7,715)
Net gain/(loss) on disposal of land and buildings	**(13,309)**	107	**(13,309)**	107
Gain/(loss) on disposal of plant and equipment:				
Proceeds from disposal (net of selling expenses)	**1,113**	1,012	**1,119**	1,708
Written down value of assets disposed	**(1,296)**	(1,781)	**(1,326)**	(1,898)
Net gain/(loss) on disposal of plant and equipment	**(183)**	(769)	**(207)**	(190)
(ii) Assets written off				
Property, plant and equipment	**(47)**	-	**(47)**	-
Intangibles	**(1)**	-	**(1)**	-
	(48)	-	**(48)**	-
Total net gain/(loss) on disposal	**(10,929)**	1,478	**(10,953)**	2,057
5. Other Gains/(Losses)				
Impairment loss of non-current assets held for sale	**(848)**	(64)	**(848)**	(64)
Revaluation gain/(loss) on carrying value of land and buildings *	**-**	5,329	**1,031**	5,926
Impairment loss on carrying value of land and buildings	**(1,128)**	-	**(1,128)**	-
Gain/(loss) on impairment of receivables	**(1,839)**	(588)	**(2,404)**	(777)
	(3,815)	4,677	**(3,349)**	5,085

* Increase relates to reversal of previous decrements as well as current year revaluation.

6. Conditions on contributions

As at 30 June 2016 the entity held $0.130 million (2015: $0.855 million) in cash at bank representing unspent contributions with conditions from Commonwealth and State agencies. The unspent contributions with conditions were: from Office of Protective Commissioner's Resident Amenities Fund (2016: $0.130 million 2015: $0.500 million), a contribution from Northern Sydney Medical Local for collective projects in Northern Sydney district and funding from NSW Education and Learning provided under Elsa Dixon Program for an aboriginal staff member in Hunter New England district, Evaluation of IFBS $Nil (2015: $0.247 million) and Aboriginal Diagnosis Support $Nil (2015 $0 108 million)

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

7. Service Groups

The service group's under the control of the Department of Family and Community Services are:

1. Community Support for People with Disability, their Family and Carers

This service group focuses on building skills and strengthening family and carer relationships by providing assistance with the activities of everyday living to enable people to live in their own home.

2. Short-Term Interventions for People with Disability, their Family and Carers

This service group supports people with disability and their carers, as well as older people, to access services and community support in order to maximise independence, wellbeing and quality of life.

3. Supported Accommodation for People with Disability

This service group provides suitable accommodation and opportunities for personal growth and development for people with disability who have ongoing intensive support needs. This includes group home accommodation, individual accommodation support and a range of other accommodation options.

4. Earlier Intervention for Vulnerable People and Support for Communities

This service group supports vulnerable children, young people and their families to live better lives, and also supports community engagement. It includes support services that intervene early to prevent escalation into and within the statutory child protection system, reduce the incidence and impact of domestic violence against women and children and broader services in communities.

5. Statutory Child Protection

This service group responds to reports of children at risk of significant harm (ROSH). It involves assessing and investigating reports of child abuse and neglect, and intervening, where appropriate, to ensure the safety, welfare and wellbeing of children at risk of significant harm.

6. Out-of-Home Care for Vulnerable Children and Young People

This service group supports vulnerable children and young people who cannot live safely with parent/s. Out-of-home care (OOHC) includes restoration, general foster care, kinship care, residential care and adoptions. It includes planning, monitoring and supporting non-government organisations (NGOs) to deliver services to children and young people in care.

7. Social Housing Assistance and Tenancy Support

This service group covers housing assistance for people on low incomes or who are unable to access or maintain appropriate housing. This includes managing tenancies in public, community and Aboriginal Housing Office properties. It also includes providing private rental market assistance as an alternative to social housing and to assist people to transition out of social housing.

8. Homelessness Services

This service group supports people who are homeless or at risk of homelessness. It includes crisis and medium-term accommodation, and prevention and early intervention services such as living skills, family support and employment support.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

	PARENT		CONSOLIDATED	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
8. Current Assets - Cash and Cash Equivalents				
Cash at bank and on hand	113,791	569,059	117,363	635,524
Total cash and cash equivalents	113,791	569,059	117,363	635,524

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank and short term deposits.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	113,791	569,059	117,363	635,524
Closing cash and cash equivalents (per statement of cash flows)	113,791	569,059	117,363	635,524

Cash at bank includes $Nil (2015 $Nil) owed to Consolidated Fund that is a restricted asset.

As at 30 June 2016 the entity held $0.130 million (2015: $0.855 million) in cash at bank representing unspent contributions with conditions from Commonwealth and State agencies. Refer to Note 6 for further details.

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

9. Current/non-current assets - receivables

	PARENT 2016	PARENT 2015	CONSOLIDATED 2016	CONSOLIDATED 2015
Current				
Client Fees	4,476	3,152	4,476	3,152
Less : Allowance for impairment	(995)	(550)	(995)	(550)
	3,481	2,602	3,481	2,602
Sundry receivables	39,007	27,889	39,084	34,401
Less : Allowance for impairment	(5,818)	(4,482)	(5,818)	(5,490)
	33,189	23,407	33,266	28,911
Amounts due from other government agencies	42,551	30,299	49,929	30,299
Superannuation receivable	-	-	1,341	-
Prepayments - Other	14,366	13,265	14,366	13,265
Interest receivable	-	5,103	29	5,103
GST receivable (net)	32,620	33,620	32,620	33,620
	126,207	108,296	135,032	113,800
Non-current				
Sundry receivables	175	272	175	272
Amounts due from other government agencies	5,212	7,528	5,212	7,528
	5,387	7,800	5,387	7,800
Total Receivables	131,594	116,096	140,419	121,600
Movement in the allowance for impairment				
Balance at 1 July	(5,032)	(5,733)	(6,040)	(6,856)
Transfer on reorganisation	-	-	1,318	-
Amounts written off during the year	58	1,289	313	1,593
(Increase)/decrease in allowance recognised in profit or loss	(1,839)	(588)	(2,404)	(777)
Balance at 30 June	(6,813)	(5,032)	(6,813)	(6,040)

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

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

	PARENT		CONSOLIDATED	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
10. Current Assets - Inventories				
Held for distribution				
Residence supplies - at cost	-	1	-	1
	-	1	-	1
11. Current/non-current - Financial Assets at Fair Value				
Non-current				
TCorp - Hour-Glass Investment Facilities				
- Medium-term Growth Facility Trust	-	-	9,325	9,124
- Long-term Growth Facility Trust	-	-	14,806	14,722
Total Non-current financial assets at fair value	-	-	24,131	23,846

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

	PARENT		CONSOLIDATED	
	2016	2015	2016	2015
12. Non-Current Assets Held for Sale				
Land and buildings	5,075	2,541	5,075	2,541
	5,075	2,541	5,075	2,541

Properties classified under this category are expected to be sold in the following financial year through a number of disposal options, including auctioning the properties.
Further details regarding fair value measurement are disclosed in Note 15.

13. Non-current Assets - Property, Plant and Equipment

PARENT 2016

	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
At 1 July 2015 -fair value							
Gross carrying amount	1,367,816	29,392	2,450	74,225	34,853	203,254	1,711,990
Accumulated depreciation and impairment	(171,343)	(20,303)	(1,526)	(55,753)	(33,411)	(125,955)	(408,291)
Net Carrying Amount	1,196,473	9,089	924	18,472	1,442	77,299	1,303,699
At 30 June 2016 - fair value							
Gross carrying amount	1,471,202	24,302	581	35,466	32,417	197,375	1,761,343
Accumulated depreciation and impairment	(154,202)	(18,369)	(514)	(22,981)	(29,850)	(129,014)	(354,930)
Net Carrying Amount	**1,317,000**	**5,933**	**67**	**12,485**	**2,567**	**68,361**	**1,406,413**

For land and buildings, Fair Value was based on an independent assessment. This occurs at varying times across the FACS cluster.

Works in Progress totalling $156.201 million are included in property plant and equipment.
This is comprised of:
Land and Buildings $153.061 million, Plant and Equipment $0.287 million, Computer Hardware $0.086 million and Leasehold Improvements $2.767 million.

Reconciliation

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

PARENT 2016

Year ended 30 June 2016	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
Net Carrying Amount at beginning of year	1,196,473	9,089	924	18,472	1,442	77,299	1,303,699
Additions	124,919	343	-	114	1,903	9,683	136,962
Assets recognised for the first time	300	22	-	-	-	31	353
Make good	-	-	-	-	-	5,930	5,930
Assets held for resale	(57,940)	-	-	-	-	-	(57,940)
Transfer between classes of assets #	-	(614)	-	633	326	602	947
Disposals ##	(15,141)	(101)	(677)	(296)	(35)	(227)	(16,477)
Impairment losses *	(1,128)	-	-	-	-	-	(1.128)
Increase/(decrease) in net assets from administrative restructuring (Note 20)	-	12	-	(81)	17	(119)	(171)
Net revaluation increment less revaluation decrements	92,223	-	-	-	-	-	92,223
Depreciation expense	(22,706)	(2,818)	(180)	(6,357)	(1,086)	(24,838)	(57,985)
Net Carrying Amount at end of year	**1,317,000**	**5,933**	**67**	**12,485**	**2,567**	**68,361**	**1,406,413**

Refer to Note 14 for transfer between classes of assets
Disposals includes the disposal by FACS of 4,248 Computer Equipment assets with a net book value of $Nil. The original cost of these assets was $29.589 million.
* Further details regarding the fair value measurement of property, plant and equipment are discussed in Note 15

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

PARENT 2015

	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
At 1 July 2014 -fair value							
Gross carrying amount	1,189,061	27,811	4,456	72,530	34,720	235,095	1,563,673
Accumulated depreciation and impairment	(164,021)	(17,886)	(2,091)	(57,711)	(33,233)	(153,169)	(428,111)
Net Carrying Amount	1,025,040	9,925	2,365	14,819	1,487	81,926	1,135,562
At 30 June 2015 - fair value							
Gross carrying amount	1,367,816	29,392	2,450	74,225	34,853	203,254	1,711,990
Accumulated depreciation and impairment	(171,343)	(20,303)	(1,526)	(55,753)	(33,411)	(125,955)	(408,291)
Net Carrying Amount	1,196,473	9,089	924	18,472	1,442	77,299	1,303,699

For land and buildings, Fair Value was based on an independent assessment. This occurs at varying times across the FACS cluster.

Works in Progress totalling $190 919 million are included in property plant and equipment.
This is comprised of:
Land and Buildings $179.464 million, Plant and Equipment $2.138 million, Computer Hardware $0.170 million and Leasehold Improvements $9.147 million.

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

PARENT 2015

Year ended 30 June 2015	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	and Equipment $'000	Leasehold Improvements $'000	Total $'000
Net Carrying Amount at beginning of year	1,025,040	9,925	2,365	14,819	1,487	81,926	1,135,562
Additions	151,227	1,974	31	1,295	915	18,390	173,832
Assets recognised for the first time	1,000	23	-	-	-	-	1,023
Make good	-	-	-	-	-	(453)	(453)
Assets held for resale	(8,335)	-	-	-	-	-	(8,335)
Transfer between classes of assets	-	144	-	9,672	-	433	10,249
Disposals	(9,726)	(73)	(961)	(1)	(8)	(744)	(11,513)
Impairment losses *	(851)	-	-	-	-	-	(851)
Net revaluation increment less revaluation decrements	59,617	-	-	-	-	-	59,617
Depreciation expense	(21,499)	(2,904)	(511)	(7,313)	(952)	(22,253)	(55,432)
Net carrying amount at end of year	1,196,473	9,089	924	18,472	1,442	77,299	1,303,699

* Further details regarding the fair value measurement of property, plant and equipment are discussed in Note 15

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2016

CONSOLIDATED 2016

	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
At 1 July 2015 -fair value							
Gross carrying amount	1,376,719	29,520	4,011	74,473	35,543	209,410	1,729,676
Accumulated depreciation and impairment	(171,738)	(20,426)	(2,852)	(56,001)	(34,084)	(131,927)	(417,028)
Net Carrying Amount	1,204,981	9,094	1,159	18,472	1,459	77,483	1,312,648
At 30 June 2016 - fair value							
Gross carrying amount	1,480,592	24,302	581	35,466	32,501	197,375	1,770,817
Accumulated depreciation and impairment	(154,673)	(18,369)	(514)	(22,981)	(29,933)	(129,014)	(355,484)
Net Carrying Amount	1,325,919	5,933	67	12,485	2,568	68,361	1,415,333

For land and buildings, Fair Value was based on an independent assessment. This occurs at varying times across the FACS cluster.

Works in Progress totalling $156.201 million are included in property plant and equipment.
This is comprised of:
Land and Buildings $153.061 million, Plant and Equipment $0.287 milliom, Computer Hardware $0.086 million and Leasehold Improvements $2.767 million.

Reconciliation

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

CONSOLIDATED 2016

Year ended 30 June 2016	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
Net Carrying Amount at beginning of year	1,204,981	9,094	1,159	18,472	1,459	77,483	1,312,648
Additions	125,055	342	-	114	1,903	9,683	137,097
Assets recognised for the first time	300	22	-	-	-	31	353
Make good	-	-	-	-	-	5,930	5,930
Assets held for resale	(57,940)	-	-	-	-	-	(57,940)
Transfer between classes of assets	(88)	(614)	-	633	326	690	947
Disposals	(15,141)	(101)	(677)	(296)	(35)	(257)	(16,507)
Impairment losses *	(1,128)	-	-	-	-	-	(1,128)
Increase/(decrease) in net assets from administrative restructuring (Note 20)	(534)	10	(165)	(81)	14	(141)	(897)
Net revaluation increment less revaluation decrements	93,254	-	-	-	-	-	93,254
Depreciation expense	(22,840)	(2,820)	(250)	(6,357)	(1,099)	(25,058)	(58,424)
Net Carrying Amount at end of year	1,325,919	5,933	67	12,485	2,568	68,361	1,415,333

* Further details regarding the fair value measurement of property, plant and equipment are discussed in Note 15

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

CONSOLIDATED 2015

	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
At 1 July 2014 -fair value							
Gross carrying amount	1,197,427	27,943	7,445	72,916	35,455	241,188	1,582,374
Accumulated depreciation and impairment	(164,400)	(18,012)	(4,444)	(58,096)	(33,896)	(158,294)	(437,142)
Net Carrying Amount	1,033,027	9,931	3,001	14,820	1,559	82,894	1,145,232
At 30 June 2015 - fair value							
Gross carrying amount	1,376,719	29,520	4,011	74,473	35,543	209,410	1,729,676
Accumulated depreciation and impairment	(171,736)	(20,426)	(2,852)	(56,001)	(34,084)	(131,927)	(417,028)
Net Carrying Amount	1,204,981	9,094	1,159	18,472	1,459	77,483	1,312,648

For land and buildings, Fair Value was based on an independent assessment. This occurs at varying times across the FACS cluster.

Works in Progress totalling $190.919 million are included in property plant and equipment.
This is comprised of.
Land and Buildings $179.464 million, Plant and Equipment $2.138 million, Computer Hardware $0.170 million and Leasehold Improvements $9.147 million.

Reconciliation

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

CONSOLIDATED 2015

Year ended 30 June 2015	Land and Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture and Equipment $'000	Leasehold Improvements $'000	Total $'000
Net Carrying Amount at beginning of year	1,033,027	9,931	3,001	14,820	1,559	82,894	1,145,232
Additions	151,328	1,976	31	1,295	916	18,459	174,005
Assets recognised for the first time	1,000	23	-	-	-	-	1,023
Make good	-	-	-	-	-	(453)	(453)
Assets held for resale	(8,335)	-	-	-	-	-	(8,335)
Transfer between classes of assets	-	144	-	9,672	-	433	10,249
Disposals	(9,726)	(72)	(1,080)	(1)	(7)	(744)	(11,630)
Impairment losses *	(851)	-	-	-	-	-	(851)
Net revaluation increment less revaluation decrements	60,188	-	-	-	-	-	60,188
Depreciation expense	(21,650)	(2,908)	(793)	(7,314)	(1,009)	(23,106)	(56,780)
Net Carrying Amount at end of year	1,204,981	9,094	1,159	18,472	1,459	77,483	1,312,648

* Further details regarding the fair value measurement of property, plant and equipment are discussed in Note 15

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

14. Intangible Assets

PARENT

	Software $'000	Software under construction $'000	Internally developed assets $'000	Total $'000
At 1 July 2015				
Cost (gross carrying amount)	129,550	17,096	97,744	244,390
Accumulated amortisation and impairment	(120,109)	-	(64,147)	(184,256)
Net Carrying Amount	9,441	17,096	33,597	60,134
At 30 June 2016				
Cost (gross carrying amount)	116,658	59,409	104,373	280,440
Accumulated amortisation and impairment	(102,476)	-	(81,711)	(184,187)
Net Carrying Amount	14,182	59,409	22,662	96,253

Reconciliations

A reconciliation of the carrying amounts of each class of intangibles at the beginning and end of the current reporting period is set out below.

Year ended 30 June 2016	$'000	$'000	$'000	$'000
Net carrying amount at beginning of year	9,441	17,096	33,597	60,134
Additions	7	61,083	-	61,090
Transfer between classes #	11,194	(18,770)	6,629	(947)
Disposals	(1)	-	-	(1)
Increase in net assets from administrative restructuring (Note 20)	54	-	-	54
Amortisation expense	(6,513)	-	(17,564)	(24,077)
Net carrying amount at end of year	14,182	59,409	22,662	96,253

A review of intangibles was undertaken and there has been no change in the useful lives of the assets.
Refer to Note 13 for transfer between classes

At 1 July 2014				
Cost (gross carrying amount)	181,215	16,327	79,509	277,051
Accumulated amortisation and impairment	(157,290)	-	(51,459)	(208,749)
Net Carrying Amount	23,925	16,327	28,050	68,302
At 30 June 2015				
Cost (gross carrying amount)	129,550	17,096	97,744	244,390
Accumulated amortisation and impairment	(120,109)	-	(64,147)	(184,256)
Net Carrying Amount	9,441	17,096	33,597	60,134

Reconciliations

A reconciliation of the carrying amounts of each class of intangibles at the beginning and end of the prior reporting period is set out below.

Year ended 30 June 2015	$'000	$'000	$'000	$'000
Net carrying amount at beginning of year	23,925	16,327	28,050	68,302
Additions	450	32,967	1	33,418
Transfer between classes	2,643	(32,198)	19,306	(10,249)
Disposals	(4)	-	-	(4)
Amortisation expense	(17,573)	-	(13,760)	(31,333)
Net carrying amount at end of year	9,441	17,096	33,597	60,134

A review of intangibles was undertaken and there has been no change in the useful lives of the assets.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

14. Intangible Assets (continued)

CONSOLIDATED

	Software	Software under construction	Internally developed assets	Total
	$'000	$'000	$'000	$'000
At 1 July 2015				
Cost (gross carrying amount)	129,550	17,096	97,744	244,390
Accumulated amortisation and impairment	(120,109)	-	(64,147)	(184,256)
Net Carrying Amount	9,441	17,096	33,597	60,134
At 30 June 2016				
Cost (gross carrying amount)	116,658	59,409	104,373	280,440
Accumulated amortisation and impairment	(102,476)	-	(81,711)	(184,187)
Net Carrying Amount	14,182	59,409	22,662	96,253

Reconciliations

A reconciliation of the carrying amounts of each class of intangibles at the beginning and end of the current reporting period is set out below.

Year ended 30 June 2016	$'000	$'000	$'000	$'000
Net carrying amount at beginning of year	9,441	17,096	33,597	60,134
Additions	7	61,083	-	61,090
Transfer between classes of assets	11,194	(18,770)	6,629	(947)
Disposals	(1)	-	-	(1)
Increase in net assets from administrative restructuring (Note 20)	54	-	-	54
Amortisation expense	(6,513)	-	(17,564)	(24,077)
Net carrying amount at end of year	14,182	59,409	22,662	96,253

A review of intangibles was undertaken and there has been no change in the useful lives of the assets.

At 1 July 2014				
Cost (gross carrying amount)	181,215	16,327	79,509	277,051
Accumulated amortisation and impairment	(157,290)	-	(51,459)	(208,749)
Net Carrying Amount	23,925	16,327	28,050	68,302
At 30 June 2015				
Cost (gross carrying amount)	129,550	17,096	97,744	244,390
Accumulated amortisation and impairment	(120,109)	-	(64,147)	(184,256)
Net Carrying Amount	9,441	17,096	33,597	60,134

Reconciliations

A reconciliation of the carrying amounts of each class of intangibles at the beginning and end of the prior reporting period is set out below.

Year ended 30 June 2015	$'000	$'000	$'000	$'000
Net carrying amount at beginning of year	23,925	16,327	28,050	68,302
Additions	450	32,967	1	33,418
Transfer between classes of assets	2,643	(32,198)	19,306	(10,249)
Disposals	(4)	-	-	(4)
Amortisation expense	(17,573)	-	(13,760)	(31,333)
Net carrying amount at end of year	9,441	17,096	33,597	60,134

A review of intangibles was undertaken and there has been no change in the useful lives of the assets.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

15. Fair value measurement of non-financial assets

a) Fair value hierarchy

2016		Parent			
	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	13	-	416,591	900,409	1,317,000
Non-current assets held for sale	12	-	5,075	-	5,075
		-	421,666	900,409	1,322,075

2015		Parent			
	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	13	-	377,588	818,885	1,196,473
Non-current assets held for sale	12	-	2,541	-	2,541
		-	380,129	818,885	1,199,014

There were no transfers between Level 1 or 2 during the period

2016		CONSOLIDATED			
	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	13	-	421,663	904,256	1,325,919
Non-current assets held for sale	12	-	5,075	-	5,075
		-	426,738	904,256	1,330,994

2015		CONSOLIDATED			
	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	13	-	382,533	822,448	1,204,981
Non-current assets held for sale	12	-	2,541	-	2,541
		-	385,074	822,448	1,207,522

There were no transfers between Level 1 or 2 during the period

b) Valuation techniques, inputs and processes

A revaluation of FAC's properties has been performed by an external professionally qualified valuer as at 31 March 2016 using relevant indexation factors to update the 30 June 2015 carrying values. There has been no material movement in the valuation from that date until 30 June 2016.

The assets valued under level 2 inputs are valued using the market approach, due to the availability of market transactions and observable prices for similar assets. Valuers have considered matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment in determining the values. These values largely relate to all land assets and the majority of "buy/modify" building assets for which comparable values are available.

The assets valued under level 3 inputs are specialised assets which have been valued using the cost approach which is based on replacing the "service capacity" of the asset. These specialised assets are either:

- purpose built group homes where the replacement cost is based on actual construction costs incurred by FACS
- highly modified buildings which are significantly modified for the purpose of provision of care to FACS clients, and the replacement costs are based on actual costs incurred by FACS
- Large Residential Centres which are older, large institutional style buildings and valued by the external valuer at replacement value.

All level 3 inputs are checked by the valuer against the Rawlinson's Construction Handbook 2015/16.
All values are consistent with highest and best use of the asset.

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2016

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

Level	Asset Class	Valuation technique	Inputs	Processes
2	Land - Group homes - with buildings with minor modifications	Market Approach	Observable inputs - recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date, of valuation and current market sentiment	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment
3	Land - Group homes - with purpose built or significantly modified buildings	Market Approach	Observable inputs - recent sales in the residential property market considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment. Unobservable inputs - buildings on the land are either purpose built or significantly modified and as land and building are considered as one complete asset for existing use purposes, these assets are measured at level 3	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment. The unobservable level 3 inputs are not considered to impact on the values determined by the market approach considering existing use of the asset
3	Land - Large Residential Centres (LRC)	Market Approach	Observable inputs - land assets are considered special use assets with no direct comparable sales. The most relevant available site data for similar sites is considered using the highest and best use. Unobservable inputs - specialised buildings are located on the land and as land and buildings are considered as one complete asset these assets are measured at level 3.	These are large sites with few relevant recent sales of similar properties. Fair value is determined by considering the sales of the most relevant large properties. These provide a range of values per hectare and appropriate rate per hectare within the range to arrive at a fair value
2	Buildings - Group homes - with buildings with minor modifications	Market Approach	Observable inputs - recent sales of comparable properties with adjustment for condition, location, comparability etc	Visual inspection of the properties and assessment against recent sales of comparable properties with adjustment for condition, location, comparability etc
3	Buildings - purpose built or significantly modified group homes	Cost approach using costs incurred in the construction of purpose built or significantly modified properties	Observable inputs - actual construction costs are used for these purpose built and significantly modified buildings located on residential land. Unobservable inputs - the highly modified and costly nature of the buildings positioned on residential land and utilised for mandated services	Actual construction costs are checked against Rawlinson's Construction Handbook 2015
3	Buildings - (LRC)	Cost approach using replacement costs	Unobservable inputs - buildings are considered specialised assets where current market buying process cannot be observed. Construction cost per square metre applied to determine replacement cost.	For full valuations, visual inspection of the properties and assessment of replacement cost by independent registered valuer, using building areas and cost per square metre

c) Reconciliation of recurring Level 3 fair value measurements

	Consolidated	
	Land and Buildings $'000	Total Recurring $'000
Fair value as at 1 July 2015	822,448	822,448
Additions	105,044	105,044
Revaluation increments/decrements	59,082	59,082
Transfer to Level 2	(67,135)	(67,135)
Depreciation	(15,183)	(15,183)
Fair value as at 30 June 2016	904,256	904,256

	Consolidated	
	Land and Buildings $'000	Total Recurring $'000
Fair value as at 1 July 2014	673,155	673,155
Additions	139,738	139,738
Revaluation increments/decrements	27,695	27,695
Transfer from Level 2	(3,554)	(3,554)
Depreciation	(14,586)	(14,586)
Fair value as at 30 June 2015	822,448	822,448

Department of Family and Community Services
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	PARENT 2016 $'000	PARENT 2015 $'000	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
16. Current/Non-Current Liabilities - Payables				
Current				
Accrued salaries, wages and on-costs	10,233	47,615	10,233	48,016
Creditors	42,154	31,778	42,157	38,473
Accrued operating expenditure	71,787	354,645	71,925	356,448
Accrued capital expenditure	9,585	1,844	9,585	1,844
Unearned Revenue	1,124	2,551	1,124	2,551
GST payable	-	-	421	178
Amounts owing to other government agencies	356	289	356	289
Other creditors	69	57	164	178
Total payables	135,308	438,779	135,965	447,977

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

	PARENT 2016 $'000	PARENT 2015 $'000	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
17. Current / Non-Current Liabilities - Provisions				
Current				
Employee benefits and related on-costs				
Annual leave	106,242	112,486	106,532	126,072
Payroll tax	17,524	16,620	17,524	16,620
Long service leave and on-costs	21,614	20,043	21,857	35,742
Superannuation	-	-	1,282	-
Redundancy (i)	116,689	-	116,689	-
Workers' compensation	5,133	6,091	5,133	6,091
Total employee benefits and related on-costs	267,202	155,240	269,017	184,525
Other Provisions				
Restoration costs	8,189	9,084	8,189	9,931
Total other provisions	8,189	9,084	8,189	9,931
Total current provisions	275,391	164,324	277,206	194,456
Non-current				
Employee benefits and related on-costs				
Payroll tax	4,744	1,108	4,744	1,108
Long service leave and on-costs	2,643	2,395	2,643	5,216
Workers' compensation	108	97	108	97
Redundancy (i)	64,746	-	64,746	-
Superannuation	11,037	10,378	11,037	17,149
Total employee benefits and related on-costs	83,278	13,978	83,278	23,570

(i) Redundancy provision includes transfer, redundancy costs of $171.656 million relating to the transition of Direct Disability Services to the Non-Government sector as part of the Government's implementation of the National Disability Insurance Scheme (NDIS) in NSW.

	PARENT 2016 $'000	PARENT 2015 $'000	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
Other Provisions				
Social Benefit Bonds	6,720	6,565	6,720	6,565
Restoration costs	25,606	19,835	25,606	20,161
Total other provisions	32,326	26,400	32,326	26,726
Total non-current provisions	115,604	40,378	115,604	50,296
Total Provisions	390,995	204,702	392,810	244,752
Aggregate employee benefits and related on-costs				
Provisions - current	267,202	155,240	269,017	184,525
Provisions - non-current	83,278	13,978	83,278	23,570
Accrued salaries, wages and on-costs (Note 16)	10,233	47,615	10,233	48,016
	360,713	216,833	362,528	256,111

The current provision includes $7.342 million (2015: $14.604 million) of annual leave entitlements accrued but not expected to be taken within 12 months.

The current provision includes $0.576 million (2015: $8.203 million) of long service leave entitlements accrued that are expected to be settled in the next 12 months and $0.836 million (2015: $9.379 million) of entitlements that are not expected to be settled within 12 months.

Restoration costs provision is the present value of the FACS's obligation to make-good leased premises at the reporting date. The assumed settlement is based on contractual lease term. The amount and timing of each estimate is reassessed annually.

17. Current / Non-Current Liabilities - Provisions (continued)

Movement in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

PARENT	Social Benefit Bonds		Restoration costs	
	Total 2016 $'000	Total 2015 $'000	Total 2016 $'000	Total 2015 $'000
Carrying amount at the beginning of the financial year	6,565	6,122	28,919	31,725
Amounts transferred out as part of administrative restructure (Note 20)	-	-	(68)	-
Additional provision recognised	-	2	5,930	(453)
Amounts used	-	-	(57)	(2,529)
Unused amounts reversed	-	-	(1,418)	(277)
Change in discount rate	155	441	479	453
Carrying amount at the end of the financial	6,720	6,565	33,795	28,919

CONSOLIDATED	Social Benefit Bonds		Restoration costs	
	Total 2016 $'000	Total 2015 $'000	Total 2016 $'000	Total 2015 $'000
Carrying amount at the beginning of the financial year	6,565	6,122	30,092	32,892
Amounts transferred in as part of administrative restructure	-	-	(1,276)	-
Additional provision recognised	-	2	5,930	(453)
Amounts used	-	-	(15)	(2,529)
Unused amounts reversed	-	-	(1,418)	(281)
Change in discount rate	155	441	482	463
Carrying amount at the end of the financial	6,720	6,565	33,795	30,092

18. Current/Non Current Liabilities - Other

	PARENT		CONSOLIDATED	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Lease incentives	298	71	298	71
	298	71	298	71
Non-current				
Lease incentives	604	447	604	447
	604	447	604	447

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19. Superannuation

PARENT ENTITY 2016	Note	SASS 30-Jun-16	SANCS 30-Jun-16	SSS 30-Jun-16	TOTAL 30-Jun-15
Member Numbers					
Contributors		3	3	-	6
Deferred benefits		-	-	-	-
Pensioners		-	-	7	7
Pensions fully commuted		-	-	-	-
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		1,353	277	14,936	16,566
Estimated reserve account balance		(470)	36	(5,095)	(5,529)
1. Deficit/(surplus)		883	313	9,841	11,037
2. Future Service Liability (Note 2)		274	115	-	389
3. Surplus in excess of recovery available from schemes (-1. -2. and subject to a minimum of zero)		-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)		883	313	9,841	11,037

PARENT ENTITY 2015	Note	SASS 30-Jun-15	SANCS 30-Jun-15	SSS 30-Jun-15	TOTAL 30-Jun-15
Member Numbers					
Contributors		3	6	3	12
Deferred benefits		-	-	-	-
Pensioners		-	-	5	5
Pensions fully commuted		-	-	-	-
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		1,214	587	14,962	16,763
Estimated reserve account balance		(366)	(259)	(5,760)	(6,385)
1. Deficit/(surplus)		848	328	9,202	10,378
2. Future Service Liability (Note 2)		255	172	230	657
3. Surplus in excess of recovery available from schemes (-1. -2. and subject to a minimum of zero)		-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)		848	328	9,202	10,378

CONSOLIDATED ENTITY 2016	Note	SASS 30-Jun-16	SANCS 30-Jun-16	SSS 30-Jun-16	TOTAL 30-Jun-16
Member Numbers					
Contributors		6	6	-	12
Deferred benefits		-	-	-	-
Pensioners		-	-	10	10
Pensions fully commuted		-	-	1	1
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		1,866	339	17,873	20,078
Estimated reserve account balance		(14,731)	(119)	(6,750)	(21,600)
1. Deficit/(surplus)		(12,865)	220	11,123	(1,522)
2. Future Service Liability (Note 2)		325	123	-	448
3. Surplus in excess of recovery available from schemes (-1. -2. and subject to a minimum of zero)		12,416	84	-	12,500
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)		(449)	304	11,123	10,978
Deduct					
Home Care Services net asset fund balances	9	1,332	9		1,341
Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	17	883	313	11,123	12,319

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19. Superannuation (continued)

CONSOLIDATED ENTITY 2015	Note	SASS 30-Jun-15	SANCS 30-Jun-15	SSS 30-Jun-15	TOTAL 30-Jun-15
Member Numbers					
Contributors		164	168	4	336
Deferred benefits		-	-	-	-
Pensioners		-	-	8	8
Pensions fully commuted		-	-	1	1
Superannuation Position for AASB 119 purposes		$'000	$'000	$'000	$'000
Accrued liability (Note 1)		38,827	5,642	18,986	63,455
Estimated reserve account balance		(33,176)	(5,046)	(8,084)	(46,306)
1. Deficit/(surplus)		5,651	596	10,902	17,149
2. Future Service Liability (Note 2)		5,084	1,373	394	6,851
3. Surplus in excess of recovery available from schemes (-1. -2. and subject to a minimum of zero)		-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)		5,651	596	10,902	17,149

Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Note 2:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision)

Nature of the benefits provided by the fund - Para 139 (a)(I).

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:
- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework - Para 139(a)(II)

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation will be performed at 30 June 2018.

Description of other entities' responsibilities for the governance of the fund - Para 139(a)(III)

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles

* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
* Management and investment of the fund assets; and
* Compliance with other applicable regulations.

19. **Superannuation (continued)**

Description of risks - Para 139(b)

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
* **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.
* **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
* **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
* **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events - Para 139(c)

There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)

PARENT ENTITY 2016	SASS 2016 $'000	SANCS 2016 $'000	SSS 2016 $'000	TOTAL 2016 $'000
Net Defined Benefit Liability/(Asset) at start of year	848	328	9,202	10,378
Current service cost	43	22	7	72
Net Interest on the net defined benefit liability/(asset)	24	9	280	313
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(3)	5	5	7
Actuarial (gains)/losses arising from changes in demographic assumptions	4	(96)	289	197
Actuarial (gains)/losses arising from changes in financial assumptions	62	23	1,970	2,055
Actuarial (gains)/losses arising from liability experience	(9)	85	(1,982)	(1,906)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(86)	(63)	70	(79)
Net Defined Benefit Liability/(Asset) at end of year	883	313	9,841	11,037

PARENT ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Net Defined Benefit Liability/(Asset) at start of year	2,390	(14)	51,236	53,612
Less amounts assumed by the Crown - Equity Transfer June 2014	(1,594)	353	(42,808)	(44,049)
Current service cost	55	39	81	175
Net Interest on the net defined benefit liability/(asset)	28	11	300	339
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(34)	(20)	(414)	(468)
Actuarial (gains)/losses arising from changes in demographic assumptions	(1)	-	(6)	(7)
Actuarial (gains)/losses arising from changes in financial assumptions	26	19	1,280	1,325
Actuarial (gains)/losses arising from liability experience	13	(40)	(397)	(424)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(35)	(20)	(70)	(125)
Net Defined Benefit Liability/(Asset) at end of year	848	328	9,202	10,378

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19. **Superannuation (continued)**

CONSOLIDATED ENTITY 2016	SASS 2016 $'000	SANCS 2016 $'000	SSS 2016 $'000	TOTAL 2016 $'000
Net Defined Benefit Liability/(Asset) at start of year	5,653	594	10,901	17,148
Current service cost	903	160	30	1,093
Net Interest on the net defined benefit liability/(asset)	(66)	12	333	279
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(180)	80	14	(86)
Actuarial (gains)/losses arising from changes in demographic assumptions	4	(96)	374	282
Actuarial (gains)/losses arising from changes in financial assumptions	70	25	2,315	2,410
Actuarial (gains)/losses arising from liability experience	866	678	(2,985)	(1,441)
Adjustment for effect of asset ceiling	12 416	84	-	12,500
Employer contributions	(3,594)	(439)	141	(3,892)
Transfer from the Crown superannuation reserve account *	(13,620)	-	-	(13,620)
Effect of transfers out due to business combinations and disposals	(2,901)	(794)	-	(3,695)
Net Defined Benefit Liability/(Asset) at end of year	(449)	304	11,123	10,978

* The transfer from the Crown superannuation reserve account to the reserve account of Home Care Service Staff Agency (HCSSA) was based on State Super's advice to Treasury that a 'top-up' of this amount would be required to avoid Home Care's Reserve Account going into negative when State Super Scheme contributors are transferred from HCSSA to Australian Unity Home Care Service Pty Ltd (AUS) a subsidiary of (AU).

CONSOLIDATED ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Net Defined Benefit Liability/(Asset) at start of year	7,218	508	52,031	59,757
Less amounts assumed by the Crown - Equity Transfer June 2014	(1,594)	353	(42,808)	(44,049)
Current service cost	1,390	281	81	1,752
Net Interest on the net defined benefit liability/(asset)	180	26	327	533
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(2,538)	(390)	(582)	(3,510)
Actuarial (gains)/losses arising from changes in demographic assumptions	(15)	(1)	(4)	(20)
Actuarial (gains)/losses arising from changes in financial assumptions	538	145	1,647	2,330
Actuarial (gains)/losses arising from liability experience	1,643	(104)	279	1,818
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(1,171)	(220)	(70)	(1,461)
Net Defined Benefit Liability/(Asset) at end of year	5,651	598	10,901	17,150

Reconciliation of the Fair Value of Fund Assets - Para 140(a)(i)

PARENT ENTITY 2016	SASS 2016 $'000	SANCS 2016 $'000	SSS 2016 $'000	TOTAL 2016 $'000
Fair value of Fund assets at beginning of the period	366	259	5,761	6,386
Less amounts assumed by the Crown - Equity Transfer June 2014	-	-	-	-
Interest income	11	8	167	186
Actual return on Fund assets less Interest income	3	(5)	(5)	(7)
Employer contributions	86	63	(70)	79
Contributions by participants	16	-	49	65
Benefits paid	(3)	(357)	(801)	(1,161)
Taxes, premiums & expenses paid	(9)	(4)	(6)	(19)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	470	(36)	5,095	5,529

PARENT ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Fair value of Fund assets at beginning of the period	18,833	5,743	61 638	86,214
Less amounts assumed by the Crown - Equity Transfer June 2014	(18,304)	(5,366)	(55,853)	(79,523)
Interest income	18	13	202	233
Actual return on Fund assets less Interest income	34	20	414	468
Employer contributions	35	20	71	126
Contributions by participants	23	-	53	76
Benefits paid	(264)	(168)	(749)	(1,181)
Taxes, premiums & expenses paid	(9)	(3)	(15)	(27)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	366	259	5,761	6,386

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19. Superannuation (continued)

CONSOLIDATED ENTITY 2016	SASS 2016 $'000	SANCS 2016 $'000	SSS 2016 $'000	TOTAL 2016 $'000
Fair value of Fund assets at beginning of the period	33,176	5,045	8,085	46,306
Interest income	776	102	229	1,107
Actual return on Fund assets less Interest income	180	(80)	(14)	86
Employer contributions	3,594	439	(141)	3,892
Transfer from the Crown superannuation reserve account	13,620	-	-	13,620
Contributions by participants	522	-	58	580
Benefits paid	(4,064)	(1,096)	(1,473)	(6,633)
Taxes, premiums & expenses paid	(618)	(53)	6	(665)
Transfers out due to business combinations and disposals	(32,455)	(4,238)	-	(36,693)
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	**14,731**	**119**	**6,750**	**21,600**

CONSOLIDATED ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Fair value of Fund assets at beginning of the period	51,125	10,313	63,310	124,748
Less amounts assumed by the Crown - Equity Transfer June 2014	(18,304)	(5,366)	(55,853)	(79,523)
Interest income	1,089	165	260	1,514
Actual return on Fund assets less Interest income	2,538	390	582	3,510
Employer contributions	1,171	220	71	1,462
Contributions by participants	569	-	53	622
Benefits paid	(4,817)	(757)	(337)	(5,911)
Taxes, premiums & expenses paid	(195)	80	(1)	(116)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Fair value of Fund assets at end of the year	**33,176**	**5,045**	**8,085**	**46,306**

Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)

PARENT ENTITY 2016	SASS 2016 $'000	SANCS 2016 $'000	SSS 2016 $'000	TOTAL 2016 $'000
Present value of defined benefit obligations at beginning of the period	1,214	588	14,962	16,764
Current service cost	43	22	7	72
Interest cost	35	16	448	499
Contributions by participants	16	-	49	65
Actuarial (gains)/losses arising from changes in demographic assumptions	4	(96)	289	197
Actuarial (gains)/losses arising from changes in financial assumptions	62	23	1,970	2,055
Actuarial (gains)/losses arising from liability experience	(9)	85	(1,982)	(1,906)
Benefits paid	(3)	(357)	(801)	(1,161)
Taxes, premiums & expenses paid	(9)	(4)	(6)	(19)
Transfers out due to business combinations and disposals	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	**1,353**	**277**	**14,936**	**16,566**

PARENT ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Present value of defined benefit obligations at beginning of the period	21,223	5,729	112,874	139,826
Less amounts assumed by the Crown - Equity Transfer June 2014	(19,898)	(5,013)	(98,661)	(123,572)
Current service cost	55	39	81	175
Interest cost	46	25	502	573
Contributions by participants	23	-	53	76
Actuarial (gains)/losses arising from changes in demographic assumptions	(1)	-	(6)	(7)
Actuarial (gains)/losses arising from changes in financial assumptions	26	19	1,280	1,325
Actuarial (gains)/losses arising from liability experience	13	(40)	(397)	(424)
Benefits paid	(264)	(168)	(749)	(1,181)
Taxes, premiums & expenses paid	(9)	(3)	(15)	(27)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	**1,214**	**588**	**14,962**	**16,764**

Department of Family and Community Services
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19. Superannuation (continued)

CONSOLIDATED ENTITY 2016	SASS 2016 $'000	SANCS 2016 $'000	SSS 2016 $'000	TOTAL 2016 $'000
Present value of defined benefit obligations at beginning of the period	38,827	5,644	18,985	63,456
Current service cost	903	160	30	1,093
Interest cost	712	109	569	1,390
Contributions by participants	522	-	58	580
Actuarial (gains)/losses arising from changes in demographic assumptions	4	(96)	374	282
Actuarial (gains)/losses arising from changes in financial assumptions	70	25	2,315	2 410
Actuarial (gains)/losses arising from liability experience	865	678	(2,985)	(1,441)
Benefits paid	(4,064)	(1,096)	(1,473)	(6,633)
Taxes, premiums & expenses paid	(618)	(53)	-	(671)
Transfers out due to business combinations and disposals	(35,356)	(5,032)	-	(40,388)
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	1,866	339	17,873	20,078

CONSOLIDATED ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Present value of defined benefit obligations at beginning of the period	58,343	10,821	115,341	184,505
Less amounts assumed by the Crown - Equity Transfer June 2014	(19,898)	(5,013)	(98,661)	(123,572)
Current service cost	1,390	281	81	1,752
Interest cost	1,269	192	588	2,049
Contributions by participants	569	-	53	622
Actuarial (gains)/losses arising from changes in demographic assumptions	(15)	(1)	(4)	(20)
Actuarial (gains)/losses arising from changes in financial assumptions	538	145	1,647	2,330
Actuarial (gains)/losses arising from liability experience	1,643	(104)	278	1,817
Benefits paid	(4,817)	(757)	(337)	(5,911)
Taxes premiums & expenses paid	(195)	80	(1)	(116)
Transfers in	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
Present value of defined benefit obligations at end of the year	38,827	5,644	18,985	63,456

Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)

PARENT ENTITY 2016	SASS 2016 $'000	SANCS 2016 $'000	SSS 2016 $'000	TOTAL 2016 $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-	-

PARENT ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-	-

CONSOLIDATED ENTITY 2016	SASS 2016 $'000	SANCS 2016 $'000	SSS 2016 $'000	TOTAL 2016 $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	12,416	84	-	12,500
Adjustment for effect of asset ceiling at end of the year	12,416	84	-	12,500

CONSOLIDATED ENTITY 2015	SASS 2015 $'000	SANCS 2015 $'000	SSS 2015 $'000	TOTAL 2015 $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-	-

The adjustments for the effect of the asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.

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Notes to and forming part of the financial statements *for the year ended 30 June 2016*

19. Superannuation (continued)

Fair value of Fund assets - Para 142

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

As at 30 June 2016

Asset category	Total (A$'000)	Quoted prices in active markets for identical assets Level 1 (A$'000)	Significant observable inputs Level 2 (A$'000)	Unobservable inputs Level 3 (A$'000)
Short Term Securities	2,050,414	2,044,454	5,960	-
Australian Fixed Interest	2,720,590	2,725	2,717,865	-
International Fixed Interest	834,373	(1,358)	835,731	-
Australian Equities	9,720,878	9,171,767	549,087	24
International Equities	12,093,667	9,026,207	2,078,766	988,694
Property	3,650,267	1,113,253	618,946	1,918,068
Alternatives	7,115,949	470,130	3,122,185	3,523,634
Total*	**38,186,138**	**21,827,178**	**9,928,540**	**6,430,420**

As at 30 June 2015

Asset category	Total (A$'000)	Quoted prices in active markets for identical assets Level 1 (A$'000)	Significant observable inputs Level 2 (A$'000)	Unobservable inputs Level 3 (A$'000)
Short Term Securities	2,641,516	95,603	2,545,913	-
Australian Fixed Interest	2,656,598	958	2,638,759	16,881
International Fixed Interest	1,003,849	(110)	1,003,959	-
Australian Equities	10,406,940	9,898,541	503,999	4,400
International Equities	13,111,481	9,963,287	2,585,150	563,044
Property	3,452,609	948,421	718,406	1,785,782
Alternatives	7,170,187	622,102	3,020,225	3,527,860
Total*	**40,443,180**	**21,528,802**	**13,016,411**	**5,897,967**

The percentage invested in each asset class at the reporting date is:

As at	30-Jun-16
Short Term Securities	5.4%
Australian Fixed Interest	7.1%
International Fixed Interest	2.2%
Australian Equities	25.5%
International Equities	31.7%
Property	9.6%
Alternatives	18.5%
Total	**100.0%**

*Additional to the assets disclosed above, at 30 June 2016 Pooled Fund has provisions for receivables/(payables) estimated to be around $2.83 billion, giving an estimated assets totalling around $41.01 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.
Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.
Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares, unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

19. Superannuation (continued)

Fair value of entity's own financial instruments - Para 143

The fair value of the Pooled Fund assets include as at 30 June 2016 of $189.6 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:
- SAS Trustee Corporation occupies part of a property owned by the Pooled Fund with a fair value of $222 million (30 June 2015: $159 million)
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of $243 million (30 June 2015 $204 million)

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30-Jun-16
Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.5% pa 2016/2017 to 2018/2019, 3.5% pa 2019/2020 and 2020/2021, 3.00% pa 2021/2022 to 2025/2026 and 3.5% pa thereafter
Rate of CPI increase	1.50% pa 2015/2016 1.75% 2016/2017, 2.25% 2017/2018; and 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report from the trustee's website. The report shows the pension mortality rates for each age.

As at	30-Jun-15
Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.5% pa 2015/2016 to 2018/2019, 3.5% pa 2019/2020, 3.00% pa 2021/2022 to 2024/2025 and 3.5% pa thereafter
Rate of CPI increase	2.50% pa 2015/2016, 2.75% 2016/2017 & 2017/2018 and 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report from the trustee's website. The report shows the pension mortality rates for each age.

Sensitivity Analysis - Para 145

The entity's total defined benefit obligation as at 30 June 2016 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset value at 30 June 2016.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

PARENT ENTITY	2016	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate		1.99%	0.99%	2.99%
Rate of CPI increase		as above	as above	as above
Salary inflation rate		as above	as above	as above
Defined benefit obligation (A$)		16,566,547	19,378,170	14,313,610

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rate plus 0.5% pa	above rate less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	16,566,547	17,854,261	15,404,406

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5%	above rates less 0.5%
Defined benefit obligation (A$)	16,566,547	16,609,752	16,525,810

	Base Case	Scenario G Higher Mortality *	Scenario H Lower Mortality **
Defined benefit obligation (A$)	16,566,547	16,377,319	16,924,508

* Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2016 to 2021
** Assumes the short term pensioner mortality improvement factors for years 2016 - 2021 also apply for years after 2021
The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Department of Family and Community Services
Notes to and forming part of the financial statements for the year ended 30 June 2016

19. Superannuation (continued)

PARENT ENTITY	2015	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate		3.03%	2.03%	4.03%
Rate of CPI increase		as above	as above	as above
Salary inflation rate		as above	as above	as above
Defined benefit obligation (A$)		16,763,747	19,607,400	14,493,565

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	16,763,747	17,995,879	15,651,742

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A$)	16,763,747	16,874,907	16,655,576

	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A$)	16,763,747	16,600,320	16,937,252

CONSOLIDATED ENTITY	2016	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate		1.99%	0.99%	2.99%
Rate of CPI increase		as above	as above	as above
Salary inflation rate		as above	as above	as above
Defined benefit obligation (A$)		20,077,847	23,386,606	17,423,256

CONSOLIDATED ENTITY	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rate plus 0.5% pa	above rate less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	20,077,847	21,597,324	18,705,725

CONSOLIDATED ENTITY	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5%	above rates less 0.5%
Defined benefit obligation (A$)	20,077,847	20,125,802	20,032,500

	Base Case	Scenario G Higher Mortality *	Scenario H Lower Mortality **
Defined benefit obligation (A$)	20,077,847	19,857,839	20,491,130

* Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2016 to 2021
** Assumes the short term pensioner mortality improvement factors for years 2016 - 2021 also apply for years after 2021
The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions

19. Superannuation (continued)

CONSOLIDATED ENTITY	2015	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate		3.57%	2.57%	4.57%
Rate of CPI increase		as above	as above	as above
Salary inflation rate		as above	as above	as above
Defined benefit obligation (A$)		63,456,285	68,451,767	59,303,510

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	63,456,285	65,027,604	62,037,282

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A$)	63,456,285	64,235,685	62,700,464

	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A$)	63,456,285	63,247,523	63,677,925

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies - Para 146

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements - Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

19. Superannuation (continued)

Surplus/deficit

The following is a summary of the 30 June 2016 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

PARENT ENTITY	SASS 30-Jun-16 $'000	SANCS 30-Jun-16 $'000	SSS 30-Jun-16 $'000	Total 30-Jun-16 $'000
Accrued benefits	1,040	166	6,629	7,835
Net market value of Fund assets	(470)	36	(5,095)	(5,529)
Net (surplus)/deficit	570	202	1,534	2,306

PARENT ENTITY	SASS 30-Jun-15 $'000	SANCS 30-Jun-15 $'000	SSS 30-Jun-15 $'000	Total 30-Jun-15 $'000
Accrued benefits	959	443	7,128	8,530
Net market value of Fund assets	(366)	(259)	(5,761)	(6,386)
Net (surplus)/deficit	593	184	1,367	2,144

CONSOLIDATED ENTITY	SASS 30-Jun-16 $'000	SANCS 30-Jun-16 $'000	SSS 30-Jun-16 $'000	Total 30-Jun-16 $'000
Accrued benefits	1,521	221	8,100	9,842
Net market value of Fund assets	(14,731)	(119)	(6,750)	(21,600)
Net (surplus)/deficit	(13,210)	102	1,350	(11,758)

CONSOLIDATED ENTITY	SASS 30-Jun-15 $'000	SANCS 30-Jun-15 $'000	SSS 30-Jun-15 $'000	Total 30-Jun-15 $'000
Accrued benefits	35,086	4,779	9,044	48,909
Net market value of Fund assets	(33,176)	(5,046)	(8,085)	(46,307)
Net (surplus)/deficit	1,910	(267)	959	2,602

Contribution recommendations

Recommended contribution rates for the entity are.

2016	SASS multiple of member contribution	SANCS % member salary	SSS multiple of member contribution
	0 - 1.9	0 - 2.5	0 - 0.9

2015	SASS multiple of member contribution	SANCS % member salary	SSS multiple of member contribution
	1.9	2.5	0.0 - 0.9

Economic assumptions

The economic assumptions adopted for the 30 June 2015 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions	2016	2015
Expected rate of return on Fund assets backing current pension liabilities	7.8% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	6.8% pa	7.3% pa
Expected salary increase rate (excluding promotional salary increases)	3.0% to 30 June 2019 then 3.5% pa thereafter	SASS, SANCS SSS 2.7% pa (PSS 3 5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2 5% pa	2.5% pa

Department of Family and Community Services
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19. Superannuation (continued)

Expected contributions - Para 147(b)

PARENT ENTITY	2016	SASS Financial Year to 30 June 2017 $'000	SANCS Financial Year to 30 June 2017 $'000	SSS Financial Year to 30 June 2017 $'000	Total Financial Year to 30 June 2017 $'000
Expected employer contributions		30	19	46	95

PARENT ENTITY	2015	SASS Financial Year to 30 June 2016 $'000	SANCS Financial Year to 30 June 2016 $'000	SSS Financial Year to 30 June 2016 $'000	Total Financial Year to 30 June 2016 $'000
Expected employer contributions		44	25	49	118

CONSOLIDATED ENTITY	2016	SASS Financial Year to 30 June 2017 $'000	SANCS Financial Year to 30 June 2017 $'000	SSS Financial Year to 30 June 2017 $'000	Total Financial Year to 30 June 2017 $'000
Expected employer contributions		30	19	46	95

CONSOLIDATED ENTITY	2015	SASS Financial Year to 30 June 2016 $'000	SANCS Financial Year to 30 June 2016 $'000	SSS Financial Year to 30 June 2016 $'000	Total Financial Year to 30 June 2016 $'000
Expected employer contributions		1,082	220	49	1,351

Maturity profile of defined benefit obligation - Para 147(c)

The weighted average duration of the defined benefit obligation is 15 years (2015 5.7 years)

Profit and Loss Impact

PARENT ENTITY	2016	SASS Financial Year to 30 June 2016 $'000	SANCS Financial Year to 30 June 2016 $'000	SSS Financial Year to 30 June 2016 $'000	Total Financial Year to 30 June 2016 $'000
Current service cost		43	22	7	72
Net interest		24	9	280	313
Past service cost		-	-	-	-
(Gains)/Loss on settlement		-	-	-	-
Defined benefit cost		67	31	287	385

PARENT ENTITY	2015	SASS Financial Year to 30 June 2015 $'000	SANCS Financial Year to 30 June 2015 $'000	SSS Financial Year to 30 June 2015 $'000	Total Financial Year to 30 June 2015 $'000
Current service cost		55	39	81	175
Net interest		28	11	300	339
Past service cost		-	-	-	-
(Gains)/Loss on settlement		-	-	-	-
Defined benefit cost		83	50	381	514

CONSOLIDATED ENTITY	2016	SASS Financial Year to 30 June 2016 $'000	SANCS Financial Year to 30 June 2016 $'000	SSS Financial Year to 30 June 2016 $'000	Total Financial Year to 30 June 2016 $'000
Current service cost		903	160	30	1,093
Net interest		(66)	12	333	279
Past service cost		-	-	-	-
(Gains)/Loss on settlement		-	-	-	-
Defined benefit cost		837	172	363	1,372

Department of Family and Community Services
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19. Superannuation (continued)

CONSOLIDATED ENTITY (continued)	2015	SASS Financial Year to 30 June 2015 $'000	SANCS Financial Year to 30 June 2015 $'000	SSS Financial Year to 30 June 2015 $'000	Total Financial Year to 30 June 2015 $'000
Current service cost		1,390	281	81	1,752
Net interest		180	26	328	534
Past service cost		-	-	-	-
(Gains)/Loss on settlement		-	-	-	-
Defined benefit cost		1,570	307	409	2,286

Other Comprehensive Income

PARENT ENTITY	2016	SASS Financial Year to 30 June 2016 $'000	SANCS Financial Year to 30 June 2016 $'000	SSS Financial Year to 30 June 2016 $'000	Total Financial Year to 30 June 2016 $'000
Actuarial (gains) losses on liabilities		57	13	277	347
Actual return on Fund assets less Interest income		(3)	5	5	7
Adjustment for effect of asset ceiling		-	-	-	-
Total remeasurement in Other Comprehensive Income		54	18	282	354

PARENT ENTITY	2015	SASS Financial Year to 30 June 2015 $'000	SANCS Financial Year to 30 June 2015 $'000	SSS Financial Year to 30 June 2015 $'000	Total Financial Year to 30 June 2015 $'000
Actuarial (gains) losses on liabilities		38	(21)	877	894
Actual return on Fund assets less Interest income		(34)	(20)	(414)	(468)
Adjustment for effect of asset ceiling		-	-	-	-
Total remeasurement in Other Comprehensive Income		4	(41)	463	426

CONSOLIDATED ENTITY	2016	SASS Financial Year to 30 June 2016 $'000	SANCS Financial Year to 30 June 2016 $'000	SSS Financial Year to 30 June 2016 $'000	Total Financial Year to 30 June 2016 $'000
Actuarial (gains) losses on liabilities		941	607	(296)	1,252
Actual return on Fund assets less Interest income		(180)	80	14	(86)
Change in the effect of asset ceiling		12,416	84	-	12,500
Total remeasurement in Other Comprehensive Income		13,177	771	(282)	13,666

CONSOLIDATED ENTITY	2015	SASS Financial Year to 30 June 2015 $'000	SANCS Financial Year to 30 June 2015 $'000	SSS Financial Year to 30 June 2015 $'000	Total Financial Year to 30 June 2015 $'000
Actuarial (gains) losses on liabilities		2,166	39	1,922	4,127
Actual return on Fund assets less Interest income		(2,538)	(390)	(582)	(3,510)
Adjustment for effect of asset ceiling		-	-	-	-
Total remeasurement in Other Comprehensive Income		(372)	(351)	1,340	617

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Notes to and forming part of the financial statements *for the year ended 30 June 2016*

20. Increase/(Decrease) in Net Assets from Equity Transfers

During the financial year ending 30 June 2016 the following equity transfers occurred.

- From 1 July 2015, the Office of Communities (OOC) (except the Office of Aboriginal Affairs) transferred from the Department of Education to FACS. Included in OOC is the Advocate for Children and Young People (ACYP)
- From 1 July 2015, Women NSW was transferred from FACS to the Ministry of Health No assets or liabilities were transferred to or recognised by the Ministry of Health as part of the transfer
- On 19 February 2016, assets and liabilities of Home Care Services of NSW (HCS) were transferred via a vesting order to an Implementation Company, established by the State Government to facilitate the sale of HCS to Australian Unity Limited.

During the financial year ending 30 June 2015 there were no equity transfers.

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 Contributions by Owners Made to Wholly- Owned Public Sector Entities.

Equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the Department recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Department does not recognise that asset.

2016	FACS Transfer to Implementation Co. $'000	OOC transfer to FACS $'000	Parent Net Assets transferred to FACS $'000	HCS Transfer to Implementation Co. $'000	Consolidated Net Assets transferred to FaCS $'000
ASSETS					
Current Assets					
Cash and cash equivalents	(1,101)	2,075	974	(54,106)	(53,132)
Receivables	-	397	397	(3,977)	(3,580)
Total Current Assets	(1,101)	2,472	1,371	(58,083)	(56,712)
Non-Current Assets					
Land and buildings	-	-	-	(534)	(534)
Plant and equipment	(200)	29	(171)	(192)	(363)
Total property, plant and equipment	(200)	29	(171)	(726)	(897)
Intangible assets	-	54	54	-	54
Total Non-Current Assets	(200)	83	(117)	(726)	(843)
Total Assets	(1,301)	2,555	1,254	(58,809)	(57,555)
LIABILITIES					
Current Liabilities					
Payables	-	(304)	(304)	29,942	29,638
Provisions	426	(644)	(218)	35,840	35,622
Total Current Liabilities	426	(948)	(522)	65,782	65,260
Non-Current Liabilities					
Provisions	675	(166)	509	-	509
Total Non-Current Liabilities	675	(166)	509	-	509
Total Liabilities	1,101	(1,114)	(13)	65,782	65,769
Net Assets	(200)	1,441	1,241	6,973	8,214
Increase in net assets from equity transfers					8,214

Department of Family and Community Services
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	PARENT		CONSOLIDATED	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000

21. Commitments for Expenditure

(a) Capital Commitments

Aggregate capital expenditure contracted for at balance date and not provided for:

	2016 Parent $'000	2015 Parent $'000	2016 Consolidated $'000	2015 Consolidated $'000
Not later than one year	69,633	2,843	69,633	2,843
Later than one and not later than five years	10,771	-	10,771	-
Total (including GST)	80,404	2,843	80,404	2,843

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

	2016 Parent $'000	2015 Parent $'000	2016 Consolidated $'000	2015 Consolidated $'000
Not later than one year	90,573	90,934	90,573	93,522
Later than one year but not later than five years	156,090	133,335	156,090	135,076
Later than five years	31,960	38,180	31,960	38,180
Total (including GST)	278,623	262,449	278,623	266,778

Operating leases relate to office accommodation, community service centres and motor vehicles. The entity does not have an option to purchase the leased asset at the expiry of the lease period. These commitments will be met from future appropriations.

The commitments in (a) and (b) above are not recognised in the financial statements as liabilities. The total commitments above include input tax credits of $32.639 million (2015: $24.511 million) that are expected to be recovered from the Australian Taxation Office.

22. Contingent Liabilities and Contingent Assets

Contingent Liabilities

Claims have been made against FACS, which if the claimant is successful, the legal costs, disbursements and financial settlements estimated to be $1.42 million (2015 $Nil) will be met by FACS. Other claims have been made agasinst FACS whereby any damages or penalties awarded are to be met by FACS, $0.05 million (2015 $Nil).

Various claims have been made against FACS, which if the claimant is successful, the settlements will be met by NSW Treasury Managed Fund.

Various other claims totalling $34.8 million (2015: $47.8 million) have also been made against FACS, which, if successful, would be met by the Crown from the solvency fund. These claims are not contingent liabilities of FACS as they are pre NSW Treasury Managed Fund claims.

Contingent Assets

No claims have been made by FACS which, if successful, would result in financial benefits to FACS.

23. Social Benefit Bonds Trial

FACS has entered into two Social Benefit Bond (SBB) Trials as part of the government's initiative to improve social outcomes. The SBB's are financial instruments that are issued to private investors, where the returns the investors receive are based on the achievement of agreed social outcomes. The capital provided by the private investors will be used to fund specific social services to the community by a selected Non-Government Organisation ("NGO").

(a) The Benevolent Society Social Benefit Trust No: 1

The Benevolent Society Social Benefit Trust No: 1 ("TBS") has been contracted by FACS to provide a Family Preservation Services over the next 5 years to families in western, south west and central Sydney. The terms between FACS and TBS are covered in the Outcome Based Agreement ("OBA") effective 30 June 2013.

FACS has paid in 2013-14 a standing charge of $5.750 million, which can be recovered if the OBA is terminated early for cause. Under the OBA FACS has a requirement to refer a minimum number of families to TBS. At the end of year 5, based on agreed outcomes, FACS is expected to pay a performance fee in addition to the upfront standing charge based on an agreed performance improvement percentage as covered in the OBA. There is no intention by FACS to provide additional financial support to TBS in the future. A prepayment for the standing charge has been made calculated at $2.6 million (2015 $3.7 million) present value and is included under prepayments at Note 9.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

23. Social Benefit Bonds Trial (continued)

(b) Newpin Society Social Benefit Bond

FACS has estimated the performance payment at $7.0 million to be payable at 30 June 2016. This is included as a provision under note: 17 at a present value of $6.7 million (2015: $6.6 million). FACS maximum exposure to the Special Purpose Entity (SPE) is $20.75 million ($5.75 million upfront payment and $15 million performance payment) in the event a performance improvement percentage of 40% is achieved .

The Newpin Society Social Benefit Bond through the Uniting Care NSW.ACT ("the Organisation") has been contracted by FACS to provide a Intensive Restorations Service through support and counselling programs to eligible families over the next 7 years. The terms between FACS and the organisation are covered in the Deed of implementation Agreement executed on 21 March 2013.

FACS has agreed to pay a standing quarterly charge, paid in arrears. The agreement provides for three groups of families. The level of outcome payments to be made is dependant on the performance of the Organisation with respect to each group. An accrual based on performance of $7.0 million (2015: $3.1 million) has been made and is included at Note 16.

24. Budget Review

The following analysis is provided comparing the Actual 2016 to the Budget 2016 as shown on the financial statements.

Net Result
The consolidated actual net result was lower than budget by $208.9 million.
Total expenditure was $120 million higher than budget, total revenue $72.3 million lower than budget and gains and losses $16.6 million lower than budget.

Expenditure

The variation to budget is due to the following items:

- transfer payments and redundancy expenses of ($171.7) million and associated payroll tax of ($9.3) million (refer note: 2a) in relation to the implementation of the National Disability Insurance Scheme (NDIS).
- higher other redundancy expenses ($25.1) million, higher Long Service Leave 'LSL' expenses ($31.7) million due to the end of year LSL valuation and higher other employee on costs of ($2.2) million.
- lower other employee expenses of $17.1 million.
- lower other operating expenses of $27.7 million due primarily to the transfer to grants of $31 million to meet Out of Home Care budget pressure.
- lower grants of $8.3 million.
- lower depreciation expense of $2.5 million due to the timing of capitalisation of assets.
- lower gains and losses of ($16.6) million due to the write-off associated with assets transferred to the NGO sector, ($13.6) million and impairment of receivables ($3.0) million.

Offsetting the above are lower expenses due to the transfer of Home Care Services of NSW (HCS) to Australian Unity Limited (AU). The HCS budget was for a full 12 months while the actual expenses are for the period 1 July 2016 to 19 February 2016:

- lower employee expenses of $48.9 million
- lower operating expenses of $15.6 million

Revenue

The variation to budget is due to the following items:

- lower grants and contributions of ($110.1) million due to the transfer of HCS to AU, ($127.2) million offset by reimbursement of redundancy costs of $12.2 million not budgeted and higher other grants, $4.7 million.
- lower sale of goods and services revenue of ($18.3) million due primarily to the HCS transfer to AU.
- lower revenue recovery for personnel services of ($10.3) million.
- lower investment revenue of ($1.9) million due to lower cash balances during the year.
- higher acceptance by the Crown Entity of employee benefits of $29.7 million as a result of the year end LSL valuation.
- higher other revenue of $26.2 million due to an increased TMF workers compensation hindsight adjustment, $28.9 million offset by lower other revenue of ($2.7) million.
- higher net appropriations of $12.4 million due to increased expenditure requirements.

Assets and Liabilities
Consolidated Total Assets were above budget by $101.1 million primarily due to:

- lower closing cash position of ($41.0) million primarily due to the transfer of cash as part of the HCS transfer to AU.
- higher receivables of $46.2 million due to the timing of cash receipts.
- increase in carrying value of land and buildings of $97.9 million as a result of revaluation increments of $92.2 million for the year and net additions of $5.7 million. Assets classified as held for sale are $5.1 million higher and intangibles $4.1 million lower due to timing of capitalisation.
- lower financial assets at fair value $3.1 million due to a lower valuation of HCS T Corp investments.

Consolidated Total Liabilities were above budget by $190.8 million primarily due to:

- higher provisions of $169.6 million as a result of the recognition of transfer payments and redundancy expenses of $161.4 million, increase in restoration provisions $3.7 million offset by lower HCS provisions of $38.8 million as a result of the transfer to AU.
- higher payables of $33.5 million due to operating and capital expenditure accruals including ChildStory project costs and
- higher other provisions of $11 million.

Cash Flows
Consolidated Net Cash outflows from operating activities was $16.6 million higher than budget due to:

- lower cash receipts of ($126.6) million due primarily to lower cash receipts from HCS as a result of the transfer to AU, ($107.4) million, and lower sale of goods and services ($5.4) million. Appropriations were $12.4 million higher, Crown reimbursements $17 million higher, interest received higher by $3.1 million offset by higher receivables of ($46.3) million
- lower cash payments of $109.9 million due to higher payables $33.5 million and lower employee payments of $73.4 primarily due to the transfer of HCS to AU, $61.9 million and lower other payments of $3 million.

Net cash flow from Investing Activities was $5.9 million higher than budget primarily due to timing of capital work programs $21.5 million offset by lower proceeds from the property sale $15.6 million.

Department of Family and Community Services
Notes to and forming part of the financial statements *for the year ended 30 June 2016*

	PARENT		CONSOLIDATED	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
25. Reconciliation of cash flows from operating actvities to net result				
Net cash used on operating activities	(326,794)	375,465	(334,351)	379,746
Net gain / (loss) on disposal of assets	(10,929)	1,478	(10,953)	2,057
Net gain / (loss) on revaluation of land and buildings	-	5,329	1,031	5,926
Net gain/ (loss) on investments	-	-	285	2,282
Impairment on carrying value of land and buildings	(1,976)	-	(1,976)	-
Abandoned projects	(199)	(2,611)	(199)	(2,611)
Assets recognised for the first time	353	1,023	353	1,023
Allowance for impairment	(1,839)	(715)	(2,404)	(904)
Revenue not received (TMF Hindsight)	9,988	-	14,258	-
Bad debts written off	(120)	-	(120)	-
Depreciation and amortisation	(82,062)	(86,765)	(82,501)	(88,113)
Provision for redundancy and other costs	(182,427)	-	(182,427)	-
Funding support for Government agencies	(1,071)	-	(1,071)	-
Superannuation actuarial (gains)/losses	354	426	1,166	617
Write back of unused make good provision	1,418	-	1,418	-
Finance costs	(634)	(894)	(637)	(904)
Decrease / (increase) in creditors	290,915	(185,960)	265,850	(184,396)
Decrease / (increase) in provisions	4,508	(2,152)	9,937	(4,778)
Increase / (decrease) in prepayments and other assets	25,795	(8,063)	27,800	(8,088)
Net result	(274,720)	96,561	(294,541)	101,857

26. Trust Funds

FACS holds money in miscellaneous trust funds which are used for Wards and other persons in care and for natural disasters. These monies are excluded from the financial statements as FACS cannot use them for the achievement of its objectives. The following is a summary of the transactions in the Trust accounts.

a) Wards Trust Fund

	PARENT 2016	PARENT 2015	CONSOLIDATED 2016	CONSOLIDATED 2015
Cash balance at the beginning of the financial year	55	53	55	53
Add: Receipts	1	2	1	2
Cash balance at the end of the financial year	56	55	56	55

b) Client Funds

FACS holds monies in bank trust accounts which are used for persons in residential care. These monies are excluded from the financial statements as FACS cannot use them for the achievement of its objectives

	PARENT 2016	PARENT 2015	CONSOLIDATED 2016	CONSOLIDATED 2015
Cash balance at the beginning of the financial year	172	27	172	27
Add: Receipts	3,567	4,892	3,567	4,892
Less Expenditure	(3,758)	(4,747)	(3,758)	(4,747)
Cash balance at the end of the financial year	(19)	172	(19)	172

27. Financial Instruments

The entity's principal financial instruments are outlined below. These financial instruments arise directly from the entity's operations or are required to finance the entity's operations. The entity does not enter into or trade financial instruments for speculative purposes. The entity's main risks arising from financial instruments are outlined below, together with the entity's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial statement. The Secretary 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 entity, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Internal Auditor.

(a) Financial Instrument Categories

2016

			PARENT	CONSOLIDATED
Financial Assets	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Cash and cash equivalents	8	N/A	113,791	117,363
Receivables (1)	9	Receivables (at amortised cost)	79,396	86,880
Financial assets at fair value	11	At fair value through profit or loss	-	24,131
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Payables (2)	16	Financial liabilities measured at amortised cost	42,510	42,513
Other liabilities	16	Financial liabilities measured at amortised cost	64,419	64,652

2015

			PARENT	CONSOLIDATED
Financial Assets	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Cash and cash equivalents	8	N/A	569,059	635,524
Receivables (1)	9	Receivables (at amortised cost)	61,683	67,187
Financial assets at fair value	11	At fair value through profit or loss	-	23,846
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:			**$'000**	**$'000**
Payables (2)	16	Financial liabilities measured at amortised cost	32,067	38,762
Other liabilities	16	Financial liabilities measured at amortised cost	396,976	399,292

(1) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
(2) Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

27. Financial Instruments (continued)

(b) Credit Risk

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

Credit risk arises from the financial assets of the entity, including cash, receivables and authority deposits. No collateral is held by the entity. The entity has not granted any financial guarantees. Credit risk associated with the entity's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

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

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016: $59.437 million; 2015: $23.707 million) and not less than 6 months past due (2016: $12.876 million; 2015: $6.338 million) are not considered impaired and together these represent 77% (2015: 80%) of the total trade debtors.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

PARENT

2016	$'000 Total	$'000 Past due but not impaired	$'000 Considered Impaired
< 3 months overdue	11,789	11,611	178
3 months - 6 months overdue	1,423	1,265	158
> 6 months overdue	20,840	14,363	6,477

2015	Total	Past due but not impaired	Considered Impaired
< 3 months overdue	2,934	2,924	10
3 months - 6 months overdue	591	373	218
> 6 months overdue	8,205	3,401	4,804

CONSOLIDATED

2016	Total	Past due but not impaired	Considered Impaired
< 3 months overdue	11,789	11,611	178
3 months - 6 months overdue	1,423	1,265	158
> 6 months overdue	20,840	14,363	6,477

2015	Total	Past due but not impaired	Considered Impaired
< 3 months overdue	4,308	3,945	363
3 months - 6 months overdue	757	406	351
> 6 months overdue	8,781	3,454	5,327

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore the total will not reconcile to the receivable total recognised in the statement of financial position.
Each column in the table reports gross receivables.

27. Financial Instruments (continued)

Authority Deposits

FACS has placed its Wards Trust funds on deposit with TCorp, which has been rated "AAA" by Standard and Poors. These deposits are similar to money market or bank deposits and are placed for a fixed term. The interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit.

The deposits at balance date were earning an average interest rate of (2016: 2.25%; 2015: 2.27%) while over the year the weighted average interest rate was (2016: 2.22%; 2015: 2.59%) on a weighted average balance during the year of (2016: $55,431; 2015: $54,105). None of these assets are past due or impaired.

(c) Liquidity risk

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

No assets have been pledged as collateral. The entity's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Secretary may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.28%: 2015: 10.36%

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

Maturity Analysis and interest rate exposure of financial liabilities

		$'000	$'000 Interest Rate exposure	$'000 Maturity Dates	$'000
2016	**Weighted Average Effective Interest rate**	**Nominal Amount (1)**	**Non Interest Bearing**	**< 1 year**	**1-5 years**
PARENT					
Payables:					
Payables	N/A	42,510	42,510	42,510	-
Other	N/A	64,419	64,419	64,419	-
Total Financial Liabilities		**106,929**	**106,929**	**106,929**	-
CONSOLIDATED					
Payables:					
Payables	N/A	42,513	42,513	42,513	-
Other	N/A	64,652	64,652	64,652	-
Total Financial Liabilities		**107,165**	**107,165**	**107,165**	-

(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. Therefore the amounts disclosed will not reconcile to the statement of financial position.

Department of Family and Community Services
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27. Financial Instruments (continued)

Maturity Analysis and interest rate exposure of financial liabilities (continued)

		$'000	$'000 Interest Rate exposure	$'000 Maturity Dates	$'000
2015	**Weighted Average Effective Interest rate**	**Nominal Amount (1)**	**Non Interest Bearing**	**< 1 year**	**1-5 years**
PARENT					
Payables:					
Payables	N/A	32,067	32,067	32,067	-
Other	N/A	396,976	396,976	396,976	-
Total Financial Liabilities		**429,043**	**429,043**	**429,043**	**-**
CONSOLIDATED					
Payables:					
Payables	N/A	38,762	38,762	38,762	-
Other	N/A	399,292	399,292	399,292	-
Total Financial Liabilities		**438,054**	**438,054**	**438,054**	**-**

(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. Therefore the amounts disclosed will not reconcile to the statement of financial position.

(d) 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. FACS's exposure to market risk is primarily through interest rate risk on the FACS's cash balances and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. FACS has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit 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 entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

27. Financial Instruments (continued)

(d) Market risk cont'd

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The entity's exposure to interest rate risk is set out below.

	$'000				
	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
2016		**-1%**		**+1%**	
PARENT					
Financial Assets					
Cash at bank	113,388	(1,134)	(1,134)	1,134	1,134
CONSOLIDATED					
Financial Assets					
Cash at bank	116,960	(1,170)	(1,170)	1,170	1,170
Financial assets at fair value	24,131	(241)	(241)	241	241

	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
2015		**-1%**		**+1%**	
PARENT					
Financial Assets					
Cash at bank	568,648	(5,686)	(5,686)	5,686	5,686
CONSOLIDATED					
Financial Assets					
Cash at bank	635,101	(6,351)	(6,351)	6,351	6,351
Financial assets at fair value	23,846	(238)	(238)	238	238

27. Financial Instruments (continued)

Other Price Risk - Tcorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises though the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The entity has no direct equity investments. The entity holds units in the following Hour-Glass investment trusts.

Facility	Investment Sectors	Investment Horizon	Consolidated 2016 $'000
Cash facility	Cash, money market instruments	Up to 1.5 years	-
Strategic cash facility	Cash, money market instruments	1.5 years to 3 years	-
Medium-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	3 to 7 years	9,325
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	14,806

Facility	Investment Sectors	Investment Horizon	Consolidated 2015 $'000
Cash facility	Cash, money market instruments	Up to 1.5 years	-
Strategic cash facility	Cash, money market instruments	1.5 years to 3 years	-
Medium-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	3 to 7 years	9,124
Long-term growth facility	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	14,722

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilites and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limts the entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass investment facilities are designated at fair value through profit or loss and therefore any change in the unit price impact directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

Department of Family and Community Services
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27. Financial Instruments (continued)

PARENT

	Change in unit price	Impact on profit/loss 2016 $'000	2015 $'000
Hour-Glass Investment - Cash facility	+/ - 1%	-	-
Hour-Glass Investment - Strategic cash facility		-	-
Hour-Glass Investment - Medium-term growth facility	+/ - 7%	-	-
Hour-Glass Investment - Long-term growth facility	+/ - 15%	-	-

CONSOLIDATED

	Change in unit price rate	Impact on profit/loss 2016 $'000	2015 $'000
Hour-Glass Investment - Cash facility	+/ - 1%	-	-
Hour-Glass Investment - Strategic cash facility		-	-
Hour-Glass Investment - Medium-term growth facility	+/ - 6%	-	+/- 547
Hour-Glass Investment - Medium-term growth facility	+/ - 7%	+/- 653	-
Hour-Glass Investment - Long-term growth facility	+/ - 15%	-	+/- 2208
Hour-Glass Investment - Long-term growth facility	+/ - 16%	+/- 2369	-

(e) Fair Value measurement

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities which are measured at fair value. The value of the Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on market value. All of the Hour Glass facilites are valued using 'redemption' pricing. 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.

(f) Fair Value recognised in the statement of financial position

The entity uses the following hierachy for disclosing the fair value of financial instruments by valuation technique.

* Level 1 - Derived from quoted prices in active markets for identical assets/liabilities

* Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly

* Level 3 - Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

Consolidated	Level 1 $'000	Level 2 $'000	Level 3 $'000	2016 Total $'000
Financial assets at fair value				
TCorp Hour Glass Investment Facility	-	24,131	-	24,131
	-	24,131	-	24,131

Consolidated	Level 1 $'000	Level 2 $'000	Level 3 $'000	2015 Total $'000
Financial assets at fair value				
TCorp Hour Glass Investment Facility	-	23,846	-	23,846
	-	23,846	-	23,846

The table above only includes financial assets, as no financial liabilities were measured at fair value in the statement of financial position.

There were no transfers between level 1 and 2 during the periods ended 30 June 2016 and 30 June 2015.

28. Events after the Reporting Period

A Statute Law (Miscellaneous Provisions) Bill 2016 with a commencement date of 8 July 2016 was passed by both houses of Parliament. The Bill included the proposed repeal of the Home Care Service Act 1988 that would result in the dissolution of Home Care Service of New South Wales and is subject to approval and proclamation. Prior to the repeal being promulgated, remaining staff employed by HCS Staff Agency are to be transferred or employment arrangement finalised. On the dissolution day, any assets and liabilities of the former HCS immediately before its dissolution will be transferred to the Crown. The HCS financial statements for the year ending 30 June 2016 have been prepared based on a going concern basis until the dissolution date.

Other than the above FACS is not aware of any events since balance date that would materially affect the disclosures outlined in this report.

End of Audited Financial Statements

Consolidated annual financial statements for the year ended 30 June 2016

INDEPENDENT AUDITOR'S REPORT

Home Care Service of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Home Care Service of New South Wales (the Service), which comprise the statements of financial position as at 30 June 2016, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Service and the consolidated entity. The consolidated entity comprises the Service and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Service and the consolidated entity as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Service and the consolidated entity in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

The Secretary's Responsibility for the Financial Statements

The Secretary of the Department of Family and Community Services is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary must assess the ability of the Service and the consolidated entity to continue as a going concern unless the Service will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx.
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Service or the consolidated entity carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

Karen Taylor
Director, Financial Audit Services

16 September 2016
SYDNEY

HOME CARE SERVICE OF NSW

FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

CERTIFICATION OF ACCOUNTS

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act 1983* (Act), we state that:

a) the accompanying financial statements of Home Care Service of NSW (HCS) being the parent entity and the consolidated entity, comprising HCS and its controlled entity, Home Care Service Staff Agency's activities for the year ended 30 June 2016 have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, and Public Finance and Audit Regulation 2015 and Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act.

b) the financial statements and notes exhibit a true and fair view of the financial position and transactions of HCS and its controlled entity.

c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Michael Coutts-Trotter
Secretary
15 September 2016

Denise Dawson
Chief Finance Officer
15 September 2016

Home Care Service of New South Wales

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2016

	Notes	**Parent Actual 2016 $'000**	Parent Actual 2015 $'000	**Consolidated Actual 2016 $'000**	**Consolidated Budget 2016 $'000**	Consolidated Actual 2015 $'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	**-**	-	**128,130**	**176,998**	174,094
Personnel services	2(a)	**118,869**	174,280	**-**	**-**	-
Other operating expenses	2(b)	**35,667**	58,018	**35,667**	**51,269**	58,018
Depreciation and amortisation	2(c)	**318**	1,226	**318**	**510**	1,226
Total expenses excluding losses		**154,854**	233,524	**164,115**	**228,777**	233,338
Revenue						
Sale of goods and services	3(a)	**19,167**	28,838	**19,167**	**27,686**	28,838
Investment revenue	3(b)	**1,169**	4,637	**1,169**	**4,810**	4,637
Grants and contributions	3(c)	**117,930**	202,739	**117,930**	**196,612**	202,739
Other revenue	3(d)	**517**	1,753	**6,189**	**604**	1,753
Total revenue		**138,783**	237,967	**144,455**	**229,712**	237,967
Gain / (loss) on disposal	4	**(24)**	578	**(24)**	**636**	578
Other gains / (losses)	5	**(615)**	(304)	**(1,029)**	**(97)**	(299)
Net result		**(16,710)**	4,717	**(20,713)**	**1,474**	4,908
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase / (decrease) in property, plant and equipment revaluation surplus		**-**	(25)	**-**	**-**	(25)
Superannuation actuarial gain / (loss)		**-**	-	**(812)**	**-**	(191)
Other superannuation fund value changes		**-**	-	**(12,500)**	**-**	-
Total other comprehensive income		**-**	(25)	**(13,312)**	**-**	(216)
TOTAL COMPREHENSIVE INCOME		**(16,710)**	4,692	**(34,025)**	**1,474**	4,692

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

as at 30 June 2016

	Notes	Parent Actual 2016 $'000	Parent Actual 2015 $'000	Consolidated Actual 2016 $'000	Consolidated Budget 2016 $'000	Consolidated Actual 2015 $'000
ASSETS						
Current assets						
Cash and cash equivalents	7	**1,843**	64,546	**1,843**	**56,470**	64,546
Receivables	8	**7,690**	5,161	**9,089**	**5,869**	5,591
Total current assets		**9,533**	69,707	**10,932**	**62,339**	70,137
Non-current assets						
Financial assets at fair value	9	**24,131**	23,846	**24,131**	**27,208**	23,846
Property, plant and equipment	10					
- Land and buildings		**-**	635	**-**	**636**	635
- Plant and equipment		**-**	439	**-**	**2,829**	439
Total property, plant and equipment		**-**	1,074	**-**	**3,465**	1,074
Total non-current assets		**24,131**	24,920	**24,131**	**30,673**	24,920
Total assets		**33,664**	94,627	**35,063**	**93,012**	95,057
LIABILITIES						
Current liabilities						
Payables	12	**915**	2,807	**919**	**4,572**	9,253
Provisions	13	**426**	36,148	**1,821**	**31,179**	30,132
Other		**-**	-	**-**	**-**	-
Total current liabilities		**1,341**	38,955	**2,740**	**35,751**	39,385
Non-current liabilities						
Provisions	13	**-**	9,917	**-**	**9,347**	9,917
Total non-current liabilities		**-**	9,917	**-**	**9,347**	9,917
Total liabilities		**1,341**	48,872	**2,740**	**45,098**	49,302
Net assets		**32,323**	45,755	**32,323**	**47,914**	45,755
Equity						
Reserves		**-**	372	**-**	**401**	372
Accumulated funds		**32,323**	45,383	**32,323**	**47,513**	45,383
Total equity		**32,323**	45,755	**32,323**	**47,914**	45,755

The accompanying notes form part of these financial statements

Home Care Service of New South Wales
Consolidated Statement of Changes in Equity
for the year ended 30 June 2016

	Note	Parent Accumulated Funds $'000	Parent Asset Revaluation Surplus $'000	Parent Total $'000	Consolidated Accumulated Funds $'000	Consolidated Asset Revaluation Surplus $'000	Consolidated Total $'000
Balance at 1 July 2015		**45,383**	**372**	**45,755**	**45,383**	**372**	**45,755**
Net result for the year		**(16,710)**	**-**	**(16,710)**	**(20,713)**	**-**	**(20,713)**
Other comprehensive income:							
Asset revaluation reserve balance transferred to accumulated funds on transfer of asset		**372**	**(372)**	**-**	**372**	**(372)**	**-**
Superannuation actuarial gains / (losses)		**-**	**-**	**-**	**(812)**	**-**	**(812)**
Other superannuation fund value changes		**-**	**-**	**-**	**(12,500)**	**-**	**(12,500)**
Total other comprehensive income		**372**	**(372)**	**-**	**(12,940)**	**(372)**	**(13,312)**
Total comprehensive income for the year		**(16,338)**	**(372)**	**(16,710)**	**(33,653)**	**(372)**	**(34,025)**
Transactions with owners in their capacity as owners							
Transfer from the Crown superannuation reserve account		**-**	**-**	**-**	**13,620**	**-**	**13,620**
Increase/(decrease) in net assets from equity transfers	20	**3,278**	**-**	**3,278**	**6,973**	**-**	**6,973**
Balance at 30 June 2016		**32,323**	**-**	**32,323**	**32,323**	**-**	**32,323**
Balance at 1 July 2014		40,666	397	41,063	40,666	397	41,063
Net result for the year		4,717	-	4,717	4,908	-	4,908
Other comprehensive income:							
Net increase / (decrease) in property, plant and equipment		-	(25)	(25)	-	(25)	(25)
Superannuation actuarial gains / (losses)		-	-	-	(191)	-	(191)
Total other comprehensive income		-	(25)	(25)	(191)	(25)	(216)
Total comprehensive income for the year		4,717	(25)	4,692	4,717	(25)	4,692
Balance at 30 June 2015		45,383	372	45,755	45,383	372	45,755

The accompanying notes form part of these financial statements.

Home Care Service of New South Wales
Consolidated Statement of Cash Flows
for the year ended 30 June 2016

	Notes	Parent Actual 2016 $'000	Parent Actual 2015 $'000	Consolidated Actual 2016 $'000	Consolidated Budget 2016 $'000	Consolidated Actual 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Personnel services		**(131,512)**	(171,152)	**-**	**-**	-
Employee related		**-**	-	**(131,512)**	**(193,438)**	(171,048)
Other		**(17,335)**	(69,504)	**(17,335)**	**(59,351)**	(69,608)
Total payments		**(148,847)**	(240,656)	**(148,847)**	**(252,789)**	(240,656)
Receipts						
Sale of goods and services		**19,510**	29,979	**19,510**	**27,089**	29,979
Interest received		**884**	2,355	**884**	**1,999**	2,355
Grants and contributions		**117,930**	210,936	**117,930**	**196,612**	210,936
Other		**1,920**	1,737	**1,920**	**21,922**	1,737
Total receipts		**140,244**	245,007	**140,244**	**247,622**	245,007
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	**(8,603)**	4,351	**(8,603)**	**(5,167)**	4,351
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of land and buildings, plant and equipment		**6**	696	**6**	**760**	696
Purchases of land and buildings, plant and equipment		**-**	(129)	**-**	**(3,000)**	(129)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**6**	567	**6**	**(2,240)**	567
NET INCREASE / (DECREASE) IN CASH		**(8,597)**	4,918	**(8,597)**	**(7,407)**	4,918
Opening cash and cash equivalents		**64,546**	59,628	**64,546**	**63,877**	59,628
Cash transferred in (out) as a result of administrative restructuring	20	**(54,106)**	-	**(54,106)**	**-**	-
CLOSING CASH AND CASH EQUIVALENTS	7	**1,843**	64,546	**1,843**	**56,470**	64,546

The accompanying notes form part of these financial statements.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

(a) Reporting entity

Home Care Service of New South Wales (HCS) is a NSW statutory authority and a controlled entity of the Department of Family and Community Services (FACS). HCS is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

HCS as a reporting entity, comprises the entity under its control, namely: Home Care Service Staff Agency (HCS Staff Agency). HCS Staff Agency is a controlled entity established pursuant to Part 2 of Schedule 1 to the *Government Sector Employment Act 2013 (GSE Act)*. The Staff Agency's objective is to provide personnel services to HCS.

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

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Secretary, Department of Family and Community Services on 15 September 2016.

(b) Administrative restructures

On the 19 February 2016, assets and liabilities of HCS and HCS Staff Agency and the majority of employees of HCS Staff Agency were transferred via a vesting order to Australian Unity Home Care Pty Ltd (AU HCS) (Implementation Company), established to facilitate the transfer of HCS to Australian Unity.

A small number of employees did not transfer to Australian Unity and remain as employees of HCS Staff Agency and their annual leave and long service leave entitlements are included in the financial statements.

Details of the assets and liabilities transferred are disclosed in Note 20 Increase/(Decrease) in Net Assets from Equity Transfers.

(c) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015 and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where otherwise specified.

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

The financial statements have been prepared on a going concern basis as there is currently no legislative approval to repeal the Home Care Service Act 1988 that would result in the dissolution of HCS and HCS Staff Agency entities following the transfer of assets, liabilities and employees to an Implementation Company to facilitate the sale of HCS to Australian Unity on 19 February 2016. Details regarding the status of HCS is set out in Note 21.

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

(d) Statement of compliance

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

(e) Insurance

HCS' insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

(f) Accounting for the Goods and Services Tax (GST)

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

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

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

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

i. Grants and contributions from other bodies

Grants and contributions from other bodies (including government grants and donations) are generally recognised as income when HCS obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash. Where there is an agreement that unexpended grants will be returned to the funder in the event that an agreed level of performance has not been met (e.g. number of service delivery hours) and it has been past practice to return such funds, HCS recognises these funds as a liability.

ii. Sale of goods

Revenue from the sale of goods is recognised as revenue when HCS transfers the significant risks and rewards of ownership of the assets.

iii. Rendering of services

Revenue is recognised when the service is provided.

iv. Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(h) Assets

i. Acquisition of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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. deferred payment amount is effectively discounted over the period of credit.

ii. Capitalisation thresholds

Property, plant and equipment costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

iii. Revaluation of property, plant and equipment

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 10 and Note 11 for further information regarding fair value.

HCS revalues land and buildings at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Land and building assets were fully valued by an independent valuer at 28 February 2015. As a result of the transfer of assets and liabilities to an Implementation Company on 19 February 2016 to facilitate the sale to Australian Unity, no revaluation was conducted during the financial year ended 30 June 2016.

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

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

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

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

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

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

iv. 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, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

v. Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to HCS.

All material identifiable components of assets are depreciated separately over their useful lives. Land is not a depreciable asset.

The useful life by asset category is:

	Years
Buildings	40
Motor vehicles	4 to 7
Plant, furniture and equipment – general and commercial	4 to 7
Plant, furniture and equipment – industrial	20
Leasehold improvements	Shorter of estimated useful life of improvements or term of the lease

vi. Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

vii. Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

viii. Maintenance

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

ix. Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

HCS has not entered into any finance leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

x. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

xi. Investments

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

Fair value through profit or loss - HCS investments in TCorp Hour-Glass Medium-Term and Long-Term Facilities are designated at fair value through profit or loss using the second leg of the fair value option under AASB139.9(b)(ii); i.e. these financial assets are managed and their performance is evaluated on a fair value basis by the Executive Committee on a continual basis. Information about the performance of these assets, including performance against industry benchmarks for each class of investment, is provided internally on a monthly basis to HCS' key management personnel including the Executive Committee for their endorsement of the investment strategy.

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

xii. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to annual review for impairment. An allowance for impairment is established when there is objective evidence that HCS will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

xiii. Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if HCS transfers the financial asset:

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

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

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

(i) Liabilities

i. Payables

These amounts represent liabilities for goods and services provided to HCS and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

ii. Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave 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 is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by NSW Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

(b) Long service leave and superannuation

Long service leave entitlements are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an independent actuarial review performed in 2013, to approximate present value.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. An actuarial assessment of the defined benefit is undertaken before each reporting date. The assessment uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan.

A liability or an asset in respect of the defined benefit superannuation plan is recognised in the Statement of Financial Position and is measured as the present value of the defined benefit obligation as at reporting date. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the market yield rate on government bonds of similar maturity to those obligations.

The amount recognised in the net result for superannuation is the total of current service cost and net interests as per AASB 119. Actuarial gains and losses are charged directly to Equity in the year they occur.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as expense when they are due. Prepaid contributions are recognised as an asset, to the extent that a cash refund or reduction in future payments is available.

(c) 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.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

iii. Other provisions

Other provisions exist when: HCS 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.

Provisions include make good costs on HCS' leased office premises. In the majority of cases the provision is calculated by using the make good rate per square metre implicit in each lease agreement, which is then discounted to present value using the government bond rate. The provisions are established by individual lease, and amortised over the term of the lease. The unamortised value of the obligation is recorded as an asset.

(j) Fair value hierarchy

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

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

Refer Note 11 and 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

(k) Equity and reserves

i. Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with HCS' policy on the revaluation of property, plant and equipment as discussed in Note 1(h)iii.

ii. Accumulated funds

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

(l) Equity Transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 Contributions and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

(m) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 17.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

(n) Comparative information

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

(o) Changes in accounting policy, including new or revised Accounting Standards

i. Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2015-16:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality

ii. Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective as mandated by NSW Treasury Circular TC 16/02:

Standards/Interpretations	Operative Date
AASB 9 and AASB 2014-7 regarding financial instruments	1- Jan-18
AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers	1- Jan-18
AASB 1056 *Superannuation Entities*	1 -Jul-16
AASB 1057 and AASB 2015-9 *Application of Australian Accounting Standards*	1-Jan-16
AASB 2014-4 regarding acceptable methods of depreciation and amortisation	1-Jan-16
AASB 2014-9 regarding equity method in separate financial statements	1-Jan-16
AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between an investor and its associate or joint venture	1-Jan-16
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	1-Jan-16
AASB 2015-2 regarding amendments to AASB 101 (disclosure initiatives)	1-Jan-16
AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*	1-Jan-16
AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*	1-Jul-16
AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*	1-Jul-16

HCS' assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the entity other than as set out below;

- AASB 124 Related Party Disclosures operative from 1 July 2016 will result in additional note disclosure that identifies related party arrangements and any related party transactions and commitments arising from these arrangements. Only related party information considered material is required to be disclosed. AASB 124 also requires disclosure of Key Management Personnel compensation in aggregation. Management is assessing the potential effect of this standard.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

(p) Payroll Tax

HCS is exempt from paying payroll tax as legislated by *State Revenue Legislation (Miscellaneous Amendments) Act 1988 No104*, effective from 1 July 1998.

2. Expenses excluding losses

(a) Employee related expenses

	Parent 2016 $'000	Parent 2015 $'000	**Consolidated 2016 $'000**	Consolidated 2015 $'000
Salaries and wages (including annual leave)	**-**	-	**108,504**	146,501
Superannuation - defined benefit plans	**-**	-	**986**	1,772
Superannuation - defined contribution plans	**-**	-	**9,061**	13,125
Long service leave	**-**	-	**703**	3,710
Workers' compensation insurance	**-**	-	**8,836**	8,955
Fringe benefit tax	**-**	-	**40**	31
Personnel services	**118,869**	174,280	**-**	-
	118,869	174,280	**128,130**	174,094

Personnel services for the HCS are provided by the HCS Staff Agency, a special purpose entity to enable the HCS to exercise its functions.

(b) Other operating expenses include the following:

Auditor's remuneration				
- audit of financial statements	**174**	171	**174**	171
Shared services	**9,836**	14,585	**9,836**	14,585
Contract services	**9,602**	15,173	**9,602**	15,173
Administration expenses	**2,758**	4,904	**2,758**	4,904
Other service delivery	**635**	1,218	**635**	1,218
Insurance premiums	**292**	297	**292**	297
Travel	**7,627**	12,314	**7,627**	12,314
Operating lease rental expenses				
- minimum lease payments	**2,560**	3,997	**2,560**	3,997
Training	**2,183**	5,359	**2,183**	5,359
	35,667	58,018	**35,667**	58,018

**Reconciliation - Total Maintenance*				
Maintenance expense - contractor labour and other (non-employee related), as above	**96**	72	**96**	72
Employee related maintenance expense included in Note 2(a)	**-**	-	**-**	-
Total maintenance expenses included in Note 2(a) and 2(b)	**96**	72	**96**	72

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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2. Expenses excluding losses (continued)

(c) Depreciation and amortisation expense

	Parent 2016 $'000	Parent 2015 $'000	Consolidated 2016 $'000	Consolidated 2015 $'000
Depreciation				
Building	**13**	28	**13**	28
Plant and equipment	**15**	62	**15**	62
Motor vehicles	**70**	283	**70**	283
Amortisation				
Leasehold improvements	**220**	853	**220**	853
	318	1,226	**318**	1,226

3. Revenue

(a) Sale of goods and services

	Parent 2016 $'000	Parent 2015 $'000	Consolidated 2016 $'000	Consolidated 2015 $'000
Home and Community Care (HACC) fees	**10,593**	17,205	**10,593**	17,205
Veterans' Home Care fees	**4,004**	6,120	**4,004**	6,120
Community Options program fees	**8**	26	**8**	26
Corporate client fees	**2,676**	3,918	**2,676**	3,918
Others	**1,886**	1,569	**1,886**	1,569
	19,167	28,838	**19,167**	28,838

HCS charges service fees to HACC customers for services based on the customers' ability to pay. Service to HACC customers does not depend on the payment of fees and service is not refused due to an inability to pay. The amount contributed by the HACC customer is determined by the HCS coordinator and assessor at the time of the customer assessment in accordance with HCS' guidelines. HCS also provides services to commercial, Commonwealth and State agencies where fees are charged to reflect cost recovery.

(b) Investment revenue

	Parent 2016 $'000	Parent 2015 $'000	Consolidated 2016 $'000	Consolidated 2015 $'000
Interest revenue	**884**	1,020	**884**	1,020
TCorp Hour Glass Investment facilities designated as fair value through profit and loss	**285**	3,617	**285**	3,617
	1,169	4,637	**1,169**	4,637

HCS' banker pays interest on the aggregate net credit daily balance of the operating bank account. The interest rate is varied by the bank in line with money market rate movements and is credited to the account on a monthly basis.

Investment income was also earned on deposits at call with the NSW Treasury Corporation (TCorp), where unit value is determined on a daily basis.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

3. Revenue (continued)

(c) Grants and contributions

	Parent 2016 $'000	Parent 2015 $'000	Consolidated 2016 $'000	Consolidated 2015 $'000
Commonwealth Grants				
Home and Community Care program	**66,976**	117,087	**66,976**	117,087
Other Commonwealth Grants	**2,114**	4,862	**2,114**	4,862
State Grants				
Community Care Support Grants	**41,837**	68,046	**41,837**	68,046
Attendant Care program	**3,893**	8,795	**3,893**	8,795
Other government grants	**3,110**	3,949	**3,110**	3,949
	117,930	202,739	**117,930**	202,739

(d) Other revenue

Sundry income	**517**	1,753	**6,189**	1,753
	517	1,753	**6,189**	1,753

4. Gain / (loss) on disposal

Gain/(loss) on disposal of plant and equipment				
Proceeds from disposal	**6**	696	**6**	696
Less: Written down value of assets	**(30)**	(118)	**(30)**	(118)
Net gain/(loss) on disposal	**(24)**	578	**(24)**	578

5. Other gains / (losses)

Gain/(loss) on impairment of receivables	**(615)**	(304)	**(1,029)**	(299)
Other gains / (losses)	**(615)**	(304)	**(1,029)**	(299)

6. Service groups of the entity

HCS has only one service group, therefore the financial statements reflect the related expenses, income, assets and liabilities. HCS did not have any administered income, expenses, assets or liabilities.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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7. Current assets – cash and cash equivalents

	Parent 2016 $'000	Parent 2015 $'000	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash at bank and on hand	**1,843**	64,546	**1,843**	64,546
	1,843	64,546	**1,843**	64,546

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short term deposits.

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)	**1,843**	64,546	**1,843**	64,546
Closing cash and cash equivalents (per statement of cash flows)	**1,843**	64,546	**1,843**	64,546

Refer to Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Current assets – receivables

	Parent 2016 $'000	Parent 2015 $'000	Consolidated 2016 $'000	Consolidated 2015 $'000
Sale of goods and services	**-**	6,015	**12**	6,418
Superannuation receivable	**-**	-	**1,342**	-
Less: allowance for impairment	**-**	(872)	**-**	(1,009)
Sundry debtors	**7,690**	18	**7,735**	182
	7,690	5,161	**9,089**	5,591

Movement in allowance for impairment				
Balance at 1 July	**872**	915	**1,009**	1,123
Amounts written off during the year	**(119)**	(237)	**(256)**	(303)
Transfer on reorganisation	**(1,318)**	-	**(1,318)**	-
Increase/(decrease) in allowance recognised in profit or loss	**565**	194	**565**	189
Balance at 30 June	**-**	872	**-**	1,009

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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9. Non-current assets – financial assets at fair value

	Parent 2016 $'000	Parent 2015 $'000	**Consolidated 2016 $'000**	Consolidated 2015 $'000
TCorp Hour-Glass Investment facilities				
Medium-Term Growth Facility Trust	**9,325**	9,124	**9,325**	9,124
Long-Term Growth Facility Trust	**14,806**	14,722	**14,806**	14,722
	24,131	23,846	**24,131**	23,846

Refer to Note 19 for further information regarding credit risk, liquidity risk and market risk rising from financial instruments.

10. Non-current assets – property, plant and equipment

Consolidated and parent	**Land and buildings $'000**	**Leasehold Improvements $'000**	**Computer Equipment $'000**	**Furniture and Equipment $'000**	**Motor Vehicles $'000**	**Total $'000**
At 1 July 2015 - fair value						
Gross carrying amount	635	6,156	248	714	1,561	9,314
Accumulated depreciation	-	(5,972)	(248)	(694)	(1,326)	(8,240)
Net carrying amount	635	184	-	20	235	1,074
At 30 June 2016 - fair value						
Gross carrying amount	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net carrying amount	**-**	**-**	**-**	**-**	**-**	**-**

Reconciliation

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

Consolidated and parent **Year ended 30 June 2016**	**Land and buildings $'000**	**Leasehold improvements $'000**	**Computer Equipment $'000**	**Furniture and Equipment $'000**	**Motor Vehicles $'000**	**Total $'000**
Net carrying amount at start of year	635	184	-	20	235	1,074
Additions	-	-	-	-	-	-
Disposals	-	(30)	-	-	-	(30)
Transfer between classes	(88)	88	-	-	-	-
Increase/(decrease) in net assets from administrative restructuring	(534)	(22)	-	(5)	(165)	(726)
Depreciation expense	(13)	(220)	-	(15)	(70)	(318)
Net revaluation decrements	-	-	-	-	-	-
Net carrying amount at end of year	**-**	**-**	**-**	**-**	**-**	**-**

Assets under construction (AUC) values are included in the asset balances recorded in the above table. In 2016, the AUC included in land and building of Nil (2015: Nil); leasehold improvements of Nil (2015: Nil).

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

10. Non-current assets – property, plant and equipment (continued)

Consolidated and parent	Land and buildings $'000	Leasehold Improvements $'000	Computer Equipment $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
At 1 July 2014 - fair value						
Gross carrying amount	631	6,092	386	725	2,989	10,823
Accumulated depreciation	-	(5,125)	(385)	(646)	(2,353)	(8,509)
Net carrying amount	631	967	1	79	636	2,314
At 30 June 2015 - fair value						
Gross carrying amount	635	6,156	248	714	1,561	9,314
Accumulated depreciation	-	(5,972)	(248)	(694)	(1,326)	(8,240)
Net carrying amount	635	184	-	20	235	1,074

Reconciliation

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

Consolidated and parent Year ended 30 June 2015	Land and buildings $'000	Leasehold improvements $'000	Computer Equipment $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
Net carrying amount at start of year	631	967	1	79	636	2,314
Additions	57	70	-	2	-	129
Disposals	-	-	-	-	(118)	(118)
Depreciation expense	(28)	(853)	(1)	(61)	(283)	(1,226)
Net revaluation decrements	(25)	-	-	-	-	(25)
Net carrying amount at end of year	635	184	-	20	235	1,074

Assets under construction (AUC) values are included in the asset balances recorded in the above table. In 2015, the AUC included in land and building of Nil (2014: $83k); leasehold improvements of Nil (2014: $188K).

Home Care Service of New South Wales
Notes to and forming part of the financial statements
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11. Fair value measurement of non-financial assets

(a) Fair value hierarchy

Consolidated and Parent 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total fair value $'000**
Property, plant and equipment (Note 10)				
Land and buildings	-	-	-	-
	-	-	-	-

Consolidated and Parent 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment (Note 10)				
Land and buildings	-	**635**	-	**635**
	-	**635**	-	**635**

There were no transfers between Level 1 and 2 during the periods.

(b) Valuation techniques, inputs and processes

Level	Asset class	Valuation technique	Inputs	Processes
2	Land - with buildings with minor modification	Market approach	Observable inputs - recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment
2	Buildings - with minor modification	Market approach	Observable inputs - recent sales of comparable properties with adjustment for condition, location, comparability etc.	Visual inspection of the properties and assessment against recent sales of comparable properties with adjustment for condition, location, comparability etc.

Home Care Service of New South Wales
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12. Current liabilities - payables

	Parent 2016 $'000	Parent 2015 $'000	Consolidated 2016 $'000	Consolidated 2015 $'000
Accrued salaries, wages and on-costs	**-**	-	**4**	6,347
Creditors	**820**	2,795	**820**	2,868
Other creditors	**95**	12	**95**	38
	915	2,807	**919**	9,253

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 19.

13. Current/non-current liabilities - provisions

	Parent 2016 $'000	Parent 2015 $'000	Consolidated 2016 $'000	Consolidated 2015 $'000
Current				
Employee benefits and related on-costs				
Annual leave	**-**	-	**290**	13,586
Long service leave	**-**	-	**243**	15,699
Personnel services liability	**426**	35,301	**5**	-
Superannuation	**-**	-	**1,283**	-
	426	35,301	**1,821**	29,285
Other provisions				
Provision for make good	**-**	847	**-**	847
	-	847	**-**	847
Total current	**426**	36,148	**1,821**	30,132
Non-current				
Employee benefits and related on-costs				
Long service leave	**-**	-	**-**	2,820
Personnel services liability	**-**	9,591	**-**	-
Superannuation	**-**	-	**-**	6,771
	-	9,591	**-**	9,591
Other provisions				
Provision for make good	**-**	326	**-**	326
	-	326	**-**	326
Total non-current	**-**	9,917	**-**	9,917
Total provisions	**426**	46,065	**1,821**	40,049
Aggregate employee benefits and related on-costs				
Provisions - current	**426**	35,301	**1,821**	29,285
Provisions - non-current	**-**	9,591	**-**	9,591
Accrued salaries, wages and on-costs (note 12)	**-**	-	**4**	6,347
	426	44,892	**1,825**	45,223
Movements in provisions (other than employee benefits)				
Carrying amount at the beginning of financial year	**1,173**	1,168	**1,173**	1,168
Amounts transferred out as part of administrative restructure	**(1,218)**	-	**(1,218)**	-
Unused amounts reversed	**42**	-	**42**	-
Amounts used	**-**	(5)	**-**	(5)
Change in discount rate	**3**	10	**3**	10
Carrying amount at the end of financial year	**-**	1,173	**-**	1,173

Details regarding the make good provision are disclosed in Note 1 (i)iii

Home Care Service of New South Wales
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13. Current/non-current liabilities – provisions (continued)

Employee entitlements for current annual and long service leave include short-term (expected to be settled no more than 12 months after the reporting date) and long-term liability (expected to be settled after more than 12 months) as follows:

	Parent 2016 $'000	Parent 2015 $'000	**Consolidated 2016 $'000**	Consolidated 2015 $'000
Short-term				
Annual leave	**-**	-	**290**	11,076
Long service leave	**-**	-	**243**	7,368
	-	-	**533**	18,444
Long-term				
Annual leave	**-**	-	**-**	2,510
Long service leave	**-**	-	**-**	8,331
	-	-	**-**	10,841

Annual and Long Service Leave

Employee entitlements for annual leave and long service leave amounting to $0.5m (30 June 2015: $32.1m) are funded by investments of $24.1m (30 June 2015: $23.8m) in the TCorp Hour-Glass Investment Facility (Note 9) with the balance reflected in working capital.

14. Superannuation

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth’s retirement incomes policy relating to preservation, vesting and reporting to members and that members’ benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board’s adherence to the principles of the Commonwealth’s retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation is due as at 30 June 2018.

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;

* Management and investment of the fund assets; and

* Compliance with other applicable regulations.

14. Superannuation (continued)

Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.

* **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.

* **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.

* **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

* **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/(Asset)

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Net Defined Benefit Liability/(Asset) at start of year	**4,804**	4,829	**268**	521	**1,699**	795	**6,771**	6,145
Current service cost	**861**	1,335	**137**	242	**23**	-	**1,021**	1,577
Net Interest on the net defined benefit liability/(asset)	**(90)**	152	**3**	15	**53**	28	**(34)**	195
Actual return on Fund assets less Interest income	**(177)**	(2,504)	**75**	(370)	**9**	(168)	**(93)**	(3,042)
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	(14)	**-**	(1)	**85**	2	**85**	(13)
Actuarial (gains)/losses arising from changes in financial assumptions	**8**	512	**1**	126	**346**	367	**355**	1,005
Actuarial (gains)/losses arising from liability experience	**875**	1,630	**592**	(64)	**(1,003)**	675	**464**	2,241
Adjustment for effect of asset ceiling	**12,416**	-	**85**	-	**-**	-	**12,501**	-
Employer contributions	**(3,508)**	(1,136)	**(377)**	(201)	**71**	-	**(3,814)**	(1,337)
Transfer from the Crown reserve account*	**(13,620)**	-	**-**	-	**-**	-	**(13,620)**	-
Effect of transfer out due to business combinations and disposals	**(2,901)**	-	**(794)**	-	**-**	-	**(3,695)**	-
Net Defined Benefit Liability/(Asset) at end of year	**(1,332)**	4,804	**(10)**	268	**1,283**	1,699	**(59)**	6,771

* The transfer from the Crown superannuation reserve account to the reserve account of Home Care Service Staff Agency (HCSSA) was based on State Super's advice to Treasury that a 'top-up' of this amount would be required to avoid Home Care's Reserve Account going into negative when State Super Scheme contributors are transferred from HCSSA to Australian Unity Home Care Service Pty Ltd (AUS).

14. Superannuation (continued)

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Reconciliation of the Fair Value of Fund Assets

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Fair value of Fund assets at beginning of the year	**32,810**	32,292	**4,788**	4,571	**2,322**	1,671	**39,920**	38,534
Interest income	**765**	1,071	**91**	152	**68**	58	**924**	1,281
Actual return on Fund assets less Interest income	**177**	2,504	**(75)**	370	**(9)**	168	**93**	3,042
Employer contributions	**3,508**	1,136	**377**	201	**(71)**	-	**3,814**	1,337
Employer contributions made by the Crown	**13,620**	-	**-**	-	**-**	-	**13,620**	-
Contributions by participants	**506**	546	**-**	-	**9**	-	**515**	546
Benefits paid	**(4,061)**	(4,553)	**(739)**	(589)	**(672)**	412	**(5,472)**	(4,730)
Taxes, premiums & expenses paid	**(609)**	(186)	**(49)**	83	**6**	13	**(652)**	(90)
Transfers out due to business combinations and disposals	**(32,455)**	-	**(4,238)**	-	**-**	-	**(36,693)**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Fair value of Fund assets at end of the year	**14,261**	32,810	**155**	4,788	**1,653**	2,322	**16,069**	39,920

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14. Superannuation (continued)

Reconciliation of the Defined Benefit Obligation

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Present value of defined benefit obligations at beginning of the year	**37,613**	37,120	**5,057**	5,093	**4,021**	2,466	**46,691**	44,679
Current service cost	**861**	1,335	**137**	242	**23**	-	**1,021**	1,577
Interest cost	**675**	1,223	**94**	167	**121**	86	**890**	1,476
Contributions by participants	**506**	546	**-**	-	**9**	-	**515**	546
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	(14)	**-**	(1)	**85**	2	**85**	(13)
Actuarial (gains)/losses arising from changes in financial assumptions	**8**	512	**1**	126	**346**	367	**355**	1,005
Actuarial (gains)/losses arising from liability experience	**875**	1,630	**592**	(64)	**(1,003)**	675	**464**	2,241
Benefits paid	**(4,061)**	(4,553)	**(739)**	(589)	**(672)**	412	**(5,472)**	(4,730)
Taxes, premiums & expenses paid	**(609)**	(186)	**(49)**	83	**6**	13	**(652)**	(90)
Transfers in	**(35,356)**	-	**(5,032)**	-	**-**	-	**(40,388)**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Present value of defined benefit obligations at end of the year	**512**	37,613	**61**	5,057	**2,936**	4,021	**3,509**	46,691

Reconciliation of the effect of the Asset Ceiling

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Adjustment for effect of asset ceiling at beginning of the year	**-**	-	**-**	-	**-**	-	**-**	-
Change in the effect of asset ceiling	**12,416**	-	**84**	-	**-**	-	**12,500**	-
Adjustment for effect of asset ceiling at end of the year	**12,416**	-	**84**	-	**-**	-	**12,500**	-

14. Superannuation (continued)

Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers and assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

	2016 Total ($'000)	**2016** Quoted prices in active markets for identical assets Level 1 ($'000)	**2016** Significant observable inputs Level 2 ($'000)	**2016** Unobservable inputs Level 3 ($'000)	2015 Total ($'000)	2015 Quoted prices in active markets for identical assets Level 1 ($'000)	2015 Significant observable inputs Level 2 ($'000)	2015 Unobservable inputs Level 3 ($'000)
Short Term Securities	**2,050**	**2,044**	**6**	**-**	2,642	96	2,546	-
Australian Fixed Interest	**2,721**	**3**	**2,718**	**-**	2,657	1	2,639	17
International Fixed Interest	**835**	**(1)**	**836**	**-**	1,004	-	1,004	-
Australian Equities	**9,721**	**9,172**	**549**	**-**	10,407	9,899	504	4
International Equities	**12,094**	**9,026**	**2,079**	**989**	13,111	9,963	2,585	563
Property	**3,650**	**1,113**	**619**	**1,918**	3,452	948	718	1,786
Alternatives	**7,116**	**470**	**3,122**	**3,524**	7,170	622	3,020	3,528
Total*	**38,187**	**21,827**	**9,929**	**6,431**	40,443	21,529	13,016	5,898

The percentage invested in each asset class at the balance date:

	June 2016	June 2015
Short Term Securities	**5.4%**	6.5%
Australian Fixed Interest	**7.1%**	6.6%
International Fixed Interest	**2.2%**	2.5%
Australian Equities	**25.5%**	25.7%
International Equities	**31.7%**	32.4%
Property	**9.6%**	8.6%
Cash	**-**	-
Alternatives	**18.6%**	17.7%
Total	**100.0%**	100.0%

14. Superannuation (continued)

*Additional to the assets disclosed above, at 30 June 2016 Pooled Fund has provisions for receivables/(payables) estimated to be around $2.8 billion, giving an estimated assets totalling around $41.0 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.
Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.
Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

Fair value of entity's own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets include as at 30 June 2016 of $189.6 million in NSW government bonds.
Of the direct properties owned by the Pooled Fund:
- SAS Trustee Corporation occupies part of property 100% owned by the Pooled Fund with a fair value of $222 million (30 June 2015: $159 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of $243 million (30 June 2015: $204 million).

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14. Superannuation (continued)

Significant Actuarial Assumptions at the Reporting Date

	June 2016	June 2015
Discount rate	1.99% pa	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2016/2017 to 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter	2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020; 3.00% pa 2021/2022 to 2024/2025; 3.50% pa thereafter
Rate of CPI increase	1.50% 2015/2016; 1.75% 2016/2017; 2.25% 2017/2018; 2.50% pa thereafter	2.50% 2015/2016; 2.75% 2016/2017 & 2017/2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age	The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2016 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2016.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

14. Superannuation (continued)

	2016 Base Case	**2016 Scenario A -1.0% discount rate**	**2016 Scenario B +1.0% discount rate**	2015 Base Case	2015 Scenario A -1.0% discount rate	2015 Scenario B +1.0% discount rate
Discount rate	1.99%	0.99%	2.99%	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation ($'000)	**3,511**	**4,008**	**3,110**	46,691	48,844	44,810
	Base Case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation ($)	**3,511**	**3,743**	**3,301**	46,691	47,032	46,386
	Base Case	**Scenario E +0.5% salary increase rate**	**Scenario F -0.5% salary increase rate**	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation ($)	**3,511**	**3,516**	**3,507**	46,691	47,361	46,045
	Base Case	**Scenario G +5% pensioner mortality rates**	**Scenario H -5% pensioner mortality rates**	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation ($)	**3,511**	**3,481**	**3,567**	46,691	46,647	46,741

14. Superannuation (continued)

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

The next triennial review is as at 30 June 2018.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2016 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Accrued benefits	**481**	34,127	**55**	4,337	**1,471**	1,915	**2,007**	40,379
Net market value of fund assets	**(14,261)**	(32,810)	**(155)**	(4,788)	**(1,653)**	(2,322)	**(16,069)**	(39,920)
Net (surplus)/deficit	**(13,780)**	1,317	**(100)**	(451)	**(182)**	(407)	**(14,062)**	459

Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	**% member salary**	**multiple of member contributions**
	-	-	-

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14. Superannuation (continued)

Economic assumptions

The economic assumptions adopted for the 30 June 2015 actuarial investigation of the Pooled Fund are:

Weighted-average assumptions	**June 2016**	June 2015
Expected rate of return on fund assets backing current pension liabilities	7.8% pa	8.3% pa
Expected rate of return on fund assets backing other liabilities	6.8% pa	7.3% pa
Expected salary increase rate (excluding promotional salary increase)	SASS, SANCS, SSS 3.0% pa to 30 June 2019, then 3.5% pa thereafter	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa	2.5% pa

Expected contributions

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Expected employer contributions	-	1,038	-	195	-	-	-	1,233

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13.8 (2015: 5.7) years.

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14. Superannuation (continued)

Profit and Loss Impact

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Current service cost	**861**	1,335	**137**	242	**23**	-	**1,021**	1,577
Net interest	**(90)**	152	**3**	15	**53**	28	**(34)**	195
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/Loss on settlement	**-**	-	**-**	-	**-**	-	**-**	-
Profit and Loss component of the Defined benefit cost	**771**	1,487	**140**	257	**76**	28	**987**	1,772

Other Comprehensive Income

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Actuarial (gains) losses on liabilities	**884**	2,128	**594**	60	**(573)**	1,045	**905**	3,233
Actual return on Fund assets less Interest income	**(177)**	(2,504)	**75**	(370)	**9**	(168)	**(93)**	(3,042)
Adjustment for effect of asset ceiling	**12,416**	-	**84**	-	**-**	-	**12,500**	-
Total remeasurement in Other Comprehensive Income	**13,123**	(376)	**753**	(310)	**(564)**	877	**13,312**	191

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15. Commitments for expenditure

	Parent 2016 $'000	Parent 2015 $'000	**Consolidated 2016 $'000**	Consolidated 2015 $'000
Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	-	2,588	-	2,588
Later than one year and not later than five years	-	1,741	-	1,741
Later than five years	-	-	-	-
Total (including GST)	-	4,329	-	4,329

Operating lease commitments represent the unexpired portion of office accommodation property leases with state and local government and private sector landlords. These commitments will be met from future revenue.

The total operating lease commitments above include total input tax credits of Nil (2015: $0.4m) that are expected to be recoverable from the Australian Taxation Office.

HCS does not have any capital commitments as at 30 June 2016 (2015:Nil).

16. Contingent assets and contingent liabilities

HCS has no contingent liabilities and contingent assets at 30 June 2016 (2015: $Nil).

17. Budget Review

Net Result

The net result of a deficit of $20.7m was lower than budget by $22.2m primarily due to the transfer of HCS to AU HCS effective on 19 February 2016. The budget assumed a full year of operation as the date of the transfer to AU HCS was unknown at that stage.

The expenses are lower than budget by $64.7m primarily due to lower actual expenditure (around 7.5 months) compared to full year budget, offset by the payment to employees ($16.2m) relating to the transfer of HCS to AU HCS.

Revenue is lower than budget by $85.3m mainly due to the timing difference between the actual figures (around 7.5 months) with the full year budget figures as a result of the transfer to AU HCS.

Assets and liabilities

Total assets at $35.0m were under budget by $58.0m. The decrease is primarily due to cash and asset transferred to AU HCS due the transfer of HCS effective on 19 February 2016.

Total liabilities at $2.7m were below budget by $42.4m, mainly due to liabilities and employee related provisions transferred to AU HCS due the transfer of HCS effective on 19 February 2016.

Cash flows

The net decrease in cash in 2015-16 was $54.6m below budget. This is mainly due to cash transferred to AU HCS as a result of the transfer of HCS effective 19 February 2016.

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18. 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.

	Parent 2016 $'000	Parent 2015 $'000	**Consolidated 2016 $'000**	Consolidated 2015 $'000
Net cash used on operating activities	**(8,603)**	4,351	**(8,603)**	4,351
Depreciation	**(318)**	(1,226)	**(318)**	(1,226)
Allowance for impairment	**(565)**	43	**(565)**	114
Gain/(loss) on investments	**285**	2,282	**285**	2,282
Decrease/(increase) in provisions	**11,340**	(3,123)	**7,983**	(2,626)
Increase/(decrease) in prepayments and other assets	**6,692**	(254)	**1,086**	(339)
Decrease/(increase) in creditors	**(25,514)**	2,076	**(21,366)**	1,593
Net gain/(loss) on sale of plant and equipment	**(24)**	578	**(24)**	578
Unwinding of discount on makegood provision	**(3)**	(10)	**(3)**	(10)
Superannuation actuarial (gains)/losses	**-**	-	**812**	191
Net result	**(16,710)**	4,717	**(20,713)**	4,908

Home Care Service of New South Wales
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19. Financial instruments

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

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

The 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 procedures are established to identify and analyse the risks faced by HCS, to set risk limits and controls and to monitor risks. Compliance with procedures is reviewed by the Executive on a continual basis.

(a) Financial instrument categories

Parent

Financial assets	**Note**	**Category**	**Carrying amount 2016 $'000**	Carrying amount 2015 $'000
Class:				
Cash and cash equivalents	7	N/A	**1,843**	64,546
Receivables[1]	8	Loans and receivables (at amortised cost)	**7,690**	5,161
Financial assets at fair value	9	At fair value through profit or loss	**24,131**	23,846

Financial liabilities	**Note**	**Category**	**Carrying amount 2016 $'000**	Carrying amount 2015 $'000
Class:				
Payables[2]	12	Financial liabilities measured at amortised cost	**495**	2,795

Consolidated

Financial assets	**Note**	**Category**	**Carrying amount 2016 $'000**	Carrying amount 2015 $'000
Class:				
Cash and cash equivalents	7	N/A	**1,843**	64,546
Receivables[1]	8	Loans and receivables (at amortised cost)	**9,089**	5,591
Financial assets at fair value	9	At fair value through profit or loss	**24,131**	23,846

Financial liabilities	**Note**	**Category**	**Carrying amount 2016 $'000**	Carrying amount 2015 $'000
Class:				
Payables[2]	12	Financial liabilities measured at amortised cost	**495**	8,172

Notes:
1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

19. Financial instruments (continued)

(b) Credit risk

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

Credit risk arises from the financial assets of HCS, including cash and receivables. No collateral is held by HCS. HCS has not granted any financial guarantees. Credit risk associated with HCS' financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in paragraph 19(d) below.

Receivables - trade debtors

All debtors are recognised as amounts receivable at balance date. Collectability of debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience ,and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on debtors. Sales are made on 30 day terms.

HCS is not materially exposed to concentrations of credit risk to a single debtor or group of debtors. Based on past experience, debtors that are not past due (2016: Nil; 2015: $2.4m) and less than 6 months past due (2016: Nil; 2015: $1.1m) are not considered impaired and together these represent 100.0% (2015: 76.2%) of the total debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are 'sale of goods and services' and 'sundry debtors' in the 'receivables' category of the statement of financial position.

Parent	Total[1,2] $'000	Past due but not impaired[1,2] $'000	Considered impaired[1,2] $'000
2016			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2015			
< 3 months overdue	1,374	1,021	353
3 months - 6 months overdue	166	33	133
> 6 months overdue	413	27	386

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

19. Financial instruments (continued)

Consolidated	Total[1,2] $'000	Past due but not impaired[1,2] $'000	Considered impaired[1,2] $'000
2016			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2015			
< 3 months overdue	1,374	1,021	353
3 months - 6 months overdue	166	33	133
> 6 months overdue	576	53	523

Notes:

1. Each column in the table reports “gross receivables”.
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosures and excludes receivables that are not past due and not impaired. Therefore, the “total” will not reconcile to the receivables total recognised in the Statement of Financial Position.

(c) Liquidity risk

Liquidity risk is the risk that HCS will be unable to meet its payment obligations when they fall due. HCS 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 continuity of funding.

No assets have been pledged as collateral. HCS’ exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSWTC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The interest paid during the financial year was Nil (2015: Nil).

HCS has access to the following line of credit with Westpac bank:

	2016 **$'000**	2015 $'000
Corporate card	**400**	400

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

19. Financial instruments (continued)

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

Maturity analysis and interest rate exposure of financial liabilities

			$'000					
			Interest rate exposure			Maturity dates		
Parent	**Weighted average effective int. rate**	**Nominal amount[1]**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 yr**	**1-5 yrs**	**>5 yrs**
2016								
Payables	**N/A**	**495**	**-**	**-**	**495**	**495**	**-**	**-**
Accrued Salaries, Wages and On-costs	**N/A**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		495	**-**	**-**	**495**	**495**	**-**	**-**
2015								
Payables	N/A	2,795	-	-	2,795	2,795	-	-
Accrued Salaries, Wages and On-costs	N/A	-	-	-	-	-	-	-
		2,795	-	-	2,795	2,795	-	-

			$'000					
			Interest rate exposure			Maturity dates		
Consolidated	**Weighted average effective int. rate**	**Nominal amount[1]**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 yr**	**1-5 yrs**	**>5 yrs**
2016								
Payables	**N/A**	**495**	**-**	**-**	**495**	**495**	**-**	**-**
Accrued Salaries, Wages and On-costs	**N/A**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		495	**-**	**-**	**495**	**495**	**-**	**-**
2015								
Payables	N/A	2,724	-	-	2,724	2,724	-	-
Accrued Salaries, Wages and On-costs	N/A	5,448	-	-	5,448	5,448	-	-
		8,172	-	-	8,172	8,172	-	-

Notes
(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which HCS can be required to pay. The tables include both interest and principal cash flow and therefore will not reconcile to the statement of financial position.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

19. Financial instruments (continued)

(d) 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. HCS' exposure to market risk is primarily through interest rate risk on HCS' cash balances and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. HCS has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit 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 HCS 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 for 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. HCS' exposure to interest rate risk is set out below.

Parent		-1%		+1%	
	Carrying amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
2016					
Financial assets					
Cash and cash equivalents	**1,843**	**(18)**	**(18)**	**18**	**18**
Receivables	**7,690**	**-**	**-**	**-**	**-**
Financial assets at fair value	**24,131**	**(241)**	**(241)**	**241**	**241**
Financial liabilities					
Payables	**495**	**-**	**-**	**-**	**-**
2015					
Financial assets					
Cash and cash equivalents	64,534	(645)	(645)	645	645
Receivables	5,161	-	-	-	-
Financial assets at fair value	23,846	(238)	(238)	238	238
Financial liabilities					
Payables	2,795	-	-	-	-

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

19. Financial instruments (continued)

Consolidated	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
2016					
Financial assets					
Cash and cash equivalents	**1,843**	**(18)**	**(18)**	**18**	**18**
Receivables	**9,089**	**-**	**-**	**-**	**-**
Financial assets at fair value	**24,131**	**(241)**	**(241)**	**241**	**241**
Financial liabilities					
Payables	**495**	**-**	**-**	**-**	**-**
2015					
Financial assets					
Cash and cash equivalents	64,534	(645)	(645)	645	645
Receivables	5,591	-	-	-	-
Financial assets at fair value	23,846	(238)	(238)	238	238
Financial liabilities					
Payables	8,172	-	-	-	-

Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. HCS has no direct equity investments. HCS holds units in the following Hour-Glass investment trusts:

Parent and Consolidated

Facility	Investment Sectors	Investment Horizon	2016 $'000	2015 $'000
Cash facility	Cash and money market instruments	Up to 1.5 years	**-**	-
Medium-term growth facility	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	3 years to 7 years	**9,325**	9,124
Long-term growth facility	Cash, money market instruments, Australian and international bonds, listed property and Australian shares	7 years and over	**14,806**	14,722

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits HCS' exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

19. Financial instruments (continued)

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour- Glass statement).

Parent and Consolidated

		Change in unit price	Impact on profit/loss	
			2016	2015
			$'000	$'000
Hour Glass Investment - Cash facility	**-**	**+/- 1%**	**+/- 0**	+/- 0
Hour Glass Investment - Medium-term growth facility	**9,325**	**+/- 7%**	**+/- 653**	+/- 547
Hour Glass Investment - Long-term growth facility	**14,806**	**+/- 16%**	**+/- 2369**	+/- 2208

(e) Fair value measurement

i. Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

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.

ii. Fair value recognised in the statement of financial position

	Level 1	Level 2	Level 3	2016 Total
	$'000	**$'000**	**$'000**	**$'000**
Financial assets at fair value				
TCorp Hour-Glass Investment facility	**-**	**24,131**	**-**	**24,131**

	Level 1	Level 2	Level 3	2015 Total
	$'000	$'000	$'000	$'000
Financial assets at fair value				
TCorp Hour-Glass Investment facility	-	23,846	-	23,846

There were no transfers between level 1 and 2 during the period ended 30 June 2016 (2015: none).

The value of the Hour-Glass Investments is based on the entities share of the value of the underlying asset of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

Home Care Service of New South Wales
Notes to and forming part of the financial statements
for the year ended 30 June 2016

20. Increase/(Decrease) in Net Assets from Equity Transfers

On the 19 February 2016, assets and liabilities of HCS and HCS Staff Agency were transferred via a vesting order to an Implementation Company, Australian Unity Home Care Pty Ltd (AU HCS) established to facilitate the transfer of HCS to Australian Unity. The majority of HCS Staff Agency employees and their leave entitlements were transferred to Australian Unity.

This note discloses the assets and liabilities of HCS and HCS Staff Agency that transferred to an AU HCS (Implementation Company) on 19 February 2016.

2016	Transfer to AU HCS	
	Parent	Consolidated
	$'000	$'000
ASSETS		
Current Assets		
Cash and cash equivalents	(54,106)	(54,106)
Receivables	(3,977)	(3,977)
Total Current Assets	(58,083)	(58,083)
Non-Current Assets		
Property, plant and equipment		
Land and buildings	(534)	(534)
Plant and equipment	(192)	(192)
Total property, plant and equipment	(726)	(726)
Total Non-Current Assets	(726)	(726)
Total Assets	(58,809)	(58,809)
LIABILITIES		
Current Liabilities		
Payables	(29,942)	(29,942)
Provisions	(32,145)	(35,840)
Total Current Liabilities	(62,087)	(65,782)
Total Liabilities	(62,087)	(65,782)
Increase in Net Assets from Equity Transfers	3,278	6,973

21. Events after the reporting date

A Statute Law (Miscellaneous Provisions) Bill 2016 with a commencement date of 8 July 2016 was passed by both houses of Parliament. The Bill included the proposed repeal of the Home Care Service Act 1988 that would result in the dissolution of Home Care Service of New South Wales and is subject to approval and proclamation. Prior to the repeal being promulgated, remaining staff employed by HCS Staff Agency are to be transferred or employment arrangement finalised. On the dissolution day, any assets and liabilities of the former HCS immediately before its dissolution will be transferred to the Crown. The HCS financial statements for the year ending 30 June 2016 have been prepared based on a going concern basis until the dissolution date.

Other than the above, HCS is not aware of any matter or circumstance that would materially affect the disclosures outlined in this report.

End of audited financial statements

Annual financial statements for the year ended 30 June 2016

INDEPENDENT AUDITOR'S REPORT

Home Care Service Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Home Care Service Staff Agency (the Staff Agency), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Staff Agency in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

The Secretary's Responsibility for the Financial Statements

The Secretary of the Department of Family and Community Services is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary must assess the ability of the Staff Agency to continue as a going concern unless the Staff Agency will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx.
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Staff Agency carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

Karen Taylor
Director, Financial Audit Services

16 September 2016
SYDNEY

HOME CARE SERVICE STAFF AGENCY

YEAR ENDED 30 JUNE 2016

CERTIFICATION OF ACCOUNTS

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act, 1983* (Act), I state that:

a) the accompanying financial statements of Home Care Service Staff Agency's activities for the year ended 30 June 2016 have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, and Public Finance and Audit Regulation 2015 and Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act.

a) the financial statements and notes exhibit a true and fair view of the financial position and transactions of the Home Care Service Staff Agency.

c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Michael Coutts-Trotter
Secretary
15 September 2016

Denise Dawson
Chief Finance Officer
15 September 2016

Home Care Service Staff Agency
Statement of Comprehensive Income
for the year ended 30 June 2016

	Notes	Actual 2016 $'000	Actual 2015 $'000
Expenses excluding losses			
Operating expenses			
Employee related	2	**128,130**	174,094
Total expenses excluding losses		**128,130**	174,094
Revenue			
Personnel services	3a	**118,869**	174,280
Other revenue - TMF hindsight adjustment	3b	**5,672**	-
Total revenue		**124,541**	174,280
Other gains / (losses)	4	**(414)**	5
Net result		**(4,003)**	191
Other comprehensive income			
Superannuation actuarial gains/(losses)		**(812)**	(191)
Other superannuation fund value changes		**(12,500)**	-
Total other comprehensive income		**(13,312)**	(191)
TOTAL COMPREHENSIVE INCOME		**(17,315)**	-

The accompanying notes form part of these financial statements.

Home Care Service Staff Agency
Statement of Financial Position
as at 30 June 2016

	Notes	Actual 2016 $'000	Actual 2015 $'000
Assets			
Current assets			
Receivables	6	**1,820**	35,731
Total current assets		**1,820**	35,731
Non-current assets			
Receivables	6	**-**	9,591
Total non-current assets		**-**	9,591
Total assets		**1,820**	45,322
Liabilities			
Current liabilities			
Payables	7	**4**	6,437
Provisions	8	**1,816**	29,294
Total current liabilities		**1,820**	35,731
Non-current liabilities			
Provisions	8	**-**	9,591
Total non-current liabilities		**-**	9,591
Total liabilities		**1,820**	45,322
Net assets		**-**	-
Equity			
Accumulated funds		**-**	-
Total equity		**-**	-

The accompanying notes form part of these financial statements.

Home Care Service Staff Agency
Statement of Changes in Equity
for the year ended 30 June 2016

	Notes	Accumulated Funds $'000	Total Equity $'000
Balance at 1 July 2015		**-**	**-**
Net result for the year		**(4,003)**	**(4,003)**
Other comprehensive income:			
Superannuation actuarial gains/(losses)		**(812)**	**(812)**
Other superanuation fund value changes		**(12,500)**	**(12,500)**
Total other comprehensive income		**(13,312)**	**(13,312)**
Total comprehensive income for the year		**(17,315)**	**(17,315)**
Transactions with owners in their capacity as owners			
Transfer from the Crown superannuation reserve account		**13,620**	**13,620**
Increase/(decrease) in net assets from equity transfers	14	**3,695**	**3,695**
Balance at 30 June 2016		**-**	**-**
Balance at 1 July 2014		-	-
Net result for the year		191	191
Other comprehensive income:			
Superannuation actuarial gains/(losses)		(191)	(191)
Total other comprehensive income		(191)	(191)
Total comprehensive income for the year		-	-
Balance at 30 June 2015		-	-

The accompanying notes form part of these financial statements.

Home Care Service Staff Agency
Statement of Cash Flows
for the year ended 30 June 2016

	Notes	Actual 2016 $'000	Actual 2015 $'000
NET CASH FLOWS FROM OPERATING ACTIVITIES		**-**	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**-**	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
NET INCREASE/(DECREASE) IN CASH		-	-
Opening cash and cash equivalents		**-**	-
CLOSING CASH AND CASH EQUIVALENTS		**-**	-

The HCS Staff Agency does not hold any cash or cash equivalent assets and therefore there are nil cash flows.

The accompanying notes form part of these financial statements.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

a. Reporting entity

Home Care Service Staff Agency (HCS Staff Agency) is a controlled entity established pursuant to Part 2 of Schedule 1 to the *Government Sector Employment Act 2013 (GSE Act)*. The Staff Agency's objective is to provide personnel services to Home Care Service of NSW (HCS).The HCS Staff Agency was formerly known as Home Care Service Division (HCS Division).The Administrative Arrangements Order 2014 in conjunction with the GSE Act required the renaming of HCS Division to HCS Staff Agency effective 24 February, 2014 without any impact to the former Division's operations.

HCS Staff Agency is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The financial statements for the year ended 30 June 2016 have been authorised for issue by the Secretary, Department of Family and Community Services on 15 September 2016.

b. Administrative restructures

On the 19 February 2016, assets and liabilities of HCS and HCS Staff Agency and the majority of employees of HCS Staff Agency were transferred via a vesting order to Australian Unity Home Care Pty Ltd (AU HCS) (Implementation Company), established to facilitate the transfer of HCS to Australian Unity.

A small number of employees did not transfer to Australian Unity and remain as employees of HCS Staff Agency and their annual leave and long service leave entitlements are included in the financial statements.

Details of the assets and liabilities transferred are disclosed in Note 14 Increase/(Decrease) in Net Assets from Equity Transfers.

c. Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Generally the historical cost basis of accounting has been adopted except where fair value measurements have been applied.

The financial statements have been prepared on a going concern basis as there is currently no legislative approval to repeal the Home Care Service Act 1988 that would result in the dissolution of HCS and HCS Staff Agency entities following the transfer of assets, liabilities and employees to an Implementation Company to facilitate the sale of HCS to Australian Unity on 19 February 2016. Details regarding the status of HCS Staff Agency is set out in Note 15.

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

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

d. Statement of compliance

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

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

e. Insurance

HCS Staff Agency'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.

f. Accounting for the Goods and Services Tax (GST)

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

- amount of GST incurred by HCS Staff Agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an assets cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

g. Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

i. Rendering of services

Revenue from the rendering of personnel services is recognised when the service is provided.

h. Assets

i. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

ii. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Where there is objective evidence, reversals of previously recognised impairment losses are reversed in the net result for the year. Reversals of impairment losses on financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

iii. Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire, or if HCS Staff Agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where HCS Staff Agency has not transferred substantially all the risks and rewards, if the agency has not retained control.

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

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

i. Liabilities

i. Payables

Payables include accrued wages, salaries and related on-costs where there is certainty as to the amount and timing of settlement. These amounts represent liabilities for goods and services provided to HCS Staff Agency. Payables are recognised initially at fair value, usually based on the transaction cost or face value of the underlying transaction. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

ii. Employee benefits and other provisions

a) Salaries and wages, annual leave, sick leave 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 is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of an approach using nominal annual leave plus annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

b) Long service leave and superannuation

Long service leave entitlements are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an independent actuarial review performed in 2013, to approximate present value.

i. Defined benefit superannuation plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. An actuarial assessment of the defined benefit is undertaken before each reporting date. The assessment uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan.

A liability or an asset in respect of the defined benefit superannuation plan is recognised in the Statement of Financial Position and is measured as the present value of the defined benefit obligation as at reporting date. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the market yield rate on government bonds of similar maturity to those obligations.

The amount recognised in the net result for superannuation is the total of current service cost and net interest as per AASB 119. Actuarial gains and losses are charged directly to Equity in the year they occur.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they are due. Prepaid contributions are recognised as an asset, to the extent that a cash refund or reduction in future payments is available.

c) 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.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

j. Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

k. 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.

l. Changes in accounting policy, including new or revised Australian Accounting Standards

i. Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2015-16.

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality

ii. Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective as mandated by NSW Treasury Circular TC 16/02:

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

Standards/Interpretations	Operative Date
AASB 9 and AASB 2014-7 regarding financial instruments	1- Jan-18
AASB 1056 *Superannuation Entities*	1 -Jul-16
AASB 1057 and AASB 2015-9 *Application of Australian Accounting Standards*	1-Jan-16
AASB 2014-9 regarding equity method in separate financial statements	1-Jan-16
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	1-Jan-16
AASB 2015-2 regarding amendments to AASB 101 (disclosure initiatives)	1-Jan-16
AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*	1-Jul-16

HCS Staff Agency's assessment of the applicability and impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the entity.

m. Payroll Tax

HCS Staff Agency is exempt from paying payroll tax as legislated by *State Revenue Legislation (Miscellaneous Amendments) Act 1988 No 104*, effective from 1 July 1998.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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2. Expenses Excluding Losses

	2016	2015
	$'000	$'000
Salaries and wages (including annual leave)	**108,504**	146,501
Defined benefit superannuation	**986**	1,772
Defined contribution superannuation	**9,061**	13,125
Long service leave	**703**	3,710
Workers' compensation insurance	**8,836**	8,955
Fringe benefit tax	**40**	31
	128,130	174,094

3. Revenue

a. Personnel services

Revenue from personnel services	**118,869**	174,280
	118,869	174,280

HCS Staff Agency provides personnel services to HCS at cost.

b. Other revenue

TMF hindsight adjustment	**5,672**	-
	5,672	-

4. Other Gains/(Losses)

Gain/(Loss) on impairment of receivables	**(414)**	5
	(414)	5

5. Service Groups of the Entity

HCS Staff Agency's sole purpose is to provide personnel services to HCS. Accordingly, Service Group classifications are not applicable.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

6. Current/Non-Current – Receivables

	2016 $'000	2015 $'000
Current		
Personnel services receivable	**421**	35,301
Superannuation receivable	**1,342**	-
Workers' compensation debtor	**12**	403
Sundry debtors	**45**	164
Less: Allowance for impairment	**-**	(137)
Total Current	**1,820**	35,731

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 13.

Movements in the allowance for impairment		
Balance at 1 July	**137**	208
Amounts written off during the year	**(414)**	(66)
Increase / (decrease) in allowance recognised in profit or loss	**277**	(5)
Balance at 30 June	**-**	137

7. Current Liabilities – Payables

Accrued salaries, wages and on-costs	**-**	5,448
Payable to Australian Taxation Office - PAYG	**4**	899
Other payables	**-**	90
Total	**4**	6,437

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 13.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

8. Current/Non-Current Liabilities – Provisions

	2016 $'000	2015 $'000
Current		
Employee Benefit and Related on-costs		
Annual leave	**290**	13,586
Long service leave	**243**	15,699
Fringe Benefit Tax	**-**	9
Superannuation	**1,283**	-
Total Current	**1,816**	29,294
Non-current		
Employee Benefit and Related on-costs		
Long service leave	**-**	2,820
Superannuation	**-**	6,771
Total Non-Current	**-**	9,591
Total Provisions	**1,816**	38,885
Aggregate employee benefits and related on-costs		
Provisions – current	**1.816**	29,294
Provisions - non-current	**-**	9,591
Accrued salaries, wages and on-costs (Note 7)	**-**	5,448
	1,816	44,333

Employee entitlements for current annual and long service leave include short-term (expected to be settled no more than 12 months after the reporting date) and long-term liabilities (expected to be settled after more than 12 months) as follows:

	2016 $'000	2015 $'000
Short-term		
Annual leave	**290**	11,076
Long service leave	**263**	7,368
	553	18,444
Long-term		
Annual leave	**-**	2,510
Long service leave	**-**	8,331
	-	10,841

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

9. Superannuation

Nature of the benefits provided by the fund
The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework
The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth’s retirement incomes policy relating to preservation, vesting and reporting to members and that members’ benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board’s adherence to the principles of the Commonwealth’s retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation is due as at 30 June 2018.

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;

* Management and investment of the fund assets; and

* Compliance with other applicable regulations.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

9. Superannuation (continued)

Description of risks
There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.

* **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.

* **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.

* **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

* **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events
There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/(Asset)

	SASS	SASS	**SANCS**	SANCS	**SSS**	SSS	**Total**	Total
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Net Defined Benefit Liability/(Asset) at start of year	**4,804**	4,829	**268**	521	**1,699**	795	**6,771**	6,145
Current service cost	**861**	1,335	**137**	242	**23**	-	**1,021**	1,577
Net Interest on the net defined benefit liability/(asset)	**(90)**	152	**3**	15	**53**	28	**(34)**	195
Actual return on Fund assets less Interest income	**(177)**	(2,504)	**75**	(370)	**9**	(168)	**(93)**	(3,042)
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	(14)	**-**	(1)	**85**	2	**85**	(13)
Actuarial (gains)/losses arising from changes in financial assumptions	**8**	512	**1**	126	**346**	367	**355**	1,005
Actuarial (gains)/losses arising from liability experience	**875**	1,630	**592**	(64)	**(1,003)**	675	**464**	2,241
Adjustment for effect of asset ceiling	**12,416**	-	**85**	-	**-**	-	**12,501**	-
Employer contributions	**(3,508)**	(1,136)	**(377)**	(201)	**71**	-	**(3,814)**	(1,337)
Transfer from the Crown reserve account*	**(13,620)**	-	**-**	-	**-**	-	**(13,620)**	-
Effect of transfer out due to business combinations and disposals	**(2,901)**	-	**(794)**	-	**-**	-	**(3,695)**	-
Net Defined Benefit Liability/(Asset) at end of year	**(1,332)**	4,804	**(10)**	268	**1,283**	1,699	**(59)**	6,771

* The transfer from the Crown superannuation reserve account to the reserve account of Home Care Service Staff Agency (HCSSA) was based on State Super's advice to Treasury that a 'top-up' of this amount would be required to avoid Home Care's Reserve Account going into negative when State Super Scheme contributors are transferred from HCSSA to AUS (a subsidiary of AU).

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

9. Superannuation (continued)

Reconciliation of the Fair Value of Fund Assets

	SASS	SASS	**SANCS**	SANCS	**SSS**	SSS	**Total**	Total
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Fair value of Fund assets at beginning of the year	**32,810**	32,292	**4,788**	4,571	**2,322**	1,671	**39,920**	38,534
Interest income	**765**	1,071	**91**	152	**68**	58	**924**	1,281
Actual return on Fund assets less Interest income	**177**	2,504	**(75)**	370	**(9)**	168	**93**	3,042
Employer contributions	**3,508**	1,136	**377**	201	**(71)**	-	**3,814**	1,337
Employer contributions made by the Crown	**13,620**	-	**-**	-	**-**	-	**13,620**	-
Contributions by participants	**506**	546	**-**	-	**9**	-	**515**	546
Benefits paid	**(4,061)**	(4,553)	**(739)**	(589)	**(672)**	412	**(5,472)**	(4,730)
Taxes, premiums & expenses paid	**(609)**	(186)	**(49)**	83	**6**	13	**(652)**	(90)
Transfers out due to business combinations and disposals	**(32,455)**	-	**(4,238)**	-	**-**	-	**(36,693)**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Fair value of Fund assets at end of the year	**14,261**	32,810	**155**	4,788	**1,653**	2,322	**16,069**	39,920

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

9. Superannuation (continued)

Reconciliation of the Defined Benefit Obligation

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Present value of defined benefit obligations at beginning of the year	**37,613**	37,120	**5,057**	5,093	**4,021**	2,466	**46,691**	44,679
Current service cost	**861**	1,335	**137**	242	**23**	-	**1,021**	1,577
Interest cost	**675**	1,223	**94**	167	**121**	86	**890**	1,476
Contributions by participants	**506**	546	**-**	-	**9**	-	**515**	546
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	(14)	**-**	(1)	**85**	2	**85**	(13)
Actuarial (gains)/losses arising from changes in financial assumptions	**8**	512	**1**	126	**346**	367	**355**	1,005
Actuarial (gains)/losses arising from liability experience	**875**	1,630	**592**	(64)	**(1,003)**	675	**464**	2,241
Benefits paid	**(4,061)**	(4,553)	**(739)**	(589)	**(672)**	412	**(5,472)**	(4,730)
Taxes, premiums & expenses paid	**(609)**	(186)	**(49)**	83	**6**	13	**(652)**	(90)
Transfers out due to business combinations and disposals	**(35,356)**	-	**(5,032)**	-	**-**	-	**(40,388)**	-
Contributions to accumulation section	**-**	-	**-**	-	**-**	-	**-**	-
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
Settlements	**-**	-	**-**	-	**-**	-	**-**	-
Exchange rate changes	**-**	-	**-**	-	**-**	-	**-**	-
Present value of defined benefit obligations at end of the year	**512**	37,613	**61**	5,057	**2,936**	4,021	**3,509**	46,691

Reconciliation of the effect of the Asset Ceiling

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Adjustment for effect of asset ceiling at beginning of the year	**-**	-	**-**	-	**-**	-	**-**	-
Change in the effect of asset ceiling	**12,416**	-	**84**	-	**-**	-	**12,500**	-
Adjustment for effect of asset ceiling at end of the year	**12,416**	-	**84**	-	**-**	-	**12,500**	-

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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9. Superannuation (continued)

Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers and assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

	2016 Total ($'000)	**2016** Quoted prices in active markets for identical assets Level 1 ($'000)	**2016** Significant observable inputs Level 2 ($'000)	**2016** Unobservable inputs Level 3 ($'000)	2015 Total ($'000)	2015 Quoted prices in active markets for identical assets Level 1 ($'000)	2015 Significant observable inputs Level 2 ($'000)	2015 Unobservable inputs Level 3 ($'000)
Short Term Securities	**2,050**	**2,044**	**6**	**-**	2,642	96	2,546	-
Australian Fixed Interest	**2,721**	**3**	**2,718**	**-**	2,657	1	2,639	17
International Fixed Interest	**835**	**(1)**	**836**	**-**	1,004	-	1,004	-
Australian Equities	**9,721**	**9,172**	**549**	**-**	10,407	9,899	504	4
International Equities	**12,094**	**9,026**	**2,079**	**989**	13,111	9,963	2,585	563
Property	**3,650**	**1,113**	**619**	**1,918**	3,452	948	718	1,786
Alternatives	**7,116**	**470**	**3,122**	**3,524**	7,170	622	3,020	3,528
Total*	**38,187**	**21,827**	**9,929**	**6,431**	40,443	21,529	13,016	5,898

The percentage invested in each asset class at the balance date:

	June 2016	June 2015
Short Term Securities	**5.3%**	6.5%
Australian Fixed Interest	**7.1%**	6.6%
International Fixed Interest	**2.2%**	2.5%
Australian Equities	**25.5%**	25.7%
International Equities	**31.7%**	32.4%
Property	**9.6%**	8.6%
Cash	**-**	-
Alternatives	**18.6%**	17.7%
Total	**100.0%**	100.0%

9. Superannuation (continued)

*Additional to the assets disclosed above, at 30 June 2016 Pooled Fund has provisions for receivables/(payables) estimated to be around $2.8 billion, giving an estimated assets totalling around $41.0 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.
Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.
Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

Fair value of entity's own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets include as at 30 June 2016 of $189.6 million in NSW government bonds.
Of the direct properties owned by the Pooled Fund:
- SAS Trustee Corporation occupies part of property 100% owned by the Pooled Fund with a fair value of $222 million (30 June 2015: $159 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value of $243 million (30 June 2015: $204 million).

Home Care Service Staff Agency
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9. Superannuation (continued)

Significant Actuarial Assumptions at the Reporting Date

	June 2016	June 2015
Discount rate	1.99% pa	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2016/2017 to 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter	2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020; 3.00% pa 2021/2022 to 2024/2025; 3.50% pa thereafter
Rate of CPI increase	1.50% 2015/2016; 1.75% 2016/2017; 2.25% 2017/2018; 2.50% pa thereafter	2.50% 2015/2016; 2.75% 2016/2017 & 2017/2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age	The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age

Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2016 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2016.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
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9. Superannuation (continued)

	2016	2016	2016	2015	2015	2015
	Base Case	**Scenario A -1.0% discount rate**	**Scenario B +1.0% discount rate**	Base Case	Scenario A +1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	1.99%	0.99%	2.99%	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation ($'000)	**3,511**	**4,008**	**3,110**	46,691	48,844	44,810

	Base Case	**Scenario C +0.5% rate of CPI increase**	**Scenario D -0.5% rate of CPI increase**	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa	0.0%	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation ($'000)	**3,511**	**3,743**	**3,301**	46,691	47,032	46,386

	Base Case	**Scenario E +0.5% salary increase rate**	**Scenario F -0.5% salary increase rate**	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation ($'000)	**3,511**	**3,516**	**3,507**	46,691	47,361	46,045

	Base Case	**Scenario G +5% pensioner mortality rates**	**Scenario H -5% pensioner mortality rates**	Base Case	Scenario G +0.5% pensioner mortality rates	Scenario H -0.5% pensioner mortality rates
Defined benefit obligation ($'000)	**3,511**	**3,481**	**3,567**	46,691	46,647	46,741

9. Superannuation (continued)

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

The next triennial review is as at 30 June 2018.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2016 financial position of the Fund calculated in accordance with AAS 25 “Financial Reporting by Superannuation Plans”:

	SASS	SASS	**SANCS**	SANCS	**SSS**	SSS	**Total**	Total
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Accrued benefits	**481**	34,127	**55**	4,337	**1,471**	1,915	**2,007**	40,379
Net market value of fund assets	**(14,261)**	(32,810)	**(155)**	(4,788)	**(1,653)**	(2,322)	**(16,069)**	(39,920)
Net (surplus)/deficit	**(13,780)**	1,317	**(100)**	(451)	**(182)**	(407)	**(14,062)**	459

Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	**% member salary**	**multiple of member contributions**
-	-	-

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

9. Superannuation (continued)

Economic assumptions

The economic assumptions adopted for the 30 June 2015 actuarial investigation of the Pooled Fund are:

Weighted-average assumptions	**June 2016**	June 2015
Expected rate of return on fund assets backing current pension liabilities	7.8% pa	8.3% pa
Expected rate of return on fund assets backing other liabilities	6.8% pa	7.3% pa
Expected salary increase rate (excluding promotional salary increase)	SASS, SANCS, SSS 3.0% pa to 30 June 2019, then 3.5% pa thereafter	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa	2.5% pa

Expected contributions

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Expected employer contributions	-	1,038	-	195	-	-	-	1,233

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13.8 (2015: 5.7) years.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

9. Superannuation (continued)

Profit and Loss Impact

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Current service cost	**861**	1,335	**137**	242	**23**	-	**1,021**	1,577
Net interest	**(90)**	152	**3**	15	**53**	28	**(34)**	195
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
(Gains)/Loss on settlement	**-**	-	**-**	-	**-**	-	**-**	-
Profit and Loss component of the Defined benefit cost	**771**	1,487	**140**	257	**76**	28	**987**	1,772

Other Comprehensive Income

	SASS 2016 $'000	SASS 2015 $'000	**SANCS 2016 $'000**	SANCS 2015 $'000	**SSS 2016 $'000**	SSS 2015 $'000	**Total 2016 $'000**	Total 2015 $'000
Actuarial (gains) losses on liabilities	**884**	2,128	**594**	60	**(573)**	1,045	**905**	3,233
Actual return on Fund assets less Interest income	**(177)**	(2,504)	**75**	(370)	**9**	(168)	**(93)**	(3,042)
Adjustment for effect of asset ceiling	**12,416**	-	**84**	-	**-**	-	**12,500**	-
Total remeasurement in Other Comprehensive Income	**13,123**	(376)	**753**	(310)	**(564)**	877	**13,312**	191

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

10. Contingent Liabilities and Contingent Assets

HCS Staff Agency has no contingent liabilities and contingent assets at 30 June 2016 (30 June 2015:Nil).

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

	2016	2015
	$'000	$'000
Net cash used on operating activities	**-**	-
Decrease/(increase) in provisions	**6,299**	(2,628)
Increase / (decrease) in receivables	**(17,547)**	3,115
Decrease/(increase) in creditors	**6,433**	(487)
Superannuation actuarial losses	**812**	191
Net result	**(4,003)**	191

12. Commitments for Expenditure

HCS Staff Agency has no commitments as at 30 June 2016 (30 June 2015: Nil).

13. Financial Instruments

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

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

The 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 procedures are established to identify and analyse the risks faced by HCS Staff Agency, to set risk limits and controls and to monitor risks. Compliance with procedures is reviewed by the Executive on a continual basis.

a. Financial Instrument Categories

			Carrying amount	Carrying amount
Financial Assets	**Note**	**Category**	**2016**	2015
Class:			**$'000**	$'000
Receivables [(1)]	6	Loans and receivables (at amortised cost)	**1,820**	45,322

			Carrying amount	Carrying amount
Financial Liabilities	**Note**	**Category**	**2016**	2015
Class:			**$'000**	$'000
Payables [(2)]	7	Financial liabilities measured at amortised cost	**-**	5,555

Notes:
(1) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
(2) Excludes statutory payables and unearned revenue (i.e. within scope of AASB 7).

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

13. Financial Instruments (continued)

b. Credit Risk

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

Credit risk arises from the financial assets of HCS Staff Agency, including receivables. No collateral is held by HCS Staff Agency. HCS Staff Agency has not granted any financial guarantees.

Receivables

All debtors are recognised as amounts receivable at balance date. HCS Staff Agency's exposure to credit risk on its receivables is considered minimal because of the nature of its majority debtor (HCS) being a government body. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on debtors.

HCS Staff Agency Staff Agency is not materially exposed to concentrations of credit risk to a single debtor or group of debtors. Based on past experience, debtors that are not past due (2016: $Nil; 2015: $Nil) and less than 6 months past due (2016: $Nil; 2015: $Nil) are not considered impaired and together these represent 0% (2015: 0%) of the total debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

	Total[1,2] $'000	Past due but not impaired[1,2] $'000	Considered impaired[1,2] $'000
2016			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2015			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	164	27	137

Notes:
1. Each column in the table reports "gross receivables".
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosures and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

c. Liquidity Risk

Liquidity risk is the risk that HCS Staff Agency will be unable to meet its payment obligations when they fall due. HCS Staff Agency continuously manages risk through monitoring future cash flows. HCS Staff Agency exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSWTC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specific time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

13. Financial Instruments (continued)

a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No late interest payments were made in the year ending 30 June 2016 (2015: $Nil).

The table below summarises the maturity profile of HCS Staff Agency's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount (1) $'000	Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-interest Bearing $'000	< 1 year $'000	1 -5 years $'000	> 5 years $'000
2016								
Financial Liabilities:								
Payables	**N/A**	-	-	-	-	-	-	-
Accrued Salaries, Wages and on-costs	**N/A**	-	-	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	-	-	-
2015								
Financial Liabilities:								
Payables	N/A	107	-	-	107	107	-	-
Accrued Salaries, Wages and on-costs	N/A	5,448	-	-	5,448	5,448	-	-
Total Financial Liabilities		5,555	-	-	5,555	5,555	-	-

Notes:
(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which HCS Staff Agency can be required to pay. The tables include both interest and principal cash flow and therefore will not reconcile to the statement of financial position.

d. 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. HCS Staff Agency is not exposed to interest rate risk, as it does not have cash or cash equivalents and its financial assets and financial liabilities are not subject to interest rate movements. HCS Staff Agency has no exposure to foreign currency risk and does not enter into commodity contracts.

e. Fair value compared to carrying amount

Financial instruments are recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value compared to carrying amount, because of the short-term nature of many of the financial instruments.

Home Care Service Staff Agency
Notes to and forming part of the financial statements
for the year ended 30 June 2016

14. Increase/(Decrease) in Net Assets from Equity Transfers

On the 19 February 2016, assets and liabilities of HCS and HCS Staff Agency and employees of HCS Staff Agency were transferred via a vesting order to an Implementation Company, Australian Unity Home Care Pty Ltd (AU HCS) established to facilitate the transfer of HCS to Australian Unity. The majority of HCS Staff Agency employees and their leave entitlements were transferred to AU HCS.

Total Assets of $58.8m and total liabilities of $62.1m were transferred to AU HCS from HCS and HCS Staff Agency. Included in the liabilities transferred were annual leave and long service leave provisions of HCS Staff Agency, including on-costs of $32.1m and are incorporated in the HCS Consolidated Financial Statements.

15. Events after the reporting period

A Statute Law (Miscellaneous Provisions) Bill 2016 with a commencement date of 8 July 2016 was passed by both houses of Parliament. The Bill included the proposed repeal of the Home Care Service Act 1988 that would result in the removal of HCS Staff Agency from Schedule 1 Public Service Agencies of the Government Sector Employment Act 2013 No 40. Prior to the repeal being promulgated, remaining staff employed by HCS Staff Agency are to be transferred or employment arrangement finalised. The HCS Staff Agency financial statements for the year ending 30 June 2016 have been prepared on a going concern basis until the date of approval of the proposed appeal of the Home Care Service Act 1988.

Other than the above, HCS Staff Agency is not aware of any matter or circumstance that would materially affect the disclosures outlined in this report.

End of Audited Financial Statements

Annual financial statements for the year ended 30 June 2016

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

John Williams Memorial Charitable Trust

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of John Williams Memorial Charitable Trust (the Trust), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 30 June 2016, and of its financial performance and its cash flows for the year then endedin accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Trust in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

The Secretary's Responsibility for the Financial Statements

The Secretary of the Department of Family and Community Services is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the Secretary determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

In preparing the financial statements, the Secretary must assess the Trust's ability to continue as a going concern unless the Trust will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx.
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Trust 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.

Karen Taylor
Director, Financial Audit Services

16 September 2016
SYDNEY

JOHN WILLIAMS MEMORIAL CHARITABLE TRUST

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2016

CERTIFICATION OF ACOUNTS

Pursuant to Section 41C(1B) and (1C) of the *Public Finance and Audit Act, 1983* (Act), I state that:

a) the accompanying financial statements for the year ended 30 June 2016 have been prepared in accordance with the requirements of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983*, Public Finance and Audit Regulation 2015 and Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer under section 9(2)(n) of the Act.

b) the statements and notes exhibit a true and fair view of the financial position and transactions of the John Williams Memorial Charitable Trust.

c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Michael Coutts-Trotter
Secretary
15 September 2016

Denise Dawson
Chief Financial Officer
15 September 2016

John Williams Memorial Charitable Trust
Statement of Comprehensive Income
for the year ended 30 June 2016

	Notes	Actual 2016 $'000	Actual 2015 $'000
Expenses excluding losses			
Auditors remuneration - audit of financial statements		**7**	5
Maintenance expenses		**84**	163
Depreciation	2	**121**	123
Total Expenses excluding losses		**212**	291
Revenue			
Investment revenue	3a	**39**	53
In-kind contribution revenue	3b	**31**	28
Total Revenue		**70**	81
Other gains / (losses)	4	**1,031**	596
Net result		**889**	386
Total other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**889**	386

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Statement of Financial Position
as at 30 June 2016

	Notes	Actual 2016 $'000	Actual 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	**1,729**	1,918
Receivables	6	**19**	11
Total Current Assets		**1,748**	1,929
Non-Current Assets			
Property, plant and equipment	7		
- Land and buildings		**8,917**	7,873
- Plant and equipment		**-**	-
Total Property, plant and equipment		**8,917**	7,873
Total Non-Current Assets		**8,917**	7,873
TOTAL ASSETS		**10,665**	9,802
LIABILITIES			
Current Liabilities			
Payables	9	**18**	44
Total Current Liabilities		**18**	44
TOTAL LIABILITIES		**18**	44
NET ASSETS		**10,647**	9,758
EQUITY			
Reserves		**-**	-
Accumulated funds		**10,647**	9,758
TOTAL EQUITY		**10,647**	9,758

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Statement of Changes in Equity
for the year ended 30 June 2016

	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total Equity $'000
Balance at 1 July 2015		**9,758**	**-**	**9,758**
Net result for the year		**889**	**-**	**889**
Total other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year		**889**	**-**	**889**
Balance at 30 June 2016		**10,647**	**-**	**10,647**
Balance at 1 July 2014		9,372	-	9,372
Net result for the year		386	-	386
Total other comprehensive income		-	-	-
Total comprehensive income for the year		386	-	386
Balance at 30 June 2015		9,758	-	9,758

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Statement of Cash Flows
for the year ended 30 June 2016

	Notes	Actual 2016 $'000	Actual 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Other		**(86)**	(115)
Total Payments		**(86)**	(115)
Receipts			
Interest received		**31**	42
Total Receipts		**31**	42
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	**(55)**	(73)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment		**(134)**	(44)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(134)**	(44)
NET INCREASE/(DECREASE) IN CASH			
Opening cash and cash equivalents		**1,918**	2,035
Net increase/(decrease) in cash		**(189)**	(117)
CLOSING CASH AND CASH EQUIVALENTS	5	**1,729**	1,918

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies

a. Reporting entity

The Crown in the right of the State of NSW is the trustee of the John Williams Memorial Charitable Trust (the Trust). In 2005, the Director-General of the then Department of Ageing, Disability and Home Care now known as Department of Family and Community Services, Ageing, Disability and Home Care (ADHC), as an emanation of the Crown, was authorised to administer the Trust. Effective from 1 July 2009, the Director-General of the Department of Human Services (DHS) became administrator of the Trust, as a result of the *Public Sector Employment and Management (Department Amalgamations) Order 2009.* In December 2010, pursuant to S12 of the *Charitable Trusts Act 1993,* the administration of the Trust was transferred from the Director General of DHS to the Chief Executive of ADHC.

On 3 April 2011, DHS changed its name to the Department of Family and Community Services (FACS) as a result of the *Public Sector Employment and Management (Departments) Order 2011*.

The purpose of the Trust is to provide respite care and accommodation for children with disabilities. The Trust accomplishes this purpose by providing properties to be used for this purpose by children with a disability.

The Trust is a special purpose reporting entity. It is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the FACS financial statements and the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Secretary, Department of Family and Community Services, on 15 September 2016.

b. Basis of preparation

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

- applicable Australian Accounting Standards (including Australian Accounting Interpretations).
- the requirements of the *Public Finance and Audit Act 1983* (PFAA) and the *Public Finance and Audit Regulation 2015*.
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or directions issued by the NSW Treasurer.

Property, plant and equipment and financial assets at 'fair value through profit and loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

c. Statement of Compliance

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

d. Insurance

The Trust's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

e. Accounting for the Goods and Services Tax (GST)

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

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

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

f. Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

i. Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

ii. In-kind contributions

The Trust's properties are utilised by FACS and Non Government Organisations (NGOs) to provide respite care to children with disabilities. In-kind contributions have been received from these organisations during 2015–16 in the form of maintenance of the properties. These contributions have been recognised in the Trust's financial statements as maintenance expense and in-kind contribution revenue, at the values assessed by these organisations.

g. Assets

i. Acquisition of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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. deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation thresholds

Property, plant and equipment costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

iii. Revaluation of property, plant and equipment

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 7 and Note 8 for further information regarding fair value.

The Trust revalues land and buildings at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Trust's land and building assets were revalued as at 30 June 2016 by application of relevant indices by an external valuer. In the intervening reporting periods, when a revaluation is not undertaken, the carrying amount of land and buildings is assessed to ensure it represents fair value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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

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

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

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

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

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

iv. 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, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

v. Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Trust.

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

Land is not a depreciable asset.

The useful life by asset category is:

	Years
Buildings	40
Plant, furniture and equipment – general and commercial	4 to 7
Plant, furniture and equipment – industrial	20

vi. Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied. In all other circumstances, the labour costs are expensed.

vii. Maintenance

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

viii. Receivables

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

ix. Investments

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

Gains or losses on these assets are recognised in the net result for the year.

The movement in the fair value of the T-Corp Hour-Glass Cash Facility incorporates distributions received as well as unrealised movements in fair value and is reported in the line item ‘investment revenue’.

x. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses on financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

h. Liabilities

i. Payables

These amounts represent liabilities for goods and services provided to the Trust and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

i. Fair value hierarchy

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

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

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

Refer Note 8 and Note 13 for further disclosures regarding fair value measurements of financial and non-financial assets.

j. Equity and reserves

i. Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Trust's policy on the revaluation of property, plant and equipment as discussed in note 1(g) (iii).

ii. Accumulated funds

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

k. 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 disclosed in the financial statements.

l. Changes in accounting policy, including new or revised Australian Accounting Standards

i. Effective for the first time in 2015-16

The accounting policies applied in 2015-16 are consistent with those of previous years except as a result of the following new or revised standards and amendments adopted for the first time in the financial year ended 30 June 2016:

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. Summary of Significant Accounting Policies (continued)

-AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB1031 Materiality

Adoption of this amendment has not had a material effect of the financial position or performance of John Williams Memorial Charitable Trust or presentation and disclosures in the Financial Statements.

ii. Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.
The following new Australian Accounting Standards have not been applied and are not yet effective (refer Treasury Circular NSWTC 16-02 Mandates of Options and Major Policy Decisions under Australian Accounting Standards):

Standards/Interpretations	Operative Date
AASB 9 and AASB 2014-7 regarding financial instruments	1 January 2018
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	1 July 2016
AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities	1 July 2016

The Trust's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the entity other than as set out below;

AASB 124 Related Party Disclosures operative from 1 July 2016 will result in additional note disclosure that identifies related party arrangements and any related party transactions and commitments arising from these arrangements. Only related party information considered material is required to be disclosed.

AASB 124 also requires disclosure of Key Management Personnel compensation in aggregation.

Management is assessing the potential effect of this standard.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

2. Depreciation

	2016	2015
	$'000	$'000
Buildings	**121**	123
	121	123

3. Revenue

a. Investment revenue

Interest received on bank accounts	**39**	11
TCorp Hour Glass cash facilities designated at fair value through profit and loss	**-**	42
	39	53

The Trust's banker pays interest on the aggregate net credit daily balance of the bank accounts. The interest rate is varied by the bank in line with money market rate movements and is credited to the individual accounts on a monthly basis.

Investment income is also earned on deposits at call with the NSW Treasury Corporation, where unit value is determined on a daily basis.

b. In Kind contribution revenue

Maintenance provided free of charge by agencies utilising the Trust's properties	**31**	28
	31	28

4. Other Gains / (Losses)

Property, plant and equipment revaluation gains/(losses)	**1,031**	596
	1,031	596

5. Current Assets – Cash and Cash Equivalents

Cash at bank	**1,729**	1,918
	1,729	1,918

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits and bank overdraft.

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)	**1,729**	1,918
Closing cash and cash equivalents (per Statement of Cash Flows)	**1,729**	1,918

Refer to Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

6. Current Assets – Receivables

	2016 $'000	2015 $'000
Other receivables	**19**	11
	19	11

7. Non-Current Assets – Property, plant and equipment

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
At 1 July 2015 - At fair value			
Gross carrying amount	**8,268**	**103**	**8,371**
Accumulated depreciation and impairment	**(395)**	**(103)**	**(498)**
Net carrying amount	**7,873**	**-**	**7,873**
At 30 June 2016 - At fair value			
Gross carrying amount	**9,389**	**83**	**9,472**
Accumulated depreciation and impairment	**(472)**	**(83)**	**(555)**
Net carrying amount	**8,917**	**-**	**8,917**
Year ended 30 June 2016			
Net carrying amount at start of year	**7,873**	**-**	**7,873**
Additions	**134**	**-**	**134**
Depreciation expense	**(121)**	**-**	**(121)**
Net revaluation increments	**1,031**	**-**	**1,031**
Net carrying amount at end of year	**8,917**	**-**	**8,917**

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
At 1 July 2014 - At fair value			
Gross carrying amount	7,735	142	7,877
Accumulated depreciation and impairment	(379)	(142)	(521)
Net carrying amount	7,356	-	7,356
At 30 June 2015 - At fair value			
Gross carrying amount	8,268	103	8,371
Accumulated depreciation and impairment	(395)	(103)	(498)
Net carrying amount	7,873	-	7,873
Year ended 30 June 2015			
Net carrying amount at start of year	7,356	-	7,356
Additions	44	-	44
Depreciation expense	(123)	-	(123)
Net revaluation increments	596	-	596
Net carrying amount at end of year	7,873	-	7,873

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

8. Fair value measurement of non-financial assets

a. Fair value hierarchy

2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Property, plant and equipment				
Land and buildings	-	5,070	3,847	8,917
Plant and equipment	-	-	-	-
Non-current assets held for sale	-	-	-	-
	-	5,070	3,847	8,917

b. Valuation techniques, inputs and processes

The Trust's land and building assets were revalued as at 30 June 2016 by application of relevant indices provided by an external valuer.

Level	Asset class	Valuation technique	Inputs	Processes
2	Land - homes - with minor modification	Market approach	Observable inputs - recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment
3	Land - with purpose built or significantly modified buildings	Market approach	Observable inputs - recent sales in the residential property market considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment.	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment. The unobservable level 3 inputs are not considered to impact on the values determined by the market approach considering existing use of the asset
2	Buildings - homes with minor modification	Market approach	Observable inputs - recent sales of comparable properties with adjustment for condition, location, comparability etc.	Visual inspection of the properties and assessment against recent sales of comparable properties with adjustment for condition, location, comparability etc.
3	Buildings - purpose built or significantly modified homes	Cost approach using costs incurred in the construction of purpose built or significantly modified properties	Observable inputs - actual construction costs are used for these purpose built and significantly modified buildings located on residential land.	Actual construction costs are checked against Rawlinson's Construction Handbook 2015-16

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

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

c. Reconciliation of recurring Level 3 fair value measurements

2016	Land and Buildings $'000	Plant and Equipment $'000	Non-current asset held for sale $'000	Total $'000
Fair value as at 1 July 2015	3,563	-	-	3,563
Revaluation increments/decrements recognised in Net result - included in the line items 'Other gains/(losses)'	339	-	-	339
Depreciation	(55)	-	-	(55)
	3,847	-	-	3,847

9. Current Liabilities – Payables

	2016 $'000	2015 $'000
Creditors	18	44
	18	44

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 13.

10. Contingent Liabilities and Contingent Assets

The Trust has no contingent liabilities and contingent assets at 30 June 2016 (2015: $Nil).

11. Reconciliation of Cash Flows from Operating Activities to Net Result

	2016 $'000	2015 $'000
Net cash used on operating activities	(55)	(73)
Depreciation	(121)	(123)
Increase/(decrease) in prepayments and other assets	8	11
Decrease/(increase) in creditors	26	(25)
Property, plant and equipment revaluation gains/(losses)	1,031	596
Surplus/(deficit) for the year	889	386

12. Commitments for Expenditure

The Trust has no expenditure commitments as at 30 June 2016 (2015: $Nil).

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

13. Financial instruments

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

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

The Deputy Secretary of Department of Family and Community Services – Ageing, Disability and Home Care has responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks.

a. Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	
			2016	2015
			$'000	$'000
Class:				
Cash and cash equivalents[1]	5	N/A	**1,729**	1,918
Receivables	6	Loans and receivables (at amortised cost)	**19**	11

Financial Liabilities	Note	Category	Carrying Amount	
			2016	2015
			$'000	$'000
Class:				
Payables[2]	9	Financial liabilities measured at amortised cost	**18**	44

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
2. Excludes statutory payables and unearned revenue (i.e. within scope of AASB 7)

b. Credit risk

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

Credit risk arises from the financial assets of the Trust, including cash and receivables. No collateral is held by the Trust. The Trust has not granted any financial guarantees. Credit risk associated with the Trust'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 Treasury Corporation (TCorp) are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances with Westpac Bank. Interest was earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in paragraph (d) below. The TCorp cash facility was transferred to the Westpac operating bank account as part of the Treasury Banking System on 1 April 2015.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

13. Financial instruments (continued)

which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Trust is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016: $Nil; 2015: $Nil) and less than three months past due (2016: $Nil; 2015:$Nil) are not considered impaired and together these represent 100.0% (2015: 100.0%) of the total trade debtors. There are no debts that are past due.

There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

c. Liquidity risk

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations when they fall due. The Trust 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 continuity of funding.

No assets have been pledged as collateral. The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSWTC 11/12. For the small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payments is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No late interest payments were made in the year ending 30 June 2016 (2015: $Nil).

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

Maturity analysis and interest rate exposure of financial liabilities

		Interest Rate Exposure $'000				Maturity Dates		
	Weighted Average Effective Int.Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 year	1 -5 years	> years
2016								
Financial Liabilities:								
Payables	**N/A**	**18**	**-**	**-**	**18**	**18**	**-**	**-**
Total Financial Liabilities		**18**	**-**	**-**	**18**	**18**	**-**	**-**
2015								
Financial Liabilities:								
Payables	N/A	44	-	-	44	44	-	-
Total Financial Liabilities		44	-	-	44	44	-	-

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 Trust can be required to pay. The tables include both interest and principal cash flow and therefore will not reconcile to the statement of financial position.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

13. Financial instruments (continued)

d. 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 Trust's exposure to market risk is primarily through interest rate risk on the Trust's cash balances and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The Trust has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit 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 Trust 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 for 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Trust's exposure to interest rate risk is set out below.

		$'000			
	Carrying Amount	Profit -1%	Equity -1%	Profit +1%	Equity +1%
2016					
Financial assets					
Cash and cash equivalents	**1,729**	**(17)**	**(17)**	**17**	**17**
Receivables	**19**	**-**	**-**	**-**	**-**
Financial Liabilities					
Payables	**18**	**-**	**-**	**-**	**-**
2015					
Financial assets					
Cash and cash equivalents	1,918	(19)	(19)	**19**	**19**
Receivables	11	**-**	**-**	**-**	**-**
Financial liabilities					
Payables	44	-	-	-	-

e. Fair value measurement

i. Fair value compared to carrying amount

Financial instruments are generally recognised at cost.

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.

John Williams Memorial Charitable Trust
Notes to and forming part of the financial statements
for the year ended 30 June 2016

14. Events after the reporting period

The Trust's management is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

End of audited financial statements.

Financial statements for the year ended 30 June 2016

A

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Aboriginal Housing Office

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Aboriginal Housing Office (the Office), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Office in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

The Secretary's Responsibility for the Financial Statements

The Secretary of the Department of Family and Community Services is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary must assess the Office's ability to continue as a going concern unless the Office will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- 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 of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx.
The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Office carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

Karen Taylor

Karen Taylor
Director, Financial Audit Services

21 September 2016
SYDNEY

STATEMENT BY THE SECRETARY

For and on behalf of the ABORIGINAL HOUSING OFFICE

Pursuant to section 41C of the *Public Finance and Audit Act 1983* , I, state that in my opinion:

1. the accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Aboriginal Housing Office as at 30 June 2016 and its financial performance for the year then ended.

2. have been prepared in accordance with the Australian Accounting Standards (which include Australian Accounting Interpretations) and the requirements of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2015, Financial Reporting Code, Directives published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

As at 19 September, 2016, I am not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Michael Coutts-Trotter
For on and behalf of
Aboriginal Housing Office

19 September 2016

Start of Audited Financial Statements

Aboriginal Housing Office

Statement of comprehensive income for the year ended 30 June 2016

	Notes	Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000
Expenses excluding losses				
Operating expenses				
Personnel Services	2(a)	12,928	12,367	11,642
Other operating expenses	2(b)	48,382	50,901	50,616
Depreciation and amortisation	2(c)	16,910	16,124	14,848
Grants and Subsidies	2(d)	23,008	41,550	29,112
Total Expenses excluding losses		101,228	120,942	106,218
Revenue				
Rent and other tenant charges	3(a)	53,887	52,366	52,381
Investment revenue	3(b)	271	-	988
Grants and contributions	3(c)	57,520	90,778	99,373
Other	3(d)	1,572	-	3,944
Total Revenue		113,250	143,144	156,686
Gain / (loss) on disposal of property, plant and equipment	4	(1,734)	-	(1,521)
Other losses	5	(832)	(524)	(656)
Net result		9,456	21,678	48,291
Other comprehensive income				
Items that will not be reclassified to net result				
Net increase / (decrease) in property, plant and equipment revaluation surplus		190,949	-	136,075
Total other comprehensive income for the year		190,949	-	136,075
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		200,405	21,678	184,366

The accompanying notes form part of these financial statements

Aboriginal Housing Office

Statement of financial position as at 30 June 2016

	Notes	Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	30,954	49,337	26,197
Receivables	7	6,293	5,858	4,561
Total Current Assets		37,247	55,195	30,758
Non-Current Assets				
Property, plant and equipment	8	1,785,355	1,633,364	1,587,733
Total Non-Current Assets		1,785,355	1,633,364	1,587,733
Total Assets		1,822,602	1,688,559	1,618,491
LIABILITIES				
Current Liabilities				
Payables	11	30,463	40,896	26,573
Provisions	12	-	22	396
Total Current Liabilities		30,463	40,918	26,969
Non-Current Liabilities				
Provisions	12	212	318	-
Total Non-Current Liabilities		212	318	-
Total Liabilities		30,675	41,236	26,969
Net Assets		1,791,927	1,647,323	1,591,522
EQUITY				
Reserves		861,185	685,956	673,047
Accumulated funds		930,742	961,367	918,475
Total Equity		1,791,927	1,647,323	1,591,522

The accompanying notes form part of these financial statements

Aboriginal Housing Office

Statement of cash flows for the year ended 30 June 2016

	Notes	Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services and other expenses		(12,928)	(12,367)	(11,642)
Payment to suppliers		(46,231)	(50,627)	(51,672)
Grants and subsidies paid		(23,008)	(41,550)	(29,112)
Total Payments		(82,167)	(104,544)	(92,426)
Receipts				
Rent and other tenant charges received		51,984	52,366	52,741
Interest received		271	-	988
Grants and contributions received		57,520	90,778	99,374
Other		1,282	(750)	10
Total Receipts		111,057	142,394	153,113
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	28,890	37,850	60,687
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property and plant and equipment		4,552	2,800	740
Purchases of property and plant and equipment		(28,685)	(45,139)	(63,636)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(24,133)	(42,339)	(62,896)
NET INCREASE/(DECREASE) IN CASH		4,757	(4,489)	(2,209)
Opening cash and cash equivalents		26,197	53,826	51,406
Administrative restructure (Surplus funds returned to Treasury)		-	-	(23,000)
CLOSING CASH AND CASH EQUIVALENTS	6	30,954	49,337	26,197

The accompanying notes form part of these financial statements

Aboriginal Housing Office

Statement of changes in equity for the year ended 30 June 2016

2016	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2015		918,475	673,047	1,591,522
Net result for the year		9,456	-	9,456
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment		-	190,949	190,949
Total other comprehensive income		-	190,949	190,949
Total comprehensive income for the year		9,456	190,949	200,405
Transfer between equity items				
Transfer arising from disposals of property plant and equipment		2,811	(2,811)	-
Balance at 30 June 2016		930,742	861,185	1,791,927

2015	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2014		892,664	537,492	1,430,156
Net result for the year		48,291	-	48,291
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment		-	136,075	136,075
Total other comprehensive income		-	136,075	136,075
Total comprehensive income for the year		48,291	136,075	184,366
Transfer between equity items				
Transfer of surplus cash to Treasury		(23,000)	-	(23,000)
Transfer arising from disposals of property plant and equipment		520	(520)	-
Balance at 30 June 2015		918,475	673,047	1,591,522

The accompanying notes form part of these financial statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. The Reporting Entity

(a) The Aboriginal Housing Office (AHO) is a statutory authority established in 1998 pursuant to the Aboriginal Housing Act 1998. The AHO is a reporting entity and does not have any controlled entities.

It is responsible for planning and administering the policies, programs and asset base for Aboriginal public housing in New South Wales. This includes resource allocation, sector wide policy, strategic planning and monitoring outcomes and performance in the Aboriginal public housing sector.

The Chief Executive/Secretary has determined the AHO is a not-for-profit entity for financial reporting purposes (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

AHO is within the cluster of the Department of Family and Community Services (DFACS) and is not a controlled entity.

The financial statements for the year ended 30 June 2016 have been authorised for issue by the Secretary on 19 September 2016.

(b) Basis of Preparation

The AHO's financial statements are general purpose financial statements, which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and the requirements of the *Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2015* and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

(c) Statement of compliance

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

(d) Basis of measurement

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

(e) Currency presentation

The financial statements are presented in Australian dollars and all amounts rounded to the nearest thousand dollars.

(f) Use of estimates and judgements

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

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Accounting policies on recognition of specific types of income are discussed below:

(i) Rent and other tenant charges

Rent is charged one week in advance and recognised as revenue on an accrual basis.

The AHO charges rent for tenants, subject to individual limitations. Tenants, however, are only charged an amount equivalent to a pre-determined percentage of their household income. The difference between the market rent and the amount tenants are charged is referred to as a rental rebate. Estimated market rent and other tenant related charges, net of estimated rental rebates, are recognised and reported in the Statement of comprehensive income as Rent and other tenant charges.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2016
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Grants and contributions

Government grants and contributions from other bodies are recognised as income when the AHO gains control over the grants and contributions. Control is normally obtained when cash is received.

(iii) Investment revenue

Investment revenue is recognised as it accrues using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement* .

(iv) Sale of assets

Sale of assets is recognised when the conditions set out in paragraph 14 of AASB 118 *Revenue* are met. When property assets are sold, revenue from the sale is recognised at the contract settlement date.

(h) Personnel services and payable for personnel services

AHO does not have any employees. Personnel services to the AHO are provided and charged by the Department of Family and Community Services. These charges include:

(i) Salaries and wages, annual leave, sick leave 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 is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

(ii) Long service leave and superannuation

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment. In the case of the AHO, this refers specifically to benefits provided to employees through superannuation schemes. Superannuation schemes are classified as either defined contribution or defined benefit.

- Defined contribution superannuation schemes

AHO contributes to the First State Superannuation Scheme, a defined contribution scheme in the NSW public sector, as well as other private schemes to a lesser extent. Contributions to these schemes are recognised as an expense in net result as incurred. The liability recognised at the reporting date represents the contributions to be paid to these schemes in the following month.

- Defined benefit superannuation schemes

AHO contributes to three defined benefit superannuation schemes in the NSW public sector Pooled Fund. These are: State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and State Authorities Non-Contributory Superannuation Scheme (SANCS).

The AHO's net obligation in respect of these schemes is calculated separately for each scheme by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior reporting periods. That benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The discount rate is the yield at the reporting date on Government bonds that have maturity dates approximating to the terms of the AHO's obligations. Calculations are performed by the Pooled Fund's actuary using the projected unit credit method and they are advised to individual agencies for recognition and disclosure purposes in their financial statements.

Where the present value of the defined benefit obligation in respect of a scheme exceeds the fair value of the scheme's assets, a liability for the difference is recognised in the statement of financial position. Where the fair value of a scheme's assets exceeds the present value of the scheme's defined benefit obligation, an asset is recognised in the statement of financial position.

Any superannuation asset recognised is limited to the total of any unrecognised past service and the present value of any economic benefits that may be available in the form of refunds from the schemes or reductions in future contributions to the schemes, as advised by the Pooled Fund's actuary.

Re-measurements of the net defined benefit liability or asset are recognised in other comprehensive income (directly through accumulated funds) in the reporting period in which they occur. Such re-measurements include actuarial gains or losses, the return on plan assets (excluding amounts included in net interest on the defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined benefit liability or asset).

(iii) Consequential on-costs

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

(i) Insurance

The Treasury Managed Fund (TMF) provides coverage for most government agencies' business operations. TMF provides coverage for AHO's insurable risks relating to its operations and property portfolio.

Insurance against property and liability damage (fire damage, vehicle impact and tempest) less than $200,000 on AHO's property portfolio is self-insured by the AHO. Based on past experience and research, this option is considered to be the most economical.

(j) Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by the AHO as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- receivables and payables are stated with the amount of GST included.

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

(k) Financial instruments

(i) Non-derivative financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash on hand.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less an allowance for any impairment losses. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is considered to be immaterial.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2016
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Non-derivative financial liabilities

Trade and other payables

These represent liabilities for goods and services provided to the AHO. Payables are recognised initially at fair value, usually based on the transaction cost or fair value. However, short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method.

(l) De-recognition of financial assets and liabilities

(i) Financial assets

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire; or when the AHO transfers financial assets under the following circumstances:

a) the AHO transfers substantially all the risks and rewards associated with the financial assets, or

b) the AHO does not transfer substantially all the risks and rewards, but the AHO does not retain control

Where the AHO has neither transferred nor retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of the AHO's continuing involvement in the assets.

(ii) Financial liabilities

Financial liabilities are de-recognised when the obligations specified in the contracts expire, are discharged or cancelled.

The AHO has not de-recognised any financial assets and liabilities.

(m) Property, plant and equipment

(i) Capitalisation threshold

Property, plant and equipment, including leasehold improvements costing $5,000 and above are capitalised, if it is probable that future economic benefits will flow to the AHO and the cost of the asset can be reliably measured. Grouped assets forming part of a network costing more than $5,000 are capitalised.

(ii) Recognition and measurement

The cost method of accounting is used in the initial recording of all asset acquisitions controlled by the AHO.

Cost includes expenditures that are directly attributable to the acquisition of the asset, such as cash or cash equivalents paid or the fair value of 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 specific requirements of other Australian Accounting Standards. The cost of dismantling and removing an asset and restoring the site on which they are located is included in the cost of an asset, to the extent that it is recognised as a liability. The AHO recognises a liability when it has a legal and constructive obligation to restore the asset.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Where the payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, that is, the deferred payment amount is effectively discounted at an asset-specific rate.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, with the net amount being recognised within the Statement of comprehensive income.

(iii) Subsequent costs

a) Major inspection costs

The labour cost of performing major inspections for faults is capitalised as an addition to the asset, when the recognition criteria is satisfied.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2016
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Repairs and maintenance

The AHO expenses the cost of routine repairs and maintenance necessarily incurred to maintain its property portfolio at pre-determined standards, except where they relate to replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

A percentage of repairs and maintenance on properties costing in aggregate more than $10,000 are capitalised. Individual repairs and maintenance costing more than $5,000 are capitalised.

Value of unpaid repairs and maintenance at reporting date are accrued. The AHO estimates this accrual by applying a pre-determined percentage of the value of works orders issued to maintenance contractors. The pre-determined percentage is assessed every year depending on the status of the works orders as at reporting date.

c) Capital improvements

The AHO incurs costs necessary to bring older dwellings within its property portfolio to the benchmark condition. When the work undertaken results in the improved dwellings exceeding the original standard of the dwellings, the costs incurred are capitalised.

(iv) Revaluation

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 10 for further information regarding fair value.

Registered professional valuers are engaged to value benchmark properties and their valuation is used to develop a reference matrix. The valuations comprising this matrix are extrapolated to all residential properties, taking into account the particular characteristics of each property.

The entity revalues each class of property, plant and equipment every year. The last revaluation was completed on 30 June 2016 and was based on an independent assessment.

For non-specialised property, plant and equipment with short useful lives, are measured at depreciated historical cost as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets the accumulated depreciation of an asset at the revaluation date is credited to the asset's account. The resulting net balance in the asset account is increased or decreased to bring the asset's value to fair value.

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

Revaluation decrements relating to an asset class is first offset against the existing credit balance in the revaluation surplus for that asset class. The remaining balance is recognised as an expense in the net result reported in the Statement of Comprehensive Income.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Depreciation

Property, plant and equipment, other than land is depreciated on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life.

The depreciation rates are as follows:

	2016 % Rate	2015 % Rate
Property		
Building	2	2
Plant & Equipment		
Office furniture and fittings	33	33
Office equipment	14	14
Computer equipment	25	25

Leasehold improvements are amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

(vi) Transfer of Assets

On a regular basis, the NSW Land and Housing Corporation (LAHC) transfers properties (including legal title) to the AHO to assist in meeting Aboriginal housing needs. AHO also transfers properties to LAHC, such as when the relevant properties no longer meets the requirements of Aboriginal households. The AHO and LAHC regularly undertake a reconciliation of the value of property transfers in and out (quantity and dollar values). At year end, the balances of transfers in and out in both entities agree.

The AHO records as revenue the value of properties transferred from LAHC and records as an expense the value of properties transferred to LAHC.

(n) Intangible assets

Intangible assets costing $5,000 and above are capitalised only if it is probable that future economic benefits will flow to the AHO and the cost of the asset can be reliably measured.

The cost method of accounting is used in the initial recording of intangible assets acquired by the AHO. However, intangible assets acquired at no or nominal cost, are measured at fair value.

Where computer software is acquired externally and forms an integral part of a related computer hardware, it is considered to form part of the computer hardware and is classified as Property, Plant and Equipment. However, where externally acquired computer software does not form an integral part of the related computer hardware, it is classified as an intangible asset.

After initial recognition, intangible assets are measured at fair value, where an active market exists. The intangible assets held by the AHO have no active markets and consequently, they are carried at cost less accumulated amortisation and impairment losses, where applicable.

Amortisation of intangible assets is calculated on a straight line basis over the assets' estimated useful lives, which are assessed each year. In general, the current useful life of intangible assets is four years.

(o) Leased assets

Leases in terms of which the AHO assumes substantially all the risks and benefits of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases (those in terms of which the AHO does not assume substantially all the risks and benefits of ownership) are classified as operating leases and not recognised in the AHO's Statement of financial position. However, lease payments in respect of the use of the leased assets are recognised as an expense on a straight-line basis over the lease term.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2016
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment

(i) Financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the AHO will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of impairment loss is recognised in the net result reported in the Statement of comprehensive income.

Where there is objective evidence, previously recognised impairment losses are reversed in the net result for the year. Reversals of impairment losses on financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

Receivables

The allowance for impairment estimated is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Uncollectible amounts are recognised as bad debts and written off when one of the following conditions in the Treasurer's Directions 450.05 *Recovery of Debts to the State* is met:

a) the debtor cannot be located;

b) it is uneconomical to finalise recovery action due to the relatively small value of the debt;

c) the medical, financial or domestic circumstances of a particular debtor do not warrant the taking of further recovery action; or

d) legal proceedings through the courts have proved, or on legal advice, would prove unsuccessful.

(ii) Property, plant and equipment and intangible assets

As a *not-for-profit* entity with no cash generating units, impairment under *AASB 136 Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

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.

(q) Provisions

The AHO has no employees and therefore has no employee related provisions.

A provision is recognised if, as a result of a past event, the AHO has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Restoration provision is the present value of the AHO's obligation to make-good leased premises at the reporting date. The assumed settlement is based on contractual lease term. The amount and timing of each estimate is reassessed annually.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Fair value hierarchy

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

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

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

Refer Note 10 and Note 16 for further disclosures regarding fair value measurements of financial and non-financial assets.

(s) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the entity's policy on the revaluation of property, plant and equipment as discussed in note 1(m)(iv).

(ii) Accumulated funds

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

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus and foreign currency translation reserve).

(t) Equity transfer

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

(u) Application of new and revised Accounting Standards

The Aboriginal Housing Office has consistently applied the accounting policies set out at Note 1 to all periods presented in these financial statements:

AHO's assessment of the impact of these new standards and interpretations is that they do not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the AHO.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfers of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed on the primary financial statements are explained in Note 17.

(w) Comparative information

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

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

NSW public sector entities are not permitted to early adopt new Australian accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards and interpretations have not been applied and are not yet effective.

	Operative Date
AASB 9 and AASB 2014-7 regarding financial instruments	1-Jan-18
AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers	1-Jan-18
AASB 16 Leases	1-Jan-19
AASB 1056 Superannuation Entities	1-Jul-16
AASB 1057 and AASB 2015-9 *Application of Australian Accounting Standards*	1-Jan-16
AASB 2014-3 regarding accounting for acquisitions of interests in joint operations	1-Jan-16
AASB 2014-4 regarding acceptable methods of depreciation and amortisation	1-Jan-16
AASB 2014-9 regarding equity method in separate financial statements	1-Jan-16
AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between and investor and its associate or joint venture	1-Jan-16
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	1-Jan-16
AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives	1-Jan-16
AASB 2015-5 *Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception*	1-Jul-16
AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*	1-Jul-16
AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities.*	1-Jul-16

AHO's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in relation to the entity other than as set out below:

- AASB 124 *Related Party Disclosures* operative from 1 July 2016 will result in additional note disclosure that identifies related party relationships or arrangements and any related party transactions and commitments arising from these arrangements. Only related party information considered material is required to be disclosed. AASB 124 also requires disclosure of Key Management Personnel compensation in aggregation.

Management is assessing the potential effect of this standard.

- AASB 16 *Leases* operative from 1 January 2019 will require entities to recognise an additional asset on the Statement of Financial Position representing the economic benefit of having the 'right of use' of a leased asset in return for making regular lease payments. A lease liability will also be required to be recognised representing the obligation to make lease payments over the term of the lease. Lease contracts of 12 months or less are excluded from the requirements of AASB 16.

It is considered that the impact of these new standards and interpretations in future years will have no material impact on the financial statements of the AHO.

Aboriginal Housing Office
Notes to the financial statements
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2. Expenses Excluding Losses

(a) Personnel services

	2016 $'000	2015 $'000
Salaries and wages (including annual leave)	**7,781**	7,454
Superannuation - defined contribution plans	**858**	697
Superannuation - defined benefit plans	**641**	941
Salary and wages (Temporary Staff)	**2,593**	1,473
Long service leave	**50**	38
Workers' compensation insurance	**79**	72
Payroll tax and fringe benefit tax	**511**	575
Redundancy payments	**391**	385
Other	**24**	7
Fee for personnel services from AHO Group of Staff (DFACS)	**12,928**	11,642

The AHO's personnel services fee includes a compenent of $657,000 for the actuarial superannuation liability. There is no budget for this expense. This amount is the only reason why the personnel services fee exceeded budget.

(b) Other operating expenses

	2016 $'000	2015 $'000
Auditor's remuneration - audit of the financial report	**72**	71
Advertising and promotions	**92**	62
Data processing services	**29**	23
Consultancy	**-**	40
Other contractors	**2,015**	2,275
DFACS Business Services fee	**1,346**	1,160
Fee for services rendered	**7,750**	8,225
Insurance	**477**	634
Legal costs	**15**	46
Office maintenance (i)	**(204)**	(14)
Minor equipment purchases	**5**	14
Motor vehicle expenses	**56**	71
Motor vehicle leasing costs	**118**	122
Rent and accommodation expense	**647**	756
Telephone	**69**	111
Postage and freight	**11**	9
Printing and stationery	**60**	68
Training and development expense	**131**	362
Travelling, removal and subsistence	**451**	401
Building maintenance and utilities expense	**34,842**	36,177
Other	**400**	3
	48,382	50,616

	2016 $'000	2015 $'000
(i) Reconciliation - Total Maintenance		
Maintenance expense - contractor labour and other	**4**	9
Write-back of un-used make good provision	**(208)**	(23)
Total maintenance expenses included in Note 2 (b)	**(204)**	(14)

	2016	2015
	$'000	$'000
(c) Depreciation and amortisation expense		
Depreciation		
Buildings	**16,829**	14,739
Leasehold improvements	**74**	101
Furniture and equipment	**6**	8
Plant and equipment	**1**	-
	16,910	14,848

(d) Grants and subsidies

The Commonwealth National Partnership Agreement on Remote Indigenous Housing (NPARIH) provides funds towards the repair and maintenance of Aboriginal community housing and the support of the Aboriginal Community Housing Providers (ACHP).

The AHO has engaged the Asset Division of the NSW Land and Housing Corporation (LAHC) to provide project and program management services in the delivery of NPARIH. The AHO also provides financial and administrative support for the ACHP's.

The expenditure below relates to recurrent expenditure provided to the ACHP's.

	2016	2015
National Partnership Agreement on Remote Indigenous Housing (NPARIH)	**16,453**	25,399
Other grants	**6,555**	3,713
	23,008	29,112

3. Revenues

(a) Rent and other tenant charges

	2016 $'000	2015 $'000
Market rental	**75,306**	71,887
Less: Rental rebates	**(24,810)**	(22,761)
	50,496	49,126
Tenant charges	**3,391**	3,255
	53,887	52,381

(b) Investment revenue

	2016 $'000	2015 $'000
Interest received on bank accounts	**271**	988
	271	988

(c) Grants and contributions

	2016 $'000	2015 $'000
State Social Housing	**4,486**	4,075
National Affordable Housing Agreement (NAHA)	**28,095**	27,636
National Partnership Agreement on Remote Indigenous Housing (NPARIH)	**24,898**	66,133
Grant from DFACS	**41**	1,529
	57,520	99,373

Grants are received through NSW Treasury from the Commonwealth Government under the National Partnership Agreement on Remote Indigenous Housing (NPARIH) and National Affordable Housing Agreement (NAHA). Additional contribution is also received from the State Government under State Social Housing.

(d) Other contributions

	2016 $'000	2015 $'000
Assets acquired free of liability	**290**	3,934
Other	**1,282**	10
	1,572	3,944

2016

Two properties at a fair value of $290,000 were recognised for the first time.

2015

16 Properties at a fair value of $3,934,000 were recognised for the first time. This comprised of 10 Properties at a fair value of $1,155,000 as a result of the Kamilaroi Local Aboriginal Land Council entering liquidation, and 6 others at a fair value of $2,779,000.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2016
(continued)

	2016 $'000	2015 $'000
4. (i) Gain/(Loss) on disposal of property, plant and equipment		
Proceeds from disposal	**4,651**	813
Disposal costs	**(99)**	(73)
Carrying amount of assets disposed	**(4,426)**	(868)
Net Gain/(Loss) on disposal of property	**126**	(128)
(ii) Loss on transfers/demolitions and retirements		
Written down value of assets demolished	**(1,786)**	(868)
Written down value of assets transferred	**-**	(168)
Written down value of assets retired	**(74)**	(357)
	(1,860)	(1,393)
Total Net Gain/(Loss) on Disposal	**(1,734)**	(1,521)

	2016 $'000	2015 $'000
5. Other losses		
Allowance for impairment of receivables	**(832)**	(656)
	(832)	(656)

6. Current assets - cash and cash equivalents

	2016 $'000	2015 $'000
Cash at bank and on hand	**30,954**	26,197
	30,954	26,197

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and cash at bank.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of financial year to the statement of cash flows as follows:

	2016 $'000	2015 $'000
Cash and cash equivalents (per statement of financial position)	**30,954**	26,197
Closing cash and cash equivalents (per statement of cash flows)	**30,954**	26,197

Refer Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current/non-current assets - receivables

	2016 $'000	2015 $'000
Current		
Rental debtors	**5,488**	5,273
Less : allowance for impairment	**(3,756)**	(3,433)
Sundry debtors	**425**	27
Receivables from LAHC	**4,081**	2,582
	6,238	4,449
GST receivable (net)	**55**	112
Total receivables	**6,293**	4,561
Movement in the allowance for impairment		
Balance at 1 July	**(3,433)**	(2,905)
Amounts written off during the year	**509**	128
Increase/(decrease) in allowance recognised in comprehensive income	**(832)**	(656)
Balance at 30 June	**(3,756)**	(3,433)

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

8. Non-current assets -property, plant and equipment

2016	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
At 1 July 2015 -fair value				
Gross carrying amount	1,571,047	968	16,730	1,588,745
Accumulated depreciation and impairment	(136)	(876)	-	(1,012)
Net Carrying Amount	1,570,911	92	16,730	1,587,733
At 30 June 2016 - fair value				
Gross carrying amount	1,767,277	255	18,061	1,785,593
Accumulated depreciation and impairment	(14)	(224)	-	(238)
Net Carrying Amount	1,767,263	31	18,061	1,785,355

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

2016 Period ended 30 June 2016	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
Net Carrying Amount at start of year	1,570,911	92	16,730	1,587,733
Additions	6,420	-	23,139	29,559
Assets recognised for the first time	290	-	-	290
Make good	-	20	-	20
Transfers from work in progress	21,734	-	(21,734)	-
Disposals	(4,426)	-	-	(4,426)
Write-off	-	-	(74)	(74)
Demolition	(1,786)	-	-	(1,786)
Net revaluation increment	190,949	-	-	190,949
Depreciation expense	(16,829)	(81)	-	(16,910)
Net Carrying Amount at end of year	1,767,263	31	18,061	1,785,355

2015	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
At 1 July 2014 -fair value				
Gross carrying amount	1,380,261	2,290	38,161	1,420,712
Accumulated depreciation and impairment	(123)	(2,091)	-	(2,214)
Net Carrying Amount	1,380,138	199	38,161	1,418,498
At 30 June 2015 - fair value				
Gross carrying amount	1,571,047	968	16,730	1,588,745
Accumulated depreciation and impairment	(136)	(876)	-	(1,012)
Net Carrying Amount	1,570,911	92	16,730	1,587,733

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

2015 Year ended 30 June 2015	Land and Buildings $'000	Plant and Equipment $'000	Capital Work in Progress $'000	Total $'000
Net Carrying Amount at start of year	1,380,138	199	38,161	1,418,498
Additions	6,790	-	39,543	46,333
Assets recognised for the first time	3,934	-	-	3,934
Make good	-	2	-	2
Transfers to NSW Land and Housing Corporation	(168)	-	-	(168)
Transfers from work in progress	60,617	-	(60,617)	-
Disposals	(868)	-	-	(868)
Write-off	-	-	(357)	(357)
Demolition	(868)	-	-	(868)
Net revaluation increment	136,075	-	-	136,075
Depreciation expense	(14,739)	(109)	-	(14,848)
Net Carrying Amount at end of year	1,570,911	92	16,730	1,587,733

9. Intangible assets

	2016	
	Software	**Total**
	$'000	**$'000**
At 1 July 2015		
Cost (gross carrying amount)	-	-
Accumulated amortisation and impairment	-	-
Net Carrying Amount	-	-

	Software	**Total**
	$'000	**$'000**
At 30 June 2016		
Cost (gross carrying amount)	-	-
Accumulated amortisation and impairment	-	-
Net Carrying Amount	-	-

Reconciliations

Reconciliations of the carrying amounts of each class of intangibles at the beginning and end of the current and previous financial years are set out below.

	Software	**Total**
Year ended 30 June 2016	**$'000**	**$'000**
Net Carrying Amount at start of year	-	-
Amortisation expense	-	-
	-	-

2015	**2015**	
	Software	**Total**
	$'000	**$'000**
At 1 July 2014		
Cost (gross carrying amount)	84	84
Accumulated amortisation and impairment	(84)	(84)
Net Carrying Amount	-	-

	Software	**Total**
	$'000	**$'000**
At 30 June 2015		
Cost (gross carrying amount)	-	-
Accumulated amortisation and impairment	-	-
Net Carrying Amount	-	-

2015

Software costs and accumulated amortisation were fully written off during 2015 and have been provided for comparative purposes only.

10. Fair value measurement of non-financial assets

a) Fair value hierarchy

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment					
Land and buildings	8	-	-	1,767,263	1,767,263
		-	-	1,767,263	1,767,263

There were no transfers between Level 1 or 2 during the period.

b) Valuation techniques, inputs and processes

Fair values are determined by applying an annual rolling benchmark valuation approach whereby a third of the benchmark properties are valued by accredited property valuers with reference to market sales comparisons to calculate a market movement index. The market movement index is applied to the remaining two-thirds of the benchmark properties. All benchmark properties are grouped within thirteen geographical reporting regions. The median value increase in each geographical group is then applied to the entire property portfolio. Adjustments to each property are made for any significant different characteristic from benchmark properties. The rolling benchmark valuation process is calculated annually as at 31 December. As such, an uplift market movement factor is provided from a registered valuer for the six months period ended 30 June.

This methodology involves a physical independent valuation each year of one-third of the benchmark properties. This has the advantage of engaging an independent assessment annually.

Significant inputs

- Market sales comparison approach utilising recent sales of comparable properties.
- Adjustments for any different attributes to benchmark properties- number of bedrooms, street appeal, aspect, dwelling size, yard size, internal condition and car accommodation
- Where a single title exists over multiple properties, a block title adjustment is made to reflect the required costs for sub-division.
- Uplift market movement for six months ended 30 June.

Inter-relationship between significant inputs and fair value measurement

- Higher (lower) market sales values reflect higher (lower) valuations.
- Better / lesser attributes for location, condition, size, aspect and street appeal over benchmark properties result in higher / (lower) valuation.
- Depending on the complexity of the conversion to single title, valuations are reduced by conversion costs.
- Higher / (lower) six monthly uplift market movement will result in higher / (lower) valuation.

Due to the extent of extrapolation and calculations for block title adjustments and uplift factors, management considers that an overall type 3 input level is appropriate.

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2016
(continued)

11. Current / non-current liabilities - payables

	2016 $'000	2015 $'000
Current liabilities - payables		
Payable for personnel services (i)	**13,490**	13,382
Creditors - trade	**172**	335
Creditors - sundry	**2,305**	2,377
Accrued operating expenditure	**6,206**	3,859
NSW Land and Housing Corporation	**8,290**	6,620
	30,463	26,573
(i) Payable for personnel services included:		
Liabilities for defined benefit superannuation schemes (Note 20)	**11,037**	10,378
Liabilities for unpaid superannuation contributions	**4**	-
Liabilities for LSL	**1,482**	1,746
Liabilities for Annual Leave	**726**	805
Liabilities for Payroll Tax	**175**	176
Liabilities for Accrued Salaries and Payroll Deductions	**65**	263
Liabilities for Accrued FBT	**1**	14
	13,490	13,382

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are included in Note 16.

12. Current / non-current liabilities - provisions

	2016 $'000	2015 $'000
Current		
Other provisions		
Restoration	**-**	396
Non-current		
Other provisions		
Restoration	**212**	-
Total Provisions	**212**	396

Movement in provisions (other than employee benefits)

2016	**Restoration $'000**	**Total $'000**
Carrying amount at the beginning of the financial year	**396**	**396**
Additional provision recognised	**20**	**20**
Unused amounts reversed	**(208)**	**(208)**
Change in discount rate	**4**	**4**
Carrying amount at the end of the financial year	**212**	**212**

Aboriginal Housing Office
Notes to the financial statements
for the year ended 30 June 2016
(continued)

13. Commitments for expenditure

(a) Capital commitments

Aggregate capital expenditure contracted for the purpose of providing housing for Aboriginal people at balance date and not provided for:

	2016 $'000	2015 $'000
Not later than one year	**2,042**	824
Later than one and not later than five years	**-**	36
Total (including GST)	**2,042**	860

(b) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

	2016 $'000	2015 $'000
Not later than one year	**660**	507
Later than one year but not later than five years	**2,380**	60
Total (including GST)	**3,040**	567

The commitments in (a) and (b) above are not recognised in the financial statements as liabilities. The total commitments above include input tax credits of $0.349m (2015: - $0.099m) that are expected to be recovered from the Australian Taxation Office.

14. Contingent Liabilities and Contingent Assets

AHO does not have any contingent assets or liabilities to be reported as at 30 June 2016 (2015 - $Nil)

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

	2016 $'000	2015 $'000
Net cash from operating activities	**28,890**	60,687
Net gain / (loss) on disposal of assets	**(1,734)**	(1,521)
Depreciation and amortisation	**(16,910)**	(14,848)
Assets acquired free of liabilities	**290**	3,934
Allowance for impairment	**(832)**	(656)
Unwinding of discount on make good provision	**(4)**	(10)
Write back of unused make good provision	**208**	22
Increase / (decrease) in receivables	**2,564**	265
Decrease / (increase) in payables	**(3,016)**	1,108
Increase / (decrease) in prepayments and other assets	**-**	(690)
Net result	**9,456**	48,291

16. Financial Instruments

The AHO's principal financial instruments are outlined below. These financial instruments arise directly from the AHO's operations or are required to finance the AHO's operations. The AHO does not enter into or trade financial instruments for speculative purposes. The AHO does not use financial derivatives.

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

The AHO's 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 AHO, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit & Risk Management Committee on a continuous basis.

(a) Financial Instrument Categories

Financial Assets	Note	Category	2016 Carrying Amount	2015 Carrying Amount
Class:			**$'000**	**$'000**
Cash and cash equivalents	6	N/A	30,954	26,197
Receivables (1)	7	Loans and receivables (at amortised cost)	6,238	4,449
Total financial assets			37,192	30,646

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			**$'000**	**$'000**
Payables (2)	11	Financial liabilities measured (at amortised cost)	30,463	26,573
Total financial liabilities			30,463	26,573

(1) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
(2) Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

(b) Credit risk

Credit risk arises when there is a possibility of the AHO's debtors defaulting on their contractual obligations, resulting in a financial loss to the AHO. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment)

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

Cash

Cash comprises cash on hand and bank balances with Westpac Banking Corporation. Interest is earned on daily bank balances.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

16. Financial Instruments (continued)

(b) Credit risk (continued)

The only financial assets that are past due or impaired are rent, other tenant charges and sundry debtors in the 'receivables' category of the statement of financial position.

2016	Total (1,2) $'000	Past due but not impaired (1,2) $'000	Considered Impaired (1,2) $'000
< 3 months overdue	1,777	1,755	22
3 months - 6 months overdue	11	-	11
> 6 months overdue	4,125	402	3,723

2015	Total (1,2)	Past due but not impaired (1,2)	Considered Impaired (1,2)
< 3 months overdue	1,867	1,867	-
3 months - 6 months overdue	3,433	-	3,433
> 6 months overdue	-	-	-

(1) Each column in the table reports "gross receivables".

(2) The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore the "total" will not reconcile to the receivable total recognised in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the AHO will be unable to meet its payment obligations when they fall due. The AHO continuously manages risk through monitoring future cash flows and commitments maturities. No assets have been pledged as collateral. The AHO's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSW TC 11/12 allows the Minister to award interest for late payment. An amount of $Nil interest for late payment was made during the 2016 year (2015: $Nil).

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

At 30 June 2016	Interest Rate Exposure	Maturity Dates			
	Nominal Amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Payable for personnel services	13,490	13,490	-	-	13,490
Creditors	16,973	16,973	-	-	16,973
Total	30,463	30,463	-	-	30,463

At 30 June 2015	Interest Rate Exposure	Maturity Dates			
	Nominal Amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Payable for personnel services	13,382	13,382	-	-	13,382
Creditors	13,191	13,191	-	-	13,191
Total	26,573	26,573	-	-	26,573

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the AHO can be required to pay. These are non-interest bearing liabilities.

16. Financial Instruments (continued)

The AHO has access to the following line of credit with Westpac Bank

	2016 $'000	2015 $'000
Tape Negotiation Authority	**20,000**	20,000

This facility authorises the bank to debit the Aboriginal Housing's Office operating bank account up to the above limit when processing the electronic payroll and accounts payables.

The AHO has access to the following credit card facility with Westpac Bank	**90**	90

This facility was approved under the Public Authorities Financial Arrangements Act by the Treasurer on 15 January 2014 as a maximum limit for the AHO's corporate credit cards.

(d) 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 AHO's exposures to market risk are primarily through interest rate risk on cash and cash equivalents. The AHO has no exposure to foreign currency risk and does not trade in derivatives of any nature.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change of +/- 1 per cent is used, consistent with current trends in interest rates. This basis will be reviewed annually and amended where there is a structural change in the level of interest volatility. The AHO's exposure to interest rate risk is set out below.

30 June 2016	Carrying amount	-1.0% Profit	-1.0% Equity	+1.0% Profit	+1.0% Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	30,954	(310)	(310)	310	310
Trade and other receivables	6,238	-	-	-	-
Financial liabilities					
Trade and other payables	30,463	-	-	-	-
Total increase/(decrease)		(310)	(310)	310	310

30 June 2015	Carrying amount	-1.0% Profit	-1.0% Equity	+1.0% Profit	+1.0% Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	26,197	(262)	(262)	262	262
Total increase/(decrease)		(262)	(262)	262	262

(e) Fair Value compared to carrying amount

The carrying value of receivables less any impairment provision is a reasonable approximation of their fair value due to their short term nature.

17. Budget review

Net Cost of Services (NCOS)

The NCOS was $9.5 million in surplus against the approved budget of $21.7 million. With the exception of the financial impact of the NPARIH buyout negotiations, the NCOS was achieved.

The major variances to budget for expenditure were:

NPARIH grants are $17.8 million lower - Due to the NPARIH buyout negotiations, there was decreased expenditure across all grants currently expended for NPARIH. All grants not utilised in 2015-16 have been carried forward to future years.

$1 million lower for grants and subsidies expense which largely consists of an IT grant for the community which has been carried forward to the 2016/17 year.

$0.8 million lower spend on council fees compared to budget, this saving has been noted and the budget had been adjusted accordingly for future years.

The major variances to budget for revenue were:

NPARIH Buyout Changes– a net reduction of $33 million to overall NPARIH revenue. $16.9 million of which was NPARIH capital revenue and the remaining $16.1 million was made up of recurrent revenue. The NPARIH buyout meant reduced activity which in turn decreased the overall revenue received for NPARIH. All revenue grants have been carried forward to future years.

Net increase of $1.5 million in Rental Income due to improved capture of Commonwealth Rental Assistance.

A net increase of $1.6 million in Other Revenues mostly through insurance receipts for fire damaged properties.

There was also a $1.8 million impact against budget for losses on disposals, demolitions and impairments. These losses relate to the write-off and/or disposal of properties and the write-off of abandoned projects in capital work in progress.

Assets and Liabilities

The major variances to budget were:

Cash: was $18.4 million lower than budget, and $4.8 million higher than 2015/16. After the 2015/16 budget papers were finalised, a one-off $23 million equity adjustment was made by Treasury on 30 June 2015, removing cash from the AHO. The budget still reflected the higher cash balance. If this adjustment was removed from the budget, then cash would've been $4.6 million higher than budget. This is mostly due to the unbudgeted improvement in rental income and other revenues discussed above.

Property, Plant and Equipment: was $152 million higher than budget due to the significant asset revaluation increment. The budget did not allow for an increment of this magnitude. This large increase over budget was partially offset by the reduction of the NPARIH capital program as per the buyout (discussed above).

Payables: balance was $10.3 million under the budget. This variance can be attributed to NPARIH. Less activity under this program, meant lower liabilities incurred by the AHO to Land and Housing Corporation who are responsible for our capital works and repairs and maintenance programs.

Reserves: the asset revaluation reserve movement was much larger than predicted when the budget was established. A more modest increment was anticipated, but the large increase in property prices grew the value of the asset portfolio by $175 million more than budget.

Cash Flows

Operating payments and grants income were both lower than budget mostly due to the delay arising from the NPARIH buyout bid.

18. Service group statement

AHO operates and reports in one service group. The Statement of Comprehensive Income and Statement of Financial Position show the service group information of AHO.

19. Defined Benefit Superannuation Plans

(a) DFACS

	SASS		SANCS		SSS		TOTAL	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Member Numbers								
Contributors	3	3	3	6	-	3	6	12
Pensioners	-	-	-	-	7	5	7	5
Superannuation Position	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accrued liability	1,353	1,214	277	587	14,936	14,962	16,566	16,763
							-	-
Estimated reserve account balance	(470)	(366)	36	(259)	(5,095)	(5,760)	(5,529)	(6,385)
Net liability recognised in statement of financial position	883	848	313	328	9,841	9,202	11,037	10,378

Details of the schemes and key assumptions on the actuarial assessments of the above superannuation position are disclosed in the financial statements of DFACS as employer of these employees.
DFACS provides personnel services to AHO as AHO does not have employees.

20. Events after the reporting period

There are no events subsequent to balance date which affect the financial statements.

Financial statements for the year ended 30 June 2016

INDEPENDENT AUDITOR'S REPORT

NSW Land and Housing Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the NSW Land and Housing Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information..

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Corporation in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

The Secretary's Responsibility for the Financial Statements

The Secretary of the Department of Family and Community Services is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

In preparing the financial statements, the Secretary must assess the Corporation's ability to continue as a going concern unless the Corporation will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- 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 of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx.
The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Corporation 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.

Karen Taylor

Karen Taylor
Director, Financial Audit Services

19 September 2016
SYDNEY

STATEMENT BY THE SECRETARY OF THE DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

For and on behalf of the NSW LAND AND HOUSING CORPORATION

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I, Michael Coutts-Trotter, Secretary of the Department of Family and Community Services, state that in my opinion the accompanying financial statements and notes of the NSW Land and Housing Corporation:

1. Exhibit a true and fair view of the financial position of the NSW Land and Housing Corporation as at 30 June 2016 and its financial performance for the year ended; and

2. Have been prepared in accordance with the Australian Accounting Standards (which includes Australian Accounting Interpretations) and the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.

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

Michael Coutts-Trotter
Secretary of Department of Family and Community Services
For and on behalf of the NSW Land and Housing Corporation
15 September 2016

NSW LAND AND HOUSING CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Revenue			
Rent and other tenant charges	4	866 918	851 886
Government grants	5	177 987	164 010
Investment revenue	6	6 355	8 536
Management fees	7	12 771	21 530
Other revenue	8	39 779	74 035
Total Revenue		**1 103 810**	**1 119 997**
Expenses			
Repairs and maintenance	9	296 095	272 163
Council rates		126 810	121 572
Water rates		101 038	99 387
Tenancy management	3(d)	115 100	115 100
Personnel services	10	61 600	55 467
Depreciation and amortisation	12	424 857	361 603
Grants and subsidies	13	63 414	87 942
Finance costs	14	58 734	62 908
Allowance for impairment	18*(iii)*	4 906	3 626
Other expenses	11	144 607	142 683
Total Expenses excluding losses		**1 397 161**	**1 322 451**
(Gain)/Loss on disposal of assets	15	(96 447)	36 576
NET RESULT		**(196 904)**	**(239 030)**
Other comprehensive income			
Items that will not be reclassified to net result:			
Net increase in property, plant and equipment asset revaluation reserve	21*(i)*,*(ii)*	6 351 061	4 300 805
Other comprehensive income for the year		**6 351 061**	**4 300 805**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6 154 157**	**4 061 775**

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	16	115 519	89 906
Receivables	17	18 187	25 793
Other financial assets	18	185 294	137 828
Other	19	8 075	6 180
Assets held for sale	20	42 765	49 295
Total Current Assets		**369 840**	**309 002**
Non-Current Assets			
Other financial assets	18	1 003	1 292
Property, plant and equipment	21	45 338 976	39 343 688
Intangible assets	22	5 178	3 807
Total Non-Current Assets		**45 345 157**	**39 348 787**
TOTAL ASSETS		**45 714 997**	**39 657 789**
LIABILITIES			
Current Liabilities			
Payables	23	215 094	259 192
Borrowings	24	46 580	82 051
Provisions	25	19 262	5 115
Total Current Liabilities		**280 936**	**346 358**
Non-Current Liabilities			
Payables	23	278	246
Borrowings	24	524 831	542 033
Provisions	25	-	14 357
Total Non-Current Liabilities		**525 109**	**556 636**
TOTAL LIABILITIES		**806 045**	**902 994**
NET ASSETS		**44 908 952**	**38 754 795**
EQUITY			
Revaluation Reserves		34 703 883	28 684 818
Accumulated Funds		10 205 069	10 069 977
TOTAL EQUITY		**44 908 952**	**38 754 795**

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

		Accumulated Funds		Asset Revaluation Reserve		Total	
	Notes	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Balance at 1 July		10 069 977	10 209 801	28 684 818	24 483 219	38 754 795	34 693 020
Net result for the year		(196 904)	(239 030)	-	-	(196 904)	(239 030)
Other Comprehensive Income:							
Net increase in property, plant and equipment asset valuations	21*(i)*,*(ii)*	-	-	6 351 061	4 300 805	6 351 061	4 300 805
Total other comprehensive income		-	-	6 351 061	4 300 805	6 351 061	4 300 805
Total comprehensive income for the year		(196 904)	(239 030)	6 351 061	4 300 805	6 154 157	4 061 775
Transfer between equity items:							
Transfers on disposal of assets		331 996	99 206	(331 996)	(99 206)	-	-
Total Transfer between equity items		331 996	99 206	(331 996)	(99 206)	-	-
Balance at 30 June		**10 205 069**	**10 069 977**	**34 703 883**	**28 684 818**	**44 908 952**	**38 754 795**

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000
Cash flows from Operating Activities			
Receipts			
Rent and other tenant charges		874 499	851 266
Government grants - other NSW government agencies		177 987	164 010
Interest received		5 914	8 553
Management fees		12 772	21 530
Other		17 197	58 988
Total receipts		**1 088 369**	**1 104 347**
Payments			
Property and residential tenancy		(609 897)	(576 692)
Tenancy Management		(115 100)	(115 100)
Personnel services		(54 545)	(48 629)
Finance costs		(43 844)	(48 612)
Grants and subsidies		(3 512)	(3 000)
Other		(81 342)	(46 856)
Total payments		**(908 240)**	**(838 889)**
Net cash flows from Operating Activities	29	**180 129**	**265 458**
Cash flows from Investing Activities			
Receipts			
Proceeds from sale of property, plant and equipment		466 895	152 443
Proceeds from redemption of investments		-	52 143
Total receipts		**466 895**	**204 586**
Payments			
Purchase of property, plant and equipment		(506 846)	(426 142)
Purchase of investments		(47 104)	-
Total payments		**(553 950)**	**(426 142)**
Net cash flows from Investing Activities		**(87 055)**	**(221 556)**
Cash flows from Financing Activities			
Payments			
Repayments of borrowings		(67 461)	(42 296)
Net cash flows from Financing Activities		**(67 461)**	**(42 296)**
Net increase/(decrease) in cash and cash equivalents		**25 613**	**1 606**
Opening cash and cash equivalents		89 906	88 300
CLOSING CASH AND CASH EQUIVALENTS	16	**115 519**	**89 906**

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: THE REPORTING ENTITY

The NSW Land and Housing Corporation (LAHC) is a NSW Government entity. It is a Statutory Authority and has no controlled entities.

LAHC is a *not-for-profit* entity as profit is not its principle objective and it has no cash generating units. It administers the *Housing Act 2001* (Housing Act) and its principal objective is to manage the State's housing portfolio on behalf of the New South Wales Government. In addition, LAHC administers the Housing Reserve Fund (HRF) which was established by the *Home Purchase Assistance Authority (HPAA) Act of 1993*, and is now incorporated into the *Housing Act*.

LAHC is a member of the Department of Family and Community Services (FACS) cluster of agencies, but is not controlled by FACS for financial reporting purposes. The financial statements of LAHC are consolidated with the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2016 have been authorised by the Secretary on 15 September 2016.

NOTE 2: BASIS OF PREPARATION

LAHC's financial statements are general purpose financial statements which have been prepared on an accruals basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulations 2015*; and
- Financial Reporting Directions issued by the Treasurer.

a) Statement of Compliance

LAHC's financial statements and notes comply with applicable Australian Accounting Standards, which include Australian Accounting Interpretations.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except:

- Property, plant and equipment are measured at fair value;
- Assets held for sale are measured at the lower of carrying amount and fair value less cost to sell;
- Interest free or low interest borrowings are initially measured at fair value and at amortised cost, thereafter.

c) Currency presentation

The financial statements are presented in Australian dollars and all amounts are rounded to the nearest one thousand dollars.

d) Comparative information

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

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: BASIS OF PREPARATION (continued)

e) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year the estimates are revised and in future years.

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

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all reporting years presented in these financial statements.

a) Revenue recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable.

Accounting policies on recognition of specific types of revenue are discussed below:

i) Rent and other tenant charges

Rent and other tenant charges are recognised in accordance with AASB 117 *Leases* on a straight line basis over the term of the lease.

Public housing

Rental revenue is accrued one week in advance and recognised as revenue on a straight-line basis.

LAHC estimates market rent for its properties. Public housing tenants are required to pay an amount equivalent to a pre-determined percentage of their household income. The difference between market rent and the amount tenants are required to pay is referred to as a rental subsidy.

Community housing

LAHC enters into lease agreements with registered community housing providers, generally for a term of 3 years, at a nominal rent of $1.

ii) Government grants

Government grants are recognised as revenue when LAHC gains control over the grants. Control is normally obtained when cash is received.

iii) Investment revenue

Investment revenue is recognised as it accrues using the effective interest method.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) **Revenue recognition (continued)**

iv) Management fees and other revenue

Management fees and other revenue are recognised on an accrual basis as revenue, when services are provided.

v) Sale of assets

The gain or loss from the sale of assets is recognised in the statement of comprehensive income when LAHC transfers the risks / rewards of the asset for a reliably measurable price and it is probable LAHC will receive the benefits. When property assets are sold, the gain or loss from the sale is recognised at the contract settlement date.

b) **Finance costs**

Finance costs are recognised as expenses in the year in which they are incurred.

c) **Insurance**

LAHC manages its insurance activities through insurance brokers. Insurance premiums are paid annually and are recognised as an expense on a straight line basis over the period covered.

d) **Tenancy management**

LAHC engages the Department of Family and Community Services to undertake tenancy management services including establishing and maintaining tenancies, management of tenant complaints and appeals, collection of rent and other charges, investigation of and drafting of responses to Ministerial and other enquires regarding delivery of services.

e) **Accounting for the Goods and Services Tax (GST)**

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

(i) the amount of GST incurred by LAHC as a purchaser, that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and

(ii) 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. The GST components of cash flows arising from operating, investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments

(i) Non-derivative financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which may be restricted (refer Note 16).

Loans, investments and receivables

Loans, investments and other receivables are financial assets that are not quoted in an active market and with fixed or determinable payments. Such assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition, loans, investments and other receivables are measured at amortised cost using the effective interest method, less any impairment loss (refer Note 18). Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original amount charged where the effect of discounting is considered to be immaterial.

(ii) Non-derivative Financial liabilities

Trade and other payables

Payables represent liabilities for goods and services received by LAHC. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition, long term trade and other payables are measured at amortised cost using the effective interest method.

Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Borrowings

Borrowings, including low interest loans, are measured initially at fair value net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method. Gains or losses arising from subsequent valuation are recognised in the net result for the year.

g) De-recognition of financial assets and financial liabilities

(i) Financial assets

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or if LAHC transfers the financial assets:

(i) where substantially all the risks and rewards have been transferred; or

(ii) where LAHC has not transferred substantially all the risks and rewards, if LAHC has not retained control.

Where LAHC has neither transferred nor retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of LAHC's continuing involvement in the assets.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) De-recognition of financial assets and financial liabilities (continued)

(ii) Financial liabilities

Financial liabilities are de-recognised when the obligations specified in the contracts expire, are discharged or cancelled.

h) Property, plant and equipment

(i) Capitalisation Threshold

Property, plant and equipment, including leasehold improvements, generally over $5,000 are capitalised if it is probable that the future economic benefits will flow to the LAHC and the cost of the asset can be reliably measured.

(ii) Recognition and measurement

Assets are initially recognised at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset, such as cash or cash equivalents paid or the fair value of 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 specific requirements of other Australian Accounting Standards.

The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for its intended use; and
- the costs of dismantling and removing the items and restoring the site on which they are located.

LAHC recognises a liability when it has a legal or constructive obligation to restore an asset.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date.

Where the payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, that is, the deferred payment amount is discounted at a rate that appropriately applies to each specific asset.

Residential properties acquired are recognised on settlement as property, plant and equipment upon exchange of purchase and sale contracts.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment. The net gain or loss is recognised within the Statement of Comprehensive Income.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Property, plant and equipment (continued)**

(iii) Subsequent costs

a) Major inspection costs

The labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, when the asset recognition criteria are satisfied.

b) Repairs and maintenance

LAHC expenses the cost of routine repairs and maintenance as incurred to maintain its property portfolio at certain standards, except where they relate to the replacement of a part or component of an asset in which case the costs are capitalised and depreciated.

c) Capital improvements

LAHC incurs costs necessary to bring aged dwellings within its property portfolio to LAHC's standard condition. These costs are capitalised when the improved dwellings exceed their original standard as a result of the work undertaken.

(iv) Revaluation

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 21 (*iii*) for further information regarding fair value.

LAHC revalues each class of property, plant and equipment annually to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

For non-specialised property, plant and equipment with short useful lives, historical cost is considered to approximate fair value. LAHC has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets, the accumulated depreciation balance of an asset as at the revaluation date, is credited to that asset's account balance. The resulting net balance in the asset account is increased or decreased to bring the asset's value to fair value.

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

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Property, plant and equipment (continued)

(iv) Revaluation (continued)

Revaluation increments/decrements

Revaluation decrements are recognised immediately as expenses in the net result, except, to the extent that a credit balance exists in the Asset Revaluation Reserve in respect of the same class of assets where in this instance, they are debited directly to the Asset Revaluation Reserve.

As LAHC is a not-for-profit entity, the revaluation increment or decrement relating to individual assets within an asset class are offset against one another, but not against assets that belong to a different asset class.

Where an asset that has previously been revalued is disposed of, any balance remaining in the Asset Revaluation Reserve in respect of that asset is transferred to Accumulated Funds.

(v) Depreciation

Property, plant and equipment, other than land are depreciated on a straight line basis. The residual values and useful lives of assets are reviewed at each balance date and adjusted, if appropriate. LAHC undertakes ongoing maintenance and upgrading in order to maintain properties at a certain standard. The estimated useful lives of the depreciable assets are:

Asset class	Estimated useful life for the current and previous year
Residential properties	50 years
Residential properties marked for demolition	1 to 5 years
Commercial properties	50 years
Community purpose built properties	50 years
Motor vehicles	3 years
Computer hardware	3 years
Office furniture and equipment	3 years
Intangible assets	3 years

Leasehold improvements are depreciated over the unexpired year of the lease or the estimated useful life of the improvements, whichever is shorter.

(vi) Vested assets

Assets which are vested to community housing providers are recognised as expenses when all government approvals are obtained and substantially all the risks and rewards have been transferred.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Intangible assets

Intangible assets costing $5,000 and above are capitalised if it is probable that future economic benefits will flow to LAHC and the cost of the asset can be reliably measured.

The cost method of accounting is used in the initial recording of intangible assets acquired or developed by LAHC. However, intangible assets acquired at no or nominal costs are measured at fair value.

For computer software developed internally by LAHC, research costs are expensed while development costs that meet specific criteria are capitalised provided they are directly attributable to the asset. Where externally acquired computer software forms an integral part of the related computer hardware, it is considered to form part of the computer hardware and is classified as Property, Plant and Equipment.

However, where externally acquired computer software does not form an integral part of the related computer hardware, it is classified as an intangible asset. As there are no active markets for LAHC's intangible assets they are carried at cost less accumulated amortisation.

Amortisation of intangible assets is calculated on a straight line basis over the assets' estimated useful lives, which are assessed each year. The current estimated useful life for intangible assets is 3 years.

j) Leased assets

(i) Finance leases

Leases where LAHC assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

When public housing properties are completed, LAHC brings them to account as finance leases on the basis that on completion date, all the risks and rewards attributable to these properties are transferred to LAHC.

(ii) Operating leases

Other leases, where LAHC does not assume substantially all the risks and rewards of ownership, are classified as operating leases and not recognised in LAHC's Statement of Financial Position. However, lease payments in respect of the use of the leased assets are recognised on a straight line basis in the Statement of Comprehensive Income.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) **Impairment**

(i) Financial assets

All financial assets, except those measured at fair value through the Statement of Comprehensive Income, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that LAHC will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of impairment loss is recognised in the net result reported in the Statement of Comprehensive Income.

Where there is objective evidence, previously recognised impairment losses are reversed in the net result for the year. Reversals of impairment losses on financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(ii) Short term receivables, loans and other receivables

The allowance for estimated impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Uncollectible amounts are recognised as bad debts and written off when one of the following conditions in the Treasurer's Directions *450.05 Recovery of Debts to the State* is met:

a) the debtor cannot be located;
b) it is uneconomical to finalise recovery action due to the relatively small value of the debt;
c) the medical, financial or domestic circumstances of a particular debtor do not warrant the taking of further recovery action; or
d) legal proceedings through the courts have proved, or on legal advice, would prove unsuccessful.

(iii) Property, plant and equipment and intangible assets

As a *not-for-profit* 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, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that *AASB 136* modifies the recoverable amount test for non-cash generating asset for not-for-profit entities to the higher of fair value less costs to sell and depreciated replacement costs, where depreciated replacement cost is also fair value.

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

l) **Non-current assets classified as held for sale**

LAHC has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs of disposal.

Any loss on initial classification of a non-current asset as held for sale and subsequent gains or losses on re-measurement are recognised in the net result. Gains on re-measurement are recognised in the net result only to the extent of the cumulative impairment loss that has been recognised.

Assets classified as 'held for sale' are not depreciated while the held for sale classification criteria continues to be met.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Liabilities

(i) Personnel Services

LAHC does not have any employees.

The Department of Family and Community Services provides personnel services to LAHC using the following components:

a) Salaries and wages, annual leave and sick leave.

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

Where material, annual leave that is not expected to be taken within twelve months after the end of the annual reporting year is measured at present value in accordance with AASB 119 Employee Benefits.

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.

b) Long service leave and superannuation

LAHC's liabilities for long service leave and defined benefit superannuation are assumed by the Crown. LAHC accounts for the liabilities as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue items described as 'accepted by the Crown'.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSW TC 15-09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

The defined contribution superannuation expense is calculated based on the Government Super Guarantee Charge percentage and the employee's salary. For financial year 2015-16, the rate is 9.5%.

c) 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 payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(ii) Other Provisions

A provision is recognised if, as a result of a past event, LAHC has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

A provision for restructuring is recognised when LAHC has a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly, resulting in a valid expectation in those affected that the restructuring plan will be implemented.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Fair value hierarchy

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

(i) Level 1: quoted prices (unadjusted) in active markets for identical or similar assets or liabilities.

(ii) Level 2: inputs other than quoted prices included in Level 1 that are observable either directly or indirectly (observable inputs).

(iii) Level 3: inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assets and liabilities measured at fair value is included in the following notes:

- Note 20 – Assets Held For Sale;
- Note 21 – Non-current assets – Property, Plant and Equipment; and
- Note 31 – Financial Instruments

o) Equity and reserves

(i) Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from the revaluation of non-current assets. This is in accordance with LAHC's accounting policy of the revaluation of property, plant and equipment as discussed in note 3 h) *iv)*.

(ii) Accumulated Funds

Accumulated funds - includes all current and prior years net results.

p) Equity transfers

In accordance with AASB 1004 *Contributions and* Australian Interpretation 1038 *Contributions by Owners made to Wholly-owned Public Sector Entities*, the transfer of net assets between NSW public sector entities as a result of an administrative restructure, within government, is designated as a contribution by owners and recognised as an adjustment to Accumulated Funds.

Transfers arising from an administrative restructure between not-for-profit and for-profit government entities are recognised at the amount at which they were recognised by the transferor department immediately prior to the restructure. In most instances, this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised by the transferor at (amortised) cost because there is no active market, LAHC recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, no asset is recognised by LAHC.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) **New Australian accounting standards and interpretations issued but not effective**

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. In accordance with NSW Treasury Circular 16-02 *Mandates of Options and Major Policy Decisions under Australian Accounting Standards,* the following new or revised Accounting Standards and Interpretations have not been early adopted.

AASB No.	Nature of Change	Operative Date	Title/Topic
AASB 9 and 2014-7	Amends AASB 9 including hedge accounting and amending requirements relating to 'own credit risk'	1 Jan 2018	Financial Instruments
AASB 14 and 2014-1 (Part D)	Specifies the financial reporting requirements for regulatory deferral account balances	1 Jan 2016	Regulatory Deferral Accounts
AASB 15, 2014-5 and AASB 2015-8	Establishes principles to report useful information about nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers	1 Jan 2018	Revenue from Contracts with Customers
AASB 16	AASB 16 Leases supersedes AASB 117 for periods on or after 1 January 2019. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value.	1 Jan 2019	Leases
AASB 1056	Specifies the requirements for the general purpose financial statements of superannuation entities with a view to providing users with information useful for decision making in a superannuation entity context.	1 Jul 2016	Superannuation Entities
AASB 2014-3	Guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business	1 Jan 2016	Accounting for Acquisitions of Interests in Joint Operations
AASB 2014-4	Specifies amendments to AASB 116 and 138 in clarifying the principles for the basis of depreciation and amortisation	1 Jan 2016	Acceptable methods of depreciation and amortisation
AASB 2014-6	Defines bearer plants and requires them to be accounted and included within the scope of AASB 116	1 Jan 2016	Agriculture: Bearer plants
AASB 2014-9	Amends AASB 127 to allow the use of the equity method of accounting for investments in subsidiaries, joint ventures and associates	1 Jan 2016	Equity method in separate financial statements

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) New Australian accounting standards and interpretations issued but not effective (continued)

AASB No.	Nature of Change	Operative Date	Title/Topic
AASB 2014-10 and AASB 2015-10	Amends AASB 10 and 128 to address inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture	1 Jan 2016 1 Jan 2018	Sale or contribution of assets between an investor and its associate or joint venture
AASB 2015-1	Specifies various editorial corrections to AASB 5, 7, 119 and 134	1 Jan 2016	Annual improvements to Australian accounting Standards 2012-2014 cycle
AASB 2015-2	Amends AASB 101 to provide clarification as to presentation and disclosure requirements to ensure entities are able to use judgement in determining what information to disclose	1 Jan 2016	Disclosure Initiative: Amendments to AASB 101
AASB 2015-5	Amends and clarifies the application of AASB 10, 12 and 128 in relation to Investment Entities	1 Jan 2016	Investment Entities: Applying the Consolidation Exception
AASB 2015-6	Amendments extend the scope of AASB 124 to include application by Not-for-Profit public sector entities	1 Jul 2016	Extending related party disclosures to Not-for-Profit public sector entities
AASB 2015-7	Amendments to relieve Not-for-Profit public sector entities from certain AASB 13 disclosures	1 Jul 2016	Fair Value Disclosures of Not-for-Profit Public Sector Entities
AASB 1057 and AASB 2015-9	Specifies the types of entities and financial statements to which Australian Accounting Standards (including Interpretations) apply.	1 Jan 2016	Application of Australian Accounting Standards

The full impact of initial adoption of these standards is not known at this stage. Further assessment of the impact will be undertaken closer to the time the standard becomes operational.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 4: RENT AND OTHER TENANT CHARGES

	2016 $'000	2015 $'000
Market rent and other tenant charges (notional)	1 948 458	1 869 773
Less: rental subsidies to tenants (notional)	(1 122 050)	(1 057 248)
Water usage charges	40 510	39 361
Total rent and other tenant charges	**866 918**	**851 886**

NOTE 5: GOVERNMENT GRANTS

The LAHC receives government grants for initiatives not covered by the National Affordable Housing Agreement (NAHA). During the year the LAHC received grants from the NSW Department of Family & Community Services for programs such as head leasing, repairs & maintenance on crisis accommodation and capital works:

Other government agencies		
NSW Department of Family & Community Services	177 987	164 010
Total Government grants	**177 987**	**164 010**

NOTE 6: INVESTMENT REVENUE

Interest earned by the LAHC is in respect of the following investments:		
NSW Treasury Corporation - Hour Glass cash facilities	-	456
Bank deposits	6 130	7 990
Other	225	90
Total investment revenue	**6 355**	**8 536**

NOTE 7: MANAGEMENT FEES

Project management fees	10 749	19 557
Property management fees	2 022	1 973
Total management fees	**12 771**	**21 530**

NOTE 8: OTHER REVENUE

Long Service Leave & Superannuation accepted by the Crown (note 10)	6 946	5 078
Bad debts recovered	227	498
Property related income	26 860	37 298
Finance lease liability de-recognition (i)	-	27 176
Sundry	5 746	3 985
Total other revenue	**39 779**	**74 035**

(i) Refer Note 24 *(iv)* regarding the former Bonnyrigg Living Communities Project.

NOTE 9: REPAIRS AND MAINTENANCE

Residential properties	295 819	271 883
Commercial properties	172	187
Other	104	93
Total repairs and maintenance	**296 095**	**272 163**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: PERSONNEL SERVICES

	2016 $'000	2015 $'000
Salaries	42 258	38 336
Annual leave and leave loading	4 698	4 681
Long service leave - assumed by the Crown (note 8)	5 627	3 614
Superannuation - defined benefit plan assumed by the Crown (note 8)	1 319	1 464
Superannuation - defined contribution plan	4 130	3 901
Workers' compensation insurance	213	213
Payroll and fringe benefit tax	3 322	3 229
Other	33	29
Total personnel services	**61 600**	**55 467**

Personnel services are provided by the Department of Family and Community Services.

NOTE 11: OTHER EXPENSES

Management and other fees *(i)*	11 444	26 943
Operating lease rental expense - minimum lease payments *(ii)*	65 997	59 980
Property related expenses	11 042	12 862
Motor vehicle, Travel & Telecommunication	2 378	2 143
Professional services and contractors	33 014	21 312
Auditors' remuneration	372	372
Other audit assurance services	297	310
Department of Family and Community Services - Business Services *(iii)*	13 208	12 886
Other	6 855	5 875
Total other expenses	**144 607**	**142 683**

(i) Management and other fees for 2015 included service and termination fees in respect of the former Bonnyrigg Living Communities Project.

(ii) The LAHC leases residential properties from the private market to supplement its housing stock in order to meet client demand for social housing. These leased residential properties are sub-let to eligible clients.

(iii) Department of Family and Community Services - Business Services is the shared service provider for the LAHC. The services provided include corporate support services in respect of finance, information technology and human resource functions.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: DEPRECIATION AND AMORTISATION

	2016 $'000	2015 $'000
Depreciation		
Residential properties	423 284	360 531
Commercial properties	405	471
Community purpose built properties	483	262
Computer hardware	20	20
Office furniture and equipment	7	-
Motor vehicles	106	205
Leasehold improvements	423	-
Total depreciation	**424 728**	**361 489**
Amortisation		
Intangible assets	129	114
Total amortisation	**129**	**114**
Total depreciation and amortisation	**424 857**	**361 603**

NOTE 13: GRANTS AND SUBSIDIES

Grants to community groups - vested properties *(a)* (note 21 *(i)*)	60 228	70 510
Grants to community groups - other	-	14 282
Amortisation of write down on borrowing (note 24 *(i)*)	79	150
Other	3 107	3 000
Total grants and subsidies expense	**63 414**	**87 942**

(a) In order to support the Government's priority to improve housing affordability, properties are being vested to community housing providers that will leverage these assets to borrow funds from the private sector and invest in additional housing stock. During the year the Governor approved the vesting of 160 properties and one parcel of land (2015: 296 properties) with a carrying value of $60.2 million (2015: $70.5 million). In 2016 and prior years 6,277 properties with a carrying value of $1,537.6 million were vested to community housing providers.

NOTE 14: FINANCE COSTS

Finance costs comprise:		
Interest on interest bearing liabilities:		
State Advances – Commonwealth loans	47 564	48 509
NSW Treasury Corporation	10 169	10 914
Crown Entity	611	1 190
Other	390	2 295
Total finance costs	**58 734**	**62 908**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: GAIN/(LOSS) ON DISPOSAL

(i) **Sale of assets**	**2016 $'000**	**2015 $'000**
Residential properties		
Sales proceeds	286 532	103 033
Less: selling expenses	(13 503)	(13 934)
Net proceeds	273 029	89 099
Less: carrying amount of assets sold	(171 044)	(69 704)
Gain	**101 985**	**19 395**
Community Purpose Properties		
Sales proceeds	7 000	-
Less: selling expenses	-	-
Net proceeds	7 000	-
Less: carrying amount of assets sold	(5 513)	-
Gain	**1 487**	**-**
Land		
Sales proceeds	135 509	39 277
Less: selling expenses	(3 990)	(1 234)
Net proceeds	131 519	38 043
Less: carrying amount of assets sold	(121 729)	(54 077)
Gain/(Loss)	**9 790**	**(16 034)**
Motor Vehicles		
Sales proceeds	205	318
Less: selling expenses	-	-
Net proceeds	205	318
Less: carrying amount of assets sold	(159)	(345)
Gain/(Loss)	**46**	**(27)**
Gain	**113 308**	**3 334**
Total asset sales of property, plant and equipment		
Sales proceeds	429 246	142 628
Less: selling expenses	(17 493)	(15 168)
Net proceeds	411 753	127 460
Less: carrying amount of assets sold (note 21 *(i) & (ii)*)	(298 445)	(124 126)
Gain	**113 308**	**3 334**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: GAIN/(LOSS) ON DISPOSAL (continued)

	2016 $'000	2015 $'000
(ii) **Assets demolished**		
Carrying amount of demolished properties (note 21 *(i) & (ii)*)	**(20 528)**	**(13 161)**

In accordance with the LAHC's strategic asset management program, properties that meet certain criteria may be demolished to provide appropriate housing facilities in a cost effective manner.

	2016 $'000	2015 $'000
(iii) **Assets written off and impaired**		
Property, plant and equipment (note 21 *(i) & (ii)*)	(4 887)	(15 984)
Property rectification	(2 293)	(9 970)
Impairment – non-current assets classified as held for sale (note 20)	(658)	(1 446)
Assets written off and impaired	**(7 838)**	**(27 400)**
Gain/(Loss) on disposal of property, plant and equipment	**84 942**	**(37 227)**
(iv) **Sale of assets held for sale**		
Residential properties		
Sales proceeds	27 355	8 258
Less: selling expenses	(226)	(35)
Net proceeds	27 129	8 223
Less: carrying amount of assets sold	(18 190)	(7 924)
Gain	**8 939**	**299**
Community Purpose Properties		
Sales proceeds	2 760	-
Less: selling expenses	-	-
Net proceeds	2 760	-
Less: carrying amount of assets sold	(3 078)	-
(Loss)	**(318)**	**-**
Vacant Land		
Sales proceeds	26 073	17 286
Less: selling expenses	(820)	(526)
Net proceeds	25 253	16 760
Less: carrying amount of assets sold	(22 369)	(16 408)
Gain	**2 884**	**352**
Gain on sale of assets held for sale	**11 505**	**651**
Total sales of assets held for sale		
Sales proceeds	56 188	25 544
Less: selling expenses	(1 046)	(561)
Net proceeds	55 142	24 983
Less: carrying amount of assets sold (note 20)	(43 637)	(24 332)
Gain on sale of assets held for sale	**11 505**	**651**
Total Gain/(Loss) on disposal of assets	**96 447**	**(36 576)**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Cash on hand and at bank	115 519	89 906
Total cash and cash equivalents *(i)*	**115 519**	**89 906**

(i) Cash and cash equivalents include amounts that have been restricted in terms of their use as follows:

Housing Reserve Fund (HRF) (note 1)	2 199	4 752
Housing Affordability Fund (HAF) *(ii)*	3 186	14 262
Millers Point Restricted Funds (note 26)	26 061	3,837
Restricted cash and cash equivalents	**31 446**	**22 851**

(ii) In prior years, the LAHC entered into a number of HAF agreements with the former Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs.

NOTE 17: CURRENT ASSETS – RECEIVABLES

Current		
Rental and Sundry debtors	34 788	37 423
Less: allowance for impairment *(i)*	(29 056)	(27 994)
Net Rental and Sundry debtors	5 732	9 429
Receivables – other government departments	12 455	16 364
Total current receivables	**18 187**	**25 793**

(i) The movement in the aggregate allowance for impairment in receivables is as follows:

Balance, beginning of year	27 994	25 580
Debts written off	(3 844)	(1 216)
Increase in allowance for impairment	4 906	3 630
Balance, end of year	**29 056**	**27 994**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: CURRENT/NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

LAHC derives its investment powers from Part 2, Schedule 4 of the *Public Authorities (Financial Arrangements) Act 1987.* Other financial assets comprise the following:

	2016 $'000	2015 $'000
Current		
Loans and Investments		
Term deposits (i)	185 039	137 621
Mortgage Assistance Scheme	266	225
Less: allowance for impairment *(ii)*	(11)	(18)
Net	255	207
Total loans and investments	185 294	137 828
Total current other financial assets	**185 294**	**137 828**
Non-current		
Loans and Investments		
Mortgage Assistance Scheme	1 003	1 292
Total loans and investments	1 003	1 292
Total non-current other financial assets	**1 003**	**1 292**
Total other financial assets	**186 297**	**139 120**

(i) Other financial assets include deposits that are restricted in terms of their use as follows:

Housing Reserve Fund (HRF) (note 1)	80 663	72 616
Total	**80 663**	**72 616**

(ii) The movement in the allowance for impairment in loans under the Mortgage Assistance Scheme is below:

Current		
Balance, beginning of year	18	33
Debts written off	(7)	(11)
Increase/(Decrease) in allowance for impairment	-	(4)
Balance, end of year	**11**	**18**

(iii) Total movement in allowance for impairment in receivables and loans under the Mortgage Assistance Scheme is as follows:

Current		
Balance, beginning of year	28 012	25 613
Debts written off	(3 851)	(1 227)
Allowance for impairment (note 17*(i)* and note 18*(ii)*)	4 906	3 626
Balance, end of year	**29 067**	**28 012**

NOTE 19: CURRENT ASSETS – OTHER

Current		
Head leasing	7 149	5 482
Other	926	698
Total current other	**8 075**	**6 180**
Total other	**8 075**	**6 180**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20: ASSETS HELD FOR SALE

	2016 $'000	2015 $'000
Residential properties	41 061	23 848
Vacant land	1 704	22 369
Community purpose built properties	-	3 078
Total assets classified as held for sale	**42 765**	**49 295**

These assets are expected to be sold in the following financial year through a number of disposal options including auctioning the properties. An impairment loss on the measurement of assets classified as held for sale to fair value less cost to sell has been recognised and is included in Assets Written Off (refer note 15 *(iii)*) . The fair value measurements are categorised within Level 3 of the fair value hierarchy. The impairment loss comprises:

	2016	2015
Residential properties:		
Fair value (Net carrying amount at the time of reclassification)	41 779	24 407
Less: Cost to sell	(718)	(559)
Fair value less cost to sell	41 061	23 848
Impairment loss	718	559
Vacant land:		
Fair value (Net carrying amount at the time of reclassification)	1 731	23 190
Less: Cost to sell	(27)	(821)
Fair value less cost to sell	1 704	22 369
Impairment loss	27	821
Community purpose built properties:		
Fair value (Net carrying amount at the time of reclassification)	-	3 144
Less: Cost to sell	-	(66)
Fair value less cost to sell	-	3 078
Impairment loss	-	66
Impairment loss on measurement of assets held for sale	**745**	**1 446**
Impairment writeback on reinstatement of non-current assets	(87)	-
Impairment – non-current assets classified as held for sale (note 15 *(iii)*)	**658**	**1 446**

Reconciliations

Reconciliations of the total carrying amounts of assets classified as held for sale at the beginning and end of the current and previous financial year are set out below:

	2016	2015
Carrying amount at start of year	49 295	30 182
Sale of assets – carrying amount (note 15 *(iv)*)	(43 637)	(24 332)
Impairment loss	(745)	(1 446)
Impairment writeback on reinstatement of non-current assets	87	-
Reclassified from non-current assets to assets held for sale (note 21 *(i) & (ii)*)	42,519	44 891
Reclassified from assets held for sale to non-current assets (note 21 *(i)*)	(4 754)	-
Carrying amount at end of year	**42 765**	**49 295**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2016 $'000	2015 $'000
Property		
Residential properties		
Land, at gross carrying amount	22 475 499	19 154 388
Buildings, at gross carrying amount	21 927 136	19 401 914
Less: Accumulated depreciation	(650)	(729)
Buildings - net carrying amount	21 926 486	19 401 185
Residential properties - net carrying amount	**44 401 985**	**38 555 573**
Commercial properties		
Land, at gross carrying amount	30 831	26 113
Buildings, at gross carrying amount	17 371	22 838
Less: Accumulated depreciation	(211)	(245)
Buildings - net carrying amount	17 160	22 593
Commercial properties – net carrying amount	**47 991**	**48 706**
Community purpose built properties		
Land, at gross carrying amount	67 744	52 991
Buildings, at gross carrying amount	23 287	22 638
Less: Accumulated depreciation	(245)	(226)
Buildings - net carrying amount	23 042	22 412
Community purpose built properties – net carrying amount	**90 786**	**75 403**
Land for redevelopment	**363 615**	**319 666**
Vacant land	**41 429**	**41 079**
Land under roads	**65 205**	**54 745**
Work in progress, at gross carrying amount	**325 369**	**247 755**
Leasehold improvements		
Leasehold improvements, at cost	2 860	1 751
Assets Written off (note 21*(ii)*)	-	(1 344)
Less: Accumulated amortisation	(423)	-
Leasehold improvements	**2 437**	**407**
Total property – net carrying amount	**45 338 817**	**39 343 334**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

	2016 $'000	2015 $'000
Plant and Equipment		
Computer hardware, at gross carrying amount	131	60
Less: Accumulated depreciation	(68)	(51)
Computer hardware - net carrying amount	**63**	**9**
Office furniture and equipment, at gross carrying amount	34	11
Less: Accumulated depreciation	(18)	(11)
Office furniture and equipment - net carrying amount	**16**	**-**
Motor vehicles, at gross carrying amount	479	950
Less: Accumulated depreciation	(399)	(605)
Motor vehicles - net carrying amount	**80**	**345**
Total plant and equipment – net carrying amount	**159**	**354**
Total property, plant and equipment – net carrying amount	**45 338 976**	**39 343 688**

In accordance with the LAHC's capitalisation policy as stated in note 3 h) *(i),(ii) & (iii)* , costs directly attributable to the acquisition of assets have been capitalised. These costs include personnel services amounting to $8.5 million (2015: $8.7 million). The cost of personnel services reported in note 10 is net of this capitalised amount.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(i) ***Reconciliations:*** *of the net carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.*

2016	Residential Properties $'000	Commercial Properties $'000	Community Purpose Built Properties $'000	Land held for Redevelopment $'000	Vacant Land $'000	Land under Roads $'000	Work in Progress $'000	Leasehold Improvements $'000	Computer Hardware, Office Furniture & Equipment $'000	Motor Vehicle $'000	Total $'000
Net carrying amount at start of year	38 555 573	48 706	75 403	319 666	41 079	54 745	247 755	407	9	345	39 343 688
Additions/capital improvements	208 655	830	9 921	1 493	261	-	266 692	2 476	74	-	490 402
Input tax credits - vested properties	406	-	-	-	-	-	-	-	-	-	406
Transfers to completed properties	195 772	-	-	85 233	30 743	-	(311 748)	-	-	-	-
Reclassified from non-current assets to assets held for sale (note 20)	(40 788)	-	-	(573)	(1 158)	-	-	-	-	-	(42 519)
Reclassified from assets held for sale to non-current assets (note 20)	4 754	-	-	-	-	-	-	-	-	-	4 754
Carrying amount of assets sold (note 15)	(171 044)	-	(5 513)	(58 271)	(63 458)	-	-	-	-	(159)	(298 445)
Transfers between classes:											
- Residential Properties	(86 827)	-	1 221	85 606	-	-	-	-	-	-	-
- Community Purpose Built Properties	594	-	(594)	-	-	-	-	-	-	-	-
- Land Held for Redevelopment	41	-	500	(123 211)	-	-	122 670	-	-	-	-
- Admin Assets	-	-	-	-	-	-	-	(23)	23	-	-
Demolitions (note 15 *(ii)*)	(20 528)	-	-	-	-	-	-	-	-	-	(20 528)
Write-off (note 15 *(iii)*)	(3 102)	-	-	(1 785)	-	-	-	-	-	-	(4 887)
Community Housing vested properties (note 13)	(45 978)	-	-	(14 250)	-	-	-	-	-	-	(60 228)
Revaluation increment	6 227 741	(1 140)	10 331	69 707	33 962	10 460	-	-	-	-	6 351 061
Depreciation expense (note 12)	(423 284)	(405)	(483)	-	-	-	-	(423)	(27)	(106)	(424 728)
Net carrying amount at end of year	**44 401 985**	**47 991**	**90 786**	**363 615**	**41 429**	**65 205**	**325 369**	**2 437**	**79**	**80**	**45 338 976**

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Disclosure: *of the gross carrying amount and accumulated depreciation for each class of property, plant and equipment at the beginning and end of the reporting period:*

	Residential Properties	Commercial Properties	Community Purpose Built Properties	Land held for Redevelop-ment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improve-ments	Computer Hardware, Office Furniture & Equipment	Motor Vehicle	Total
Fair Value Hierarchy:	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	N/A	N/A	N/A	N/A	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2015 - fair value											
Gross carrying amount	38 556 302	48 951	75 629	319 666	41 079	54 745	247 755	1 751	71	950	39 346 899
Accumulated depreciation and impairment	(729)	(245)	(226)	-	-	-	-	(1 344)	(62)	(605)	(3 211)
Net carrying amount	38 555 573	48 706	75 403	319 666	41 079	54 745	247 755	407	9	345	39 343 688
At 30 June 2016 - fair value											
Gross carrying amount	44 402 635	48 202	91 031	363 615	41 429	65 205	325 369	2 860	165	479	45 340 990
Accumulated depreciation and impairment	(650)	(211)	(245)	-	-	-	-	(423)	(86)	(399)	(2 014)
Net carrying amount	44 401 985	47 991	90 786	363 615	41 429	65 205	325 369	2 437	79	80	45 338 976

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) ***Reconciliations:*** *of the net carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.*

2015	Residential Properties $'000	Commercial Properties $'000	Finance Leased Properties $'000	Community Purpose Built Properties $'000	Land held for Redevelopment $'000	Vacant Land $'000	Land under Roads $'000	Work in Progress $'000	Leasehold Improvements $'000	Computer Hardware, Office Furniture & Equipment $'000	Motor Vehicle $'000	Total $'000
Net carrying amount at start of year	34 436 810	49 867	42 444	50 298	304 894	45 065	54 009	266 035	1 367	29	895	35 251 713
Additions/capital improvements	230 111	38	-	-	1 877	563	-	178 843	384	-	-	411 816
Input tax credits - vested properties	169	-	-	-	-	-	-	-	-	-	-	169
Transfers to completed properties	167 677	22	-	-	80 350	-	-	(248 049)	-	-	-	-
Reclassified from non-current assets to assets held for sale (note 20)	(18 589)	-	-	(3 144)	(22 763)	(395)	-	-	-	-	-	(44 891)
Carrying amount of assets sold (note 15)	(69 704)	-	-	-	(53 301)	(776)	-	-	-	-	(345)	(124 126)
Transfers from Aboriginal Housing Office	160	-	-	-	8	-	-	-	-	-	-	168
Transfers between classes:												-
- Residential Properties	(34 162)	-	-	6 763	27 399	-	-	-	-	-	-	-
- Finance Lease Properties	42 444	-	(42 444)	-	-	-	-	-	-	-	-	-
- Commercial Properties	1 931	(4 341)	-	800	1 610	-	-	-	-	-	-	-
- Community Purpose Built Properties	(13 042)	-	-	12 992	50	-	-	-	-	-	-	-
- Land Held for Redevelopment	81	-	-	-	(54 809)	-	-	54 728	-	-	-	-
- Vacant Land	-	-	-	1 510	1 025	(4 641)	2 106	-	-	-	-	-
- Work in Progress	-	-	-	-	550	-	3 249	(3 799)	-	-	-	-
Transfers from Bonnyrigg Project Company	-	-	-	-	9 178	-	-	-	-	-	-	9 178
Demolitions (note 15 (ii))	(13 004)	-	-	(157)	-	-	-	-	-	-	-	(13 161)
Write-off (note 15 (iii))	(14 627)	-	-	(8)	-	(2)	-	(3)	(1 344)	-	-	(15 984)
Community Housing vested properties (note 13)	(70 510)	-	-	-	-	-	-	-	-	-	-	(70 510)
Revaluation increment	4 270 359	3 591	-	6 611	23 598	1 265	(4 619)	-	-	-	-	4 300 805
Depreciation expense (note 12)	(360 531)	(471)	-	(262)	-	-	-	-	-	(20)	(205)	(361 489)
Net carrying amount at end of year	**38 555 573**	**48 706**	**-**	**75 403**	**319 666**	**41 079**	**54 745**	**247 755**	**407**	**9**	**345**	**39 343 688**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) Disclosure: *of the gross carrying amount and accumulated depreciation for each class of property, plant and equipment at the beginning and end of the reporting period:*

	Residential Properties	Commercial Properties	Finance Leased Properties	Community Purpose Built Properties	Land held for Redevelop-ment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improve-ments	Computer Hardware, Office Furniture & Equipment	Motor Vehicle	Total
Fair Value Hierarchy:	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	N/A	N/A	N/A	N/A	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2014 - fair value												
Gross carrying amount	34 457 935	50 102	42 444	50 431	304 894	45 065	54 009	266 035	10 997	589	1 673	35 284 174
Accumulated depreciation and impairment	(21 125)	(235)	-	(133)	-	-	-	-	(9 630)	(560)	(778)	(32 461)
Net carrying amount	34 436 810	49 867	42 444	50 298	304 894	45 065	54 009	266 035	1 367	29	895	35 251 713
At 30 June 2015 - fair value												
Gross carrying amount	38 556 302	48 951	-	75 629	319 666	41 079	54 745	247 755	1 751	71	950	39 346 899
Accumulated depreciation and impairment	(729)	(245)	-	(226)	-	-	-	-	(1 344)	(62)	(605)	(3 211)
Net carrying amount	38 555 573	48 706	-	75 403	319 666	41 079	54 745	247 755	407	9	345	39 343 688

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21 (iii): NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Property revaluation methodology by asset class

a) Land and Building

LAHC property portfolio is a large and dynamic portfolio with properties constantly being bought, sold, redeveloped and refurbished. In developing the valuation methodology for each asset class, LAHC minimises the use of unobservable significant inputs. The table below shows the valuation techniques used in the determination of fair values as well as the significant inputs used in the valuation models. Management has determined that as the application of the mass appraisal methodology applies to residential properties (which represents over 97% of the asset class), all assets in this class will be categorised within Level 3 of the fair value hierarchy table. Management considers it unlikely that any change to the inputs will significantly affect the net result for the year. Instead the impact will be on the asset revaluation reserve and the underlying asset class.

Residential

Valuation Approach

Fair values are determined by applying an annual rolling benchmark valuation approach whereby a third of LAHC's benchmark properties (approximately 1,600) are valued by accredited property valuers with reference to market sales comparisons to calculate a market movement index. The market movement index is applied to the remaining two-thirds of the benchmark properties. All benchmark properties are grouped within thirteen geographical reporting regions. The median value increase in each geographical group is applied to the respective group of properties within the property portfolio of the group. Adjustments to each property are made for any significant different characteristic from benchmark properties. The rolling benchmark valuation process is performed annually as at 31 December. An uplift market movement factor has been provided from a registered valuer for the six months ending 30 June.

Significant inputs

- Market sales comparison utilising recent sales of comparable properties.
- Adjustments for any different attributes to benchmark properties- number of bedrooms, street appeal, aspect, dwelling size, yard size, internal condition and car accommodation to create LAHC property value reference matrix.
- Where a single title exists over multiple properties, a block title adjustment is made to reflect the required costs for sub-division.
- For partial interests in properties, the valuation is calculated by applying the ownership percentage.
- Uplift market movement for six months ended 30 June 2016 is nil.

Inter-relationship between significant inputs and fair value measurement

- Higher (lower) market sales values reflect higher (lower) valuations.
- Better / lesser attributes for location, condition, size, aspect and street appeal over benchmark properties result in higher / (lower) valuation.
- Depending on the complexity of the conversion to single title, valuations are reduced by conversion costs.
- Valuation will only reflect proportion of ownership.
- Higher / (lower) six monthly uplift market movement will result in higher / (lower) valuation. A market movement change of +/- 1% would result in an estimated change of +/- of $443 million to the residential portfolio valuation and the asset revaluation reserve.

Significant unobservable inputs

- The block title adjustment has been applied to approximately 60% of the properties in the residential portfolio with an estimated discount to the overall valuation of $7,574 million. The adjustment is dependent on a cost matrix of four variable factors to effect the sub-division and individual separation of a unique property from a super lot or group block of properties. The four variables are a combination of fixed dollar amounts ($) and percentage costs (%).
  - (i) These are:
    - a. Title costs ($) – including estimates for legal fees and council fees (ranging from $4,700 to $26,000) ;
    - b. Remedial works ($) - including costs for separate facilities such as water and sewerage plus costs to support current environmental council codes (ranging from $2,400 to $4,500) ;
    - c. Developer's selling costs (%) – including agents commission and marketing costs (ranging from 2.0% to 3.0%); and
    - d. Profit and risk allowance (%) – including an allowance for profit margin for a developer undertaking the required sub-division (ranging from 9.0% to 25.0%).
  - (ii) The dollar and percentage costs vary depending on the size of the block to be sub-divided and the number of properties on the super lot or group lot of properties.
  - (iii) Title costs and remedial works are fixed costs related to unit numbers and are not directly impacted by the valuation of the property.
  - (iv) Developer's selling costs and profit and risk allowance are derived as a percentage of property values and have a strong correlation to the valuation.
  - (v) As valuations increase, the greater the impact of selling costs and profit and risk allowance on the block title adjustment.
  - (vi) An increase / (decrease) in any one of the above costs will lead to a (decrease) / increase in valuation of the property.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21 (iii): NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Commercial

Valuation Approach

The fair value of each asset within this class is determined annually by external independent registered property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. Valuation methods used to determine the fair value include market sales comparisons and capitalisation rate. All methodologies adjust fair values for any differences in quality or nature of the building, location, occupancy rate and lease / tenant profile.

Significant inputs

- Market sales comparison: The sales comparison approach utilises recent sales of comparable properties.
- Capitalisation rate: The valuation adopts an assessment of the capitalised gross income in perpetuity based on contracted rents, market rents, operating costs and future income on vacant space. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market sales evidence.

Inter-relationship between significant inputs and fair value measurement

- Higher (lower) market sales values reflect higher (lower) valuations.
- The estimated fair value would increase (decrease) if:
  - (i) expected market rental growth were higher (lower);
  - (ii) void years were shorter (longer);
  - (iii) the occupancy rates were higher (lower);
  - (iv) the rent-free years were shorter (longer); or
  - (v) the capitalisation rate is lower (higher)

Significant unobservable inputs

Capitalisation rates range from 5.0% to 9.25%

Community Purpose

Valuation Approach

This group of properties consist of specialised properties which are across various asset types, equity interest and concession lease arrangements and undertakings. Due to the special purpose for which these properties are held, each asset within this class is valued annually by independent registered valuers. The methodology to value each asset varies and includes market sales comparison or replacement cost.

Significant inputs

- Market sales comparison: The market sales comparison approach utilises recent sales of comparable properties.
- Replacement cost: In the absence of other valuation methodologies, fair value will be determined with reference to the current replacement cost after allowance for any encumbrance or deterioration (functional or financial). Land is based on the Valuer General property information contained in the valuation database for rating and taxation purposes.

Inter-relationship between significant inputs and fair value measurement

- Higher (lower) market sales values reflect higher (lower) valuations.
- The estimated fair value would increase (decrease) if:
  - (i) The replacement cost is higher (lower)
  - (ii) Obsolescence is lower (higher).

Significant unobservable inputs

Replacement cost rates for building construction based on industry experts.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21 (iii): NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Land held for redevelopment / Vacant land
Valuation Approach Land held for redevelopment and vacant land (which has a registered title) is revalued annually and is based on the Valuer General property information contained in the valuation database for rating and taxation purposes.
Significant inputs • Valuer General's unimproved capital value.
Inter-relationship between significant inputs and fair value measurement • The estimated fair value would increase / (decrease) if the Valuer General's unimproved capital value would increase / (decrease).
Significant unobservable inputs • Nil.

Land under roads
Valuation Approach Land under roads is revalued annually and although it has no feasible alternative use, is valued at existing use based on an englobo (pre-subdivision) approach. The value is based on the average Valuer-General property information contained in the valuation database for rating and taxation purposes for an entire Local Government Area (LGA). The resulting value is discounted by a factor to effectively reduce value levels to an englobo rate and will reflect the value at existing use. The current discount as assessed by an accredited property valuer is 80%.
Significant inputs • Valuer-General's unimproved capital value. Assessment of the current discount factor.
Inter-relationship between significant inputs and fair value measurement • The estimated fair value would increase / (decrease) if the Valuer General's unimproved capital value would increase / (decrease) or the applied discount factor would (decrease) / increase.
Significant unobservable inputs • Current discount factor.

b) Plant and Equipment

As plant and equipment are non-specialised assets with short useful lives, recognition is at depreciated historical cost.

c) Fair value hierarchy of Property, Plant and Equipment

Management has determined that as a result of a range of significant inputs in the property portfolio being classified as unobservable plus the substantial value of the residential portfolio, the entire property assets class will be categorised as level 3 for the purpose of the fair value hierarchy table. The table in note 21 (i) reflects transfers between all property, plant and equipment.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: INTANGIBLE ASSETS

	2016 $'000	2015 $'000
Software, cost	5 566	4 066
Less: accumulated amortisation	(388)	(259)
Total intangible assets	**5 178**	**3 807**

(i) Reconciliations

Reconciliations of the carrying amounts of software at the beginning and end of the current and previous financial year are set out below.

	2016 $'000	2015 $'000
Carrying amount at start of year	3 807	235
Additions/capital improvements	1 500	3 686
Amortisation (note 12)	(129)	(114)
Carrying amount at end of year	**5 178**	**3 807**

Disclosure for each class of intangible assets, the gross carrying amount and accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period is below:

	Software $'000	Total $'000
At 1 July 2014		
Cost (gross carrying amount)	421	421
Accumulated amortisation and impairment	(186)	(186)
Net carrying amount	235	235
At 30 June 2015 and 1 July 2015		
Cost (gross carrying amount)	4 066	4 066
Accumulated amortisation and impairment	(259)	(259)
Net carrying amount	3 807	3 807
At 30 June 2016		
Cost (gross carrying amount)	5 566	5 566
Accumulated amortisation and impairment	(388)	(388)
Net carrying amount	5 178	5 178

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 23: CURRENT/NON-CURRENT LIABILITIES – PAYABLES

	2016 $'000	2015 $'000
Current		
Trade creditors	22 439	42 664
Rent received in advance	43 107	40 866
Other creditors – credit balances in sundry debtors	3 330	744
Department of Family & Community Services - personnel	11 771	11,385
Accrued operating expenditure	73 802	68 995
Accrued capital expenditure	46 002	74 536
Department of Family & Community Services - HNSW	2 762	2 728
Other creditors	11 881	17 274
Total current payables	**215 094**	**259 192**
Non-current		
Department of Family & Community Services - personnel	278	246
Total non-current payables	**278**	**246**
Total payables	**215 372**	**259 438**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 24: CURRENT/NON-CURRENT LIABILITIES – BORROWINGS

	2016 $'000	2015 $'000
Current - unsecured		
State advances – Commonwealth loans	15 144	14 914
NSW Treasury Corporation	30 986	53 964
Crown Entity *(i)*	-	12 740
Other	450	433
Total current interest bearing liabilities	**46 580**	**82 051**
Non-current - unsecured		
State advances – Commonwealth loans	389 344	404 488
NSW Treasury Corporation	129 773	131 381
Other	5 714	6 164
Total non-current interest bearing liabilities	**524 831**	**542 033**
Total interest bearing liabilities *(ii)*	**571 411**	**624 084**

(i) Previously, LAHC entered into a loan agreement with the Crown Entity for the amount of $58.5 million at an interest rate of 4.75% p.a. payable over 5 years. The first repayment commenced on 30 June 2012.

As part of the arrangement, the Crown Entity assumed the long service leave liabilities as it existed at the time prior to the administrative restructure.

In accordance with LAHC's accounting policy the loan was measured at fair value on initial recognition and subsequently re-measured at amortised cost. On initial recognition the $4.4 million difference between the fair value ($58.5 million) and the carrying amount ($54.1 million) of the liability was charged against operating result. The re-measurement of this loan following initial recognition resulted in a write down of $1.04 million, which is amortised over the five year life of the loan, commencing 2011–12 ($0.32 million amortisation).

(ii) The nominal value of borrowings are reconciled to the balance reported in the Statement of Financial Position as follows:

Nominal value of borrowings	849 175	919 277
Less: Re-measurement adjustment	(277 764)	(295 193)
Balance reported in Statement of Financial Position	**571 411**	**624 084**

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 24: CURRENT/NON-CURRENT LIABILITIES - BORROWINGS (continued)

(iii) The nominal value of borrowings is expected to be repaid as follows:

	Principal 2016 $'000	Interest 2016 $'000	2016 Total $'000
Not later than one year	61 635	39 769	101 404
Later than one year but no later than five years	195 921	130 716	326 637
Later than five years	591 619	238 782	830 401
Total cash outflow	**849 175**	**409 267**	**1 258 442**

	Principal 2015 $'000	Interest 2015 $'000	2015 Total $'000
Not later than one year	96 699	43 980	140 679
Later than one year but no later than five years	203 580	137 288	340 868
Later than five years	618 998	264 195	883 193
Total cash outflow	**919 277**	**445 463**	**1 364 740**

Interest payable, excluding interest payable to the Crown Entity, was accrued on the basis of prevailing interest rates at each reporting period. In previous years the interest payable on the Crown Entity loan represented 4.75% of the unpaid balance of the principal. Furthermore, it was assumed that the loans payable to NSW Treasury Corporation would be paid as and when they fall due.

(iv) The finance lease liability relating to the Bonnyrigg Living Communities Project was de-recognised during the previous financial year following termination of the project on 1 March 2015.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 25: CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	2016 $'000	2015 $'000
Current		
Third party claims *(i) & (ii)(a)*	4 928	5 065
Head leasing refurbishments *(ii)(b) & (iii)*	52	50
Other *(ii)(c)*	14 282	-
Total current provisions	**19 262**	**5 115**
Non-current		
Head leasing refurbishments *(ii)(d) & (iii)*	-	75
Other *(ii)(e)*	-	14 282
Total non-current provisions	**-**	**14 357**
Total provisions	**19 262**	**19 472**

(i) This provision is an estimate of the LAHC's liability in respect of current insurance and legal claims.

(ii) **Movement in provisions:**

(a) The movement in current provisions for third party claim is as follows:

Balance, beginning of year	5 065	5 361
Payment	(3 475)	(3 557)
Increase in provision	3 338	3 261
Balance, end of year	**4 928**	**5 065**

(b) The movement in current provisions for head leasing refurbishments is as follows:

Balance, beginning of year	50	157
Payment	(69)	(36)
Increase/(Decrease) in provision	71	(71)
Balance, end of year	**52**	**50**

(c) The movement in current provisions for Social Housing Subsidy Program is as follows:

Balance, beginning of year	-	-
Payment	-	-
Increase in provision	14 282	-
Balance, end of year	**14 282**	**-**

(d) The movement in non-current provisions for head leasing refurbishments is as follows:

Balance, beginning of year	75	25
Payment	(36)	-
(Decrease)/Increase in provision	(39)	50
Balance, end of year	**-**	**75**

(e) The movement for non-current provisions for Social Housing Subsidy Program is as follows:

Balance, beginning of year	14 282	-
Payment	-	-
(Decrease)/Increase in provision	(14 282)	14 282
Balance, end of year	**-**	**14 282**

(iii) In accordance with the terms of certain lease contracts entered into by the LAHC with private sector owners in respect of properties which are sub-let to eligible public housing tenants, the LAHC has a contractual obligation to refurbish these properties. Depending on the contract, the refurbishment must be undertaken either at expiry of the lease or during the fourth or seventh year of the lease term. It must be noted that in general this arrangement no longer applies to new head leasing contracts.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 26: MILLERS POINT RESTRICTED FUNDS BANK ACCOUNT

	2016 $'000	2015 $'000	
Statement of Cash Receipts and Payments			
Opening Balance of Bank Account	**3 837**	**-**	
Receipts			
Net proceeds from Millers Point property sales	160 530	40 946	(c)
Interest	4	96	(d)
Other	4	-	(h)
Total Receipts	**160 538**	**41 042**	
Payments			
Expenditures relating to Millers Point accommodation plan	18 044	10 077	(e)
Expenditures relating to reinvestment	101 447	45 947	(f)
Other Millers Point Third Party Payments	4	-	(h)
Total Payments	**119 495**	**56 024**	
Balance surplus / (shortfall) for the year	**41 043**	**(14 982)**	(g)
(Repayment to) / Funding from LAHC working capital	(18 819)	18 819	
Closing Balance of Bank Account	**26 061**	**3 837**	

(a) In January 2015, LAHC established a dedicated bank account to receive sales proceeds and incur expenditure attributed to both the Millers Point Accommodation Plan and expenditures incurred on reinvestment of new dwellings. In order for expenditure to be incurred in an efficient and timely manner to progress sales and redevelopments, LAHC will utilise its working capital as required to fund expenditures to supplement the timing of Millers Point sales proceeds which will need to be reimbursed.

(b) Under the arrangements, the Minister for Family and Community Services will approve an annual allocation of expenditure to be committed to residential developments subject to Millers Point sales and settlements. The approval is exercised as part of the LAHC annual budget process.

(c) Net proceeds from sales reflects the gross sales less selling expenses, including agents' commissions, legal fees, bank fees, water and council rate adjustments.

(d) Interest reflects earnings on the Millers Point bank account.

(e) Expenditures associated with the Millers Point Accommodation Plan relate to bringing the Millers Point properties to sale and include a range of costs such as infrastructure and titling costs, tenancy relocation costs, marketing costs, third party service provider costs, change of use and conservation management plans for heritage purposes.

(f) Expenditures associated with reinvestment relate to the supply of new dwellings. It is expected that over 1,500 new dwellings will be funded from the Millers Point net sales proceeds.

(g) The Balance surplus / (shortfall) reflects the overall position of the Millers Point bank account as at balance date. Where the account is in a shortfall, it will be necessary to fund the Millers Point expenditures from LAHC working capital. This position will occur while expenditures exceed net proceeds from sales.

(h) Various 3rd party payments incurred from LAHC working capital were refunded directly into the Millers Point Bank Account.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 27: COMMITMENTS FOR EXPENDITURE

The commitments reported below are inclusive of Goods and Services Tax.

	2016 $'000	2015 $'000
(i)* Capital expenditure *(a)		
Aggregate capital expenditure for the acquisition of property, plant and equipment, contracted for at balance date and not provided for:		
Not later than one year	99 610	111 465
Later than 1 year but not later than 5 years	258	222
Later than 5 years	-	-
	99 868	**111 687**
(ii)* Operating Leases - Head leasing *(b)		
Future non-cancellable rentals not provided for and payable:		
Not later than one year	46 362	35 837
Later than 1 year but not later than 5 years	26 289	25 005
Later than 5 years	-	-
	72 651	**60 842**
***(iii)* Operating Leases – Office accommodation**		
Future non-cancellable rentals not provided for and payable:		
Not later than one year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	-	**-**

(a) These commitments relate mainly to costs attributable to LAHC properties which will be used in the provision of rental accommodation. The GST included in the value of these particular commitments cannot be claimed from the ATO as they relate to an input taxed activity.

(b) These represent rent payable by the LAHC in respect of current leases on properties leased in the private market to supplement public housing stock and are sub-let to eligible tenants. As these costs directly relate to the provision of rental accommodation which is an input taxed activity, the GST charged when these commitments are paid in the future cannot be claimed from the ATO. The rent payable is fully funded from tenant subleases and grants from NSW Department of Family and Community Services (refer Note 5).

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 28: CONTINGENT ASSETS / CONTINGENT LIABILITIES

Contingent Assets

LAHC has contingent assets from outstanding claims and caveats or rights on assets which are subject to third party conditions. Whilst the amount claimable by LAHC could be estimated at $17.8 million (2015: not estimated) the outcome of these claims and caveats or rights are uncertain and cannot be reliably measured at this point in time.

Contingent Liabilities

As at the end of the reporting period, LAHC is not aware of any contingent liability, which will materially affect its financial position. However, there are a number of claims totalling $6.6 million (2015: $18.0 million) for which the LAHC may be liable.

NOTE 29: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2016 $'000	2015 $'000
Net result for the year	**(196 904)**	**(239 030)**
Grants to community groups - vested properties (note 13)	60 228	70 510
Other non-cash items	(18 971)	(18 010)
(Gain) on sale of assets (note 15*(i)*,*(iv)*)	(124 813)	(3 985)
Assets demolished (note 15*(ii)*)	20 528	13 161
Assets written off (note 15*(iii)*)	7 838	27 400
Depreciation and amortisation (note 12)	424 857	361 603
Re-measurement adjustment of borrowings	17 429	15 317
Increase in provision for impairment of receivables	1 062	2 414
Decrease in receivables	6 544	9 717
(Decrease) / Increase in other provisions	(210)	13 929
(Decrease) / Increase in payables	(15 564)	6 350
Increase / (Decrease) in provision for impairment of other assets	-	(19 499)
(Increase) / Decrease in other assets	(1 895)	25 581
Net cash flows from operating activities	**180 129**	**265 458**

NOTE 30: NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year, LAHC vested properties to community housing providers with a carrying value of $60.2 million (2015: $70.5 million) (refer note 13 *(a)* and note 21 *(i)* & *(ii)*).

These transactions did not result in cash flows, but affected the assets and liabilities reported on the Statement of Financial Position.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31: FINANCIAL INSTRUMENTS

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

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

Treasury management policies have been established to identify and analyse the risks faced by the LAHC, to set risk limits and controls and to monitor risks. Compliance with the policies are reported to the Executive and the Audit and Risk Committee.

The Corporation has exposure to the following risks from the use of financial instruments:
- Credit Risk
- Liquidity Risk
- Market Risk

(a) Credit Risk

Credit risk arises when there is the possibility of the LAHC's debtors defaulting on their contractual obligations, resulting in a financial loss to the LAHC. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

Credit risk associated with the LAHC's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Investments in term deposits are limited to Australian banks including Commonwealth Bank of Australia (CBA), National Australia Bank (NAB), Suncorp, Bankwest, St George, Bank of Queensland (BOQ).

The LAHC's maximum exposure is the carrying amount of financial assets, net of allowance for impairment as detailed further in the following note disclosures.

Cash

Cash comprises cash on hand, bank balances. LAHC's main transaction banking account is held with Westpac Banking Corporation. Prior to 31 March 2015 interest earned on the Westpac bank account was 85 basis points above the Reserve Bank of Australia's cash rate. From 1 April 2015 interest earned on the Westpac bank account is based on the Reserve Bank of Australia's cash rate.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31: FINANCIAL INSTRUMENTS (continued)

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, current and expected changes in economic conditions, as well as, debtor credit ratings if available. No interest is earned on trade debtors.

i) Rental debtors

Rental debtors relate to the rental housing assistance provided to people on low to moderate income across NSW. As such, the credit quality of debts that are neither past due nor impaired is considered to be correspondingly low to moderate. LAHC is not materially exposed to concentrations of credit risk to a single debtor or group of debtors.
Arrears management policies and processes are applied to manage credit risk associated with these receivables. These policies and procedures include:

- Speedy follow up of debtors who fall into arrears via letters, telephone calls, or direct contact.
- Negotiation of payment arrangement with debtors.
- Use of debt collection agencies for certain debtors.

ii) Other debtors

The credit quality of debts other than rental debtors, that are neither past due nor impaired is considered to be moderate. LAHC is not materially exposed to concentrations of credit risk to a single debtor or group of debtors. To minimise risk, timely monitoring and management of overdue accounts is conducted, including follow up of outstanding debts with letters and phone calls. A debt collection agency is used for certain debts.

Ageing of Financial Assets by Class for Assets Past Due or Impaired:

	Past due but not impaired[1,2] $'000	Considered impaired[1,2] $'000	Total[1,2] $'000
2016			
< 3 months overdue	4 306	6 395	10 701
3 months - 6 months overdue	-	1 193	1 193
> 6 months overdue	-	21 468	21 468
2015			
< 3 months overdue	5 441	6 144	11 585
3 months - 6 months overdue	-	2 051	2 051
> 6 months overdue	-	19 799	19 799

1. Each column in the table reports 'gross receivables'.
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31: FINANCIAL INSTRUMENTS (continued)

iii) Mortgage Assistance Scheme (MAS)

The Mortgage Assistance Scheme provides short-term help for people experiencing temporary difficulties with their home loan repayments because of an unavoidable change in circumstances. Mortgage assistance is not a grant but a loan to be repaid at a future time.

Mortgage assistance is provided as a loan which is paid directly to the home lender. The loan is usually payment of home loan arrears and/or subsidy towards the home loan repayments of the debtor. The LAHC lodges a caveat on the property to protect its interests.

Authority Deposits with Financial Institutions and Fixed Interest Investments

The LAHC has fixed term deposit investments with Australian banks and Australian subsidiaries of appropriately rated foreign banks. The Standard & Poor's credit rating for St George, Westpac, CBA, NAB and Bankwest is A1+ for short term investments. Suncorp and BOQ are rated A1 and A2 for short term investments, respectively.

The interest rates for fixed term deposits are negotiated initially and are fixed for the term of the investment, while the interest rate payable on at call deposits can vary. The average interest rates on deposits at balance date are disclosed in (b) below. Over the year the weighted average interest rate on the investment portfolio was 2.44% (2015: 3.04%) on an average balance during the year of $249 million (2015: $274 million). None of these assets are past due or impaired.

(b) Liquidity Risk

Liquidity risk is the risk that the LAHC will be unable to meet its payment obligations when they fall due. The LAHC continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The LAHC's exposure to liquidity risk has been managed in accordance with the LAHC's Treasury Management Policy.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the 30 day period, simple interest is normally paid unless an existing contract specifies otherwise.

LAHC, as in prior years, expects to maintain its strategic assets sales program to generate sufficient cash flows to enable all liabilities to be met as and when they fall due. During the past 5 years there have been no defaults or breaches on any loans or liabilities payable.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31: FINANCIAL INSTRUMENTS (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

2016	Weighted Avg. Effective Interest Rate %	Nominal Amount $'000	Interest Rate Exposure: Fixed Interest Rate $'000	Interest Rate Exposure: Variable Interest Rate $'000	Interest Rate Exposure: Non-interest bearing $'000	Maturity Dates: < 1 yr $'000	Maturity Dates: 1-5 yrs $'000	Maturity Dates: > 5 yrs $'000
Financial liabilities *(i)*								
Payables *(ii)* :								
Personnel services	-	3 952	-	-	3 952	3 674	278	-
Trade creditors	-	22 439	-	-	22 439	22 439	-	-
Accrued operating expenditure	-	73 802	-	-	73 802	73 802	-	-
Accrued capital expenditure	-	46 002	-	-	46 002	46 002	-	-
Other	-	14 338	-	-	14 338	14 338	-	-
Borrowings:								
Commonwealth loans	4.54	688 573	688 573	-	-	30 199	123 481	534 893
NSW Treasury Corporation loans								
MRP Loan	4.88	154 438	154 438	-	-	30 986	70 586	52 866
Other	4.56	6 164	6 164	-	-	450	1 854	3 860
Total financial liabilities		**1 009 708**	**849 175**	**-**	**160 533**	**221 890**	**196 199**	**591 619**

Notes:

(i) The amounts disclosed are the contractual undiscounted cash flows of financial liabilities. Hence they do not reconcile to the Statement of Financial Position.

(ii) Excludes statutory payables and unearned revenue (ie. not within the scope of AASB 7).

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31: FINANCIAL INSTRUMENTS (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

2015	Weighted Avg. Effective Interest Rate %	Nominal Amount $'000	Interest Rate Exposure: Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-interest bearing $'000	Maturity Dates: < 1 yr $'000	1-5 yrs $'000	> 5 yrs $'000
Financial liabilities *(i)*								
Payables *(ii)* :								
Accrued salaries, wages and on-costs	-	11 631	-	-	11 631	11 385	246	-
Trade creditors	-	42 664	-	-	42 664	42 664	-	-
Accrued operating expenditure	-	68 995	-	-	68 995	68 995	-	-
Accrued capital expenditure	-	74 536	-	-	74 536	74 536	-	-
Other	-	16 466	-	-	16 466	16 466	-	-
Borrowings:								
Commonwealth loans	4.53	718 449	718 449	-	-	29 876	122 675	565 898
NSW Treasury Corporation loans								
MRP Loan	5.16	157 080	157 080	-	-	29 239	79 078	48 763
OCH Loan	9.71	24 331	24 331	-	-	24 331	-	-
Crown Entity	4.75	12 820	12 820	-	-	12 820	-	-
Other	4.64	6 597	6 597	-	-	433	1 827	4 337
Total financial liabilities		**1 133 569**	**919 277**	-	**214 292**	**310 745**	**203 826**	**618 998**

Notes:

(i) The amounts disclosed are the contractual undiscounted cash flows of financial liabilities. Hence they do not reconcile to the Statement of Financial Position.

(ii) Excludes statutory payables and unearned revenue (ie. not within the scope of AASB 7).

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31: FINANCIAL INSTRUMENTS (continued)

(c) 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 LAHC's exposures to market risk are primarily through interest rate risk on borrowings and other price risks associated with the movement in the unit price of the TCorp Hour Glass investment facilities and short-term deposits. The LAHC has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit 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 LAHC operates and the timeframe 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 the prior year and assumes all other variables remain constant.

i) Interest Rate Risk

Exposure to interest rate risk arises primarily through the LAHC's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The LAHC does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. A reasonably possible change of interest rates of +/-1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The LAHC's exposure to interest rate risk is set out below.

$'000	Carrying amount	1%		-1%	
		Profit	Equity	Profit	Equity
2016					
Financial assets					
Cash and cash equivalents	115 519	1 155	1 155	(1 155)	(1 155)
Loans and receivables at amortised cost :					
Receivables	18 187	182	182	(182)	(182)
Term Deposits	185 294	1 853	1 853	(1 853)	(1 853)
Mortgage Assistance Scheme	1 003	10	10	(10)	(10)
Financial liabilities					
Financial liabilities measured at amortised cost :					
Payables	(160 533)	(1 605)	(1 605)	1 605	1 605
State advances - Commonwealth loans	(404 488)	(4 045)	(4 045)	4 045	4 045
NSW Treasury Corporation loans	(160 759)	(1 608)	(1 608)	1 608	1 608
Crown Entity	-	-	-	-	-
Other	(6 164)	(62)	(62)	62	62
2015					
Financial assets					
Cash and cash equivalents	89 906	899	899	(899)	(899)
Loans and receivables at amortised cost :					
Receivables	25 793	258	258	(258)	(258)
Term Deposits	137 828	1 378	1 378	(1 378)	(1 378)
Mortgage Assistance Scheme	1 292	13	13	(13)	(13)
Financial liabilities					
Financial liabilities measured at amortised cost :					
Payables	(214 292)	(2 143)	(2 143)	2 143	2 143
State advances - Commonwealth loans	(419 402)	(4 194)	(4 194)	4 194	4 194
NSW Treasury Corporation loans	(185 345)	(1 853)	(1 853)	1 853	1 853
Crown Entity	(12 740)	(127)	(127)	127	127
Other	(6 597)	(66)	(66)	66	66

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31: FINANCIAL INSTRUMENTS (continued)

ii) Other price risk – TCorp Hour Glass facilities

Exposure to 'other price risk' primarily arises through investments in the TCorp Hour Glass facilities, which are held for strategic rather than trading purposes. Note: The LAHC has no direct equity investments. The LAHC has not held units in the Hour Glass investment trust since 30 April 2015. All units were redeemed and funds transferred to Westpac bank under the NSW Treasury Banking System.

d) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. The value of the Hour Glass investments are based on the LAHC's share of the value of the underlying assets of the facility, based on the market value. The Hour Glass facility is valued using redemption pricing. Note: The LAHC has not held investments in TCorp Hour Glass facilities since 30 April 2015. All funds were transferred to Westpac bank under the NSW Treasury Banking System.

Except where specified below, the amortised cost of the 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. The following table details the financial instruments where the fair value differs from the carrying amount.

	Net Carrying Amount		Fair Value	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial liabilities				
NSW Treasury Corporation loans	160 759	185 345	174 144	198 789

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NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 32: EVENTS AFTER THE REPORTING DATE

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the corporation, the results of those operations, or the state of affairs of the corporation in future financial years.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

-------------------- END OF AUDITED FINANCIAL STATEMENTS --------------------

Register of Land Held

STATEMENT OF FINANCIAL POSITION	2016	2015
	$'000	$'000
Residential properties	22 475 499	19 154 388
Land for redevelopment	363 615	319 666
Vacant land	41 429	41 079
Land under Roads	65 205	54 745
Commercial properties	30 831	26 113
Community purpose built properties	67 744	52 991
Assets held for sale		
Residential properties	29 433	14 796
Community Special Purpose	-	-
Vacant Land	1 704	22 369
Total	**23 075 460**	**19 686 147**

Land values as per notes to the financial statements and in documentation supporting the notes.

Financial statements for the year ended 30 June 2016

INDEPENDENT AUDITOR'S REPORT

Home Purchase Assistance Fund

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Home Purchase Assistance Fund (the Fund), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Fund in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

The Trustee's Responsibility for the Financial Statements

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

In preparing the financial statements, the Trustee must assess the Fund's ability to continue as a going concern unless the Fund will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

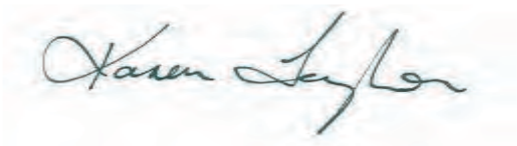
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

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 of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx.
The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Fund carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Karen Taylor
Director, Financial Audit Services

29 September 2016
SYDNEY

Home Purchase Assistance Fund

Statement by Trustee

In accordance with a resolution of the Trustee of the Home Purchase Assistance Fund, we declare on behalf of the Trust that in our opinion:

1. The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Home Purchase Assistance Fund as at 30 June 2016 and its financial performance for the year then ended.

2. The accompanying financial statements and notes thereto have been prepared in accordance with the terms of the Trust Deed dated 14 February 1989, the Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015 and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities issued by the Treasurer.

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

ANDREA RUVER
~~Michael Thomson~~
Director
Permanent Custodians Limited

Sydney, 27 September 2016

Home Purchase Assistance Fund

Statement of Comprehensive Income
For the year ended 30 June 2016

	Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000
Expenses			
Grants and subsidies	3,228	6,072	845
Trustee's remuneration	141	153	153
Auditor's remuneration (audit of financial statements)	35	36	38
Indemnity paid for defaulting mortgages	12	30	9
Other expenses	30	524	30
Finance costs	-	12,667	-
Total expenses	**3,446**	**19,842**	**1,075**
Revenue			
Interest from mortgage loans	6	6	7
Interest from investments – related parties	655	672	819
Interest from investments – non-related parties	7,999	10,937	9,664
Total interest revenue	8,660	11,615	10,490
Other revenue	10	9	18
Total revenue	**8,670**	**11,624**	**10,508**
Net result	**5,224**	**(7,858)**	**9,433**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**5,224**	**(7,858)**	**9,433**

Home Purchase Assistance Fund

Statement of Financial Position
As at 30 June 2016

	Notes	Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000
Assets				
Current assets				
Cash and cash equivalents	2(a)	206,605	129,280	197,785
Receivables	3	2,324	2,103	2,508
Other financial assets	4	52,748	130,119	74,200
Total current assets		**261,677**	**261,502**	**274,493**
Non-current assets				
Receivables	3	81	82	90
Other financial assets	4	8,479	8,898	10,554
Total non-current assets		**8,560**	**8,980**	**10,644**
Total assets		**270,237**	**270,482**	**285,137**
Liabilities				
Current liabilities				
Payables	5	32	7,111	49
Provisions	6	49	54	49
Total current liabilities		**81**	**7,165**	**98**
Non-current liabilities				
Borrowings at amortised cost		-	113,832	-
Total non-current liabilities		**-**	**113,832**	**-**
Total liabilities		**81**	**120,997**	**98**
Net assets		**270,156**	**149,485**	**285,039**
Equity				
Accumulated funds		270,156	149,485	285,039
Total equity		**270,156**	**149,485**	**285,039**

Home Purchase Assistance Fund

Statement of Changes in Equity
For the year ended 30 June 2016

	Notes	Accumulated Funds 2016 $'000	Accumulated Funds 2015 $'000
Balance as at 1 July		285,039	298,253
Net result		5,224	9,433
Other comprehensive income		-	-
Total comprehensive income for the year		**290,263**	**9,433**
Transactions with owners in their capacity as owners			
Distribution to beneficiaries	8	(20,107)	(22,647)
Total transactions with owners in their capacity as owners		**(20,107)**	**(22,647)**
Balance as at 30 June		**270,156**	**285,039**

Home Purchase Assistance Fund

Statement of Cash Flows
For the year ended 30 June 2016

	Notes	Actual 2016 $'000	Budget 2016 $'000	Actual 2015 $'000
Cash flows from operating activities				
Receipts				
Interest received:				
Interest from mortgage loans		6	6	7
Investments - related parties		655	672	819
Investments - non-related parties		8,111	10,906	9,372
Other non-related parties		67	119	40
Mortgage loans		15	12	47
Other income		10	9	18
Total receipts		**8,864**	**11,724**	**10,303**
Payments				
Payments for grants and subsidies		(3,228)	(6,072)	(845)
Indemnity paid for defaulting mortgages		(12)	(14)	(24)
Trustee's remuneration		(141)	(153)	(153)
Auditor's remuneration		(33)	(36)	(43)
Other expenses		(50)	(538)	(27)
Finance costs		-	(8,330)	-
Total payments		**(3,464)**	**(15,143)**	**(1,092)**
Net cash received from/(used in) operating activities	2(b)	**5,400**	**(3,419)**	**9,211**
Cash flows from investing activities				
Cash inflow from investments in interest bearing bonds		2,227	250,000	2,348
Cash inflow from investments into short term deposits		-	-	73,504
Advance repayments received		-	12	-
(Purchase)/sale of short term deposits		21,300	(233,573)	-
Net cash received from investing activities		**23,527**	**16,439**	**75,852**
Cash flows from financing activities				
Payments to New South Wales Treasury		(19,613)	(10,811)	(20,093)
Payments to Special Beneficiaries		(494)	(473)	(2,554)
Net cash used in financing activities		**(20,107)**	**(11,284)**	**(22,647)**
Net increase in cash and cash equivalents		**8,820**	**1,736**	**62,416**
Cash and cash equivalents at the beginning of the year		**197,785**	**127,544**	**135,369**
Cash and cash equivalents at the end of the year	2(a)	**206,605**	**129,280**	**197,785**

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

Reporting entity

Home Purchase Assistance Fund (the "Fund") is consolidated as a part of the New South Wales (the State) Total State Sector Accounts. The Fund was established by a Trust Deed dated 14 February 1989 and operates as a not-for-profit entity for the purpose of supporting and administering the State's Home Purchase programmes.

The parties to the Trust Deed are the Housing NSW (formerly known as NSW Department of Housing) and the New South Wales Treasury representing the State (the beneficiary), Permanent Custodians Limited as Trustee and Trust Company Fiduciary Services Limited as Guarantor (formerly known as Permanent Trustee Company Limited). The special beneficiary is Trust Company Fiduciary Services Limited as Trustee for the FANMAC Trusts.

From 1 June 2005, Permanent Custodians Limited became 100% owned by BNY Mellon (Australia) Pty Limited which is in turn 50% owned by Trust Company of Australia Limited and 50% owned by The Bank of New York Mellon. Trust Company Limited is a listed public company, incorporated and operating in Australia. On 28 November 2013 shareholders of The Trust Company Limited voted to accept a proposal from Perpetual Limited for it to acquire 100% of The Trust Company by way of a Scheme of Arrangement. On 18 December 2013, the Scheme of Arrangement was formally implemented and The Trust Company became wholly owned by Perpetual Limited.

Under arrangements existing prior to the appointment of Permanent Custodians Limited as Trustee of the Fund, the New South Wales Treasury incurred loan liabilities with the Commonwealth on behalf of the Home Purchase Assistance Scheme as a capital contribution (refer to note 8). When the Trust was established in 1989, NSW Land and Housing Corporation's existing home purchase assistance programmes which included a number of home loan portfolios resulting from earlier lending programmes, were transferred to the Fund.

The beneficiary of the Fund is the Minister administering the *Housing Act 2001*. The special beneficiary is Permanent Trustee Company Limited as Trustee for all of the FANMAC Trusts and the Shared Equity Schemes.

Under the Trust Deed the beneficiary is entitled to all the income of the Fund on 30 June less amounts to which each special beneficiary is entitled. Income distributions may be requested by the beneficiary at its discretion. Trust distributions can be made from the surplus for the year (refer to note 8).

The Trustee, in accordance with paragraph 3.4 of the Trust Deed shall distribute the remaining capital of the Trust Fund to the beneficiary on the vesting date. The vesting date (paragraph 1.1) is defined as the first to occur of the following dates:

a) the date of expiration of the period of 80 years from the date of commencement of the Trust, which is 14 February 1989;
b) the date upon which the Trust is terminated pursuant to the terms of this deed, Statute or general law.

Distributions paid are included in cash flows from financing activities in the statement of cash flows.

The financial statements for the year ended 30 June 2016 were authorised for issue by the Trustee on 27 September 2016.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

1. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Fund are general purpose financial statements which have been prepared on accrual basis and in accordance with Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015 and the Financial Reporting Directions published in Financial Reporting Code for NSW General Government Sector Entities issued by the Treasurer.

The financial statements have been prepared on the basis of historical cost convention, except for the valuation of certain financial instruments. All amounts are rounded to the nearest thousand dollars expressed in Australian currency. Accounting policies are consistent with those of the previous year.

(b) Income recognition – interest revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 "*Financial Instruments: Recognition and Measurement*". Interest revenue on cash and cash equivalents are recognised at nominal value. Other revenue relates to recovery of indemnity claims during the reporting period.

(c) Statement of compliance

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

(d) Accounting for goods and services tax (GST)

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

- amount of GST incurred by the Fund 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) Investments

i) Short term money market deposits

The Fund invests in short term money market deposits with Australian banks and Australian subsidiaries of international banks. These deposits have a maturity day greater than 90 days and lower than 365 days.

ii) Non-quoted securities

The First Australian National Mortgage Acceptance Corporation Limited (FANMAC) Bond is a non-tradable security which is specific to the requirements of the Fund. It is measured at cost which represents fair value as this instrument does not have a tradable market and was not purchased with a premium or discount.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

(f) Income tax
The surplus arising out of the Fund is fully distributed to the beneficiaries and accordingly no income tax is payable by the Fund.

(g) Payables
Payables and accruals are recognised when the Fund becomes obliged to make future payments resulting from the purchase of services.

(h) Receivables
Mortgage and other receivables are recognised as amounts receivable at reporting date using amortised cost method. All receivables are reviewed on an ongoing basis and any debts that are known to be uncollectible are written off. In addition, an allowance for impairment is raised when there is some objective evidence that the Fund will not be able to collect all amounts due.

(i) Cash and cash equivalents
Cash and cash equivalents comprise cash at bank, short term deposits with the maturity date of three months or less from reporting date.

(j) Accounting estimates and judgments
The preparation of financial statements in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. They are disclosed in the relevant notes in the financial statements.

(k) New Australian Accounting Standards Issued but not effective
During the current reporting period, the Fund adopted all the new and revised Standards and Interpretations issued by the AASB that are relevant to the operations and effective for the current reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policies notes in the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. In accordance with the NSW Treasury mandate (TC 16/02), the Fund did not early adopt any of the accounting standards and interpretations that are not yet effective.

AASB 2015-4 regarding amendments to AASB 128 Investments in Associates and Joint Ventures relating to financial reporting requirements for Australian groups with a foreign parent

This Standard amends AASB 128 to only require the ultimate Australian entity to apply the equity method in accounting for interests in associates or joint ventures, if either the entity or the group, or both the entity and group are reporting entities. As NSW government reporting entities do not have a foreign parent, AASB 2015-4 does not have a material impact on the amounts presented in these financial statements. It is considered that the impact of this new amendment will have no material impact on the financial statements of the Fund in future years.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

1. Summary of significant accounting policies (continued)

(l) Budgeted amounts

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

(m) Comparative information

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

2. Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash at bank, short-term (on demand) deposits and bank bills.

	2016 $'000	2015 $'000
(a) Cash and cash equivalents consists of:		
Cash and cash equivalents at bank	2,205	702
Term deposits with the maturity within 90 days	204,400	197,083
	206,605	197,785

(b) Reconciliation of net result for the year to net cash flows from operating activities

	2016 $'000	2015 $'000
Net result	5,224	9,433
Net repayment of loans receivable:		
Mortgage loans	15	47
Changes in net assets and liabilities:		
Decrease/(increase) in interest receivable	179	(252)
Increase in goods and services tax recoverable	(1)	-
Decrease in sundry payables and provisions	(17)	(17)
Net cash provided by operating activities	5,400	9,211

Refer to note 9 Financial Instruments for details regarding credit risk, liquidity risk and market risk.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

3. Receivables

	2016 $'000	2015 $'000
Mortgage loans	5	11
Interest receivable - non-related parties	2,315	2,494
Goods and services tax recoverable	4	3
Total current receivables	2,324	2,508
Mortgage loans	81	90
Total non-current receivables:	81	90

Refer to note 9 Financial Instruments for details regarding credit risk, liquidity risk and market risk.

4. Other financial assets

Short term money market deposits	50,900	72,200
Investment in non-quoted securities at cost (i)	1,848	2,000
Total current other financial assets	52,748	74,200
Investment in non-quoted securities at cost (i)	8,479	10,554
Total non-current other financial assets	8,479	10,554

(i) Investment in the FANMAC Master Trust which was established in 2001 for the specific purpose of providing a consolidated entity to house the Fund's current holding of FANMAC mortgages and its future purchase obligations from maturing FANMAC Trusts. The total value of the investment in the FANMAC Master Trust at 30 June 2016 was $10.3 million (30 June 2015: $12.6 million). The Master Trust securities are not traded in the financial markets.

Refer to note 9 Financial Instruments for details regarding credit risk, liquidity risk and market risk.

5. Payables

Accounting fees	8	27
Audit fees	24	22
Total payables	32	49

Refer to note 9 Financial Instruments for details regarding credit risk, liquidity risk and market risk.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

6. Provisions

	2016 $'000	2015 $'000
Government Guaranteed Loan Scheme	49	49

7. Related party information

During the reporting period, the Fund transacted with the following related entities: the State (the beneficiary of the Trust), Permanent Custodians Limited.

Apart from administrative services all other transactions with related parties were conducted on a normal commercial basis and are disclosed in the statement of financial position, statement of comprehensive income, statement of cash flows and the accompanying notes to the financial statements.

Administrative services were provided by Department of Family and Community Services staff to the Fund during the reporting period on a free-of-charge basis.

8. Accumulated Funds

Repayment schedule
The nominal value of loan under the Home Purchase Assistance Program is detailed in the table below:

	Principal 30 June 2016 $'000	Interest 30 June 2016 $'000	2016 Total $'000	Principal 30 June 2015 $'000	Interest 30 June 2015 $'000	2015 Total $'000
Not later than one year	11,342	7,824	19,166	11,283	8,330	19,613
Later than one year but not later than five years	45,706	26,119	71,825	45,690	28,199	73,889
Later than five years	115,070	31,624	146,694	126,429	37,369	163,798
Total cash outflow	**172,118**	**65,567**	**237,685**	**183,402**	**73,898**	**257,300**

Distributions to beneficiaries
Under the terms of the Home Purchase Assistance Fund Trust Deed, at the direction of Treasury and Department of Family and Community Services (which direction is made annually), repayments of principal and interest on the loans owed to NSW Treasury will be paid out of the net assets attributable to beneficiaries and/or income of the Fund through distributions.

	2016	2015
FANMAC Trust	372	424
Shared Equity Schemes	122	2,130
NSW Treasury	19,613	20,093
	20,107	22,647

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

9. Financial instruments

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

(a) Cash and cash equivalents
Cash comprises cash at bank, while cash equivalents comprise short term deposits with Australian banks. Term deposits have specific maturity dates for terms of up to 90 days. Interest on cash is earned on a daily basis and paid monthly while interest on the term deposits is calculated on a yearly basis and paid at maturity of each instrument.

(b) Term deposits with maturity more than 90 days
These represent term deposits with Australian banks and the Australian subsidiaries of international banks. These deposits have a maturity day greater than 90 days and lower than 365 days.

(c) FANMAC Master Trust Bonds (long-term securities)
Bonds issued by the Master Trust have been wholly-owned by the Fund since the trust was established in 2001 through the consolidation of several other FANMAC Trusts. The bonds have a maturity date in 2070. Interest and principal are paid on the bonds monthly.

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

Risk management policies are established to identify and analyse the risks faced by the fund, to set risk limits and controls and to monitor risks. Investments are only carried out by officers with approved financial delegations.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

9. Financial instruments (continued)

The net carrying amount of the financial assets and financial liabilities are outlined below:

Categories of Financial Instruments

	Notes	Category	2016 $'000	2015 $'000
Financial assets				
Cash and cash equivalents	2	N/A	206,605	197,785
Receivables (i)	3	Loans and receivables (at amortised cost)	2,401	2,595
Other financial assets	4	Other financial assets	61,227	84,754
Total financial assets			**270,233**	**285,134**
Financial liabilities				
Payables (ii)	5	Financial liabilities	32	49
Total financial liabilities			**32**	**49**

(i) exclude statutory receivables and prepayments (i.e. not within the scope of AASB 7)
(ii) exclude statutory payables and unearned revenue (i.e. not within the scope of AASB 7)

Financial assets that are past due or impaired

There are no financial assets that are past due or impaired as at 30 June 2016 (30 June 2015: Nil).

Credit risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation there under. The Fund's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the statement of financial position. Mortgage and other receivables are recognised as amounts receivable at balance date. All receivables are reviewed on an ongoing basis. In addition, an allowance for impairment is raised when there is some objective evidence that the fund will not be able to collect all amounts due.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

9. Financial instruments (continued)

The table below outlines the maturity analysis based on carrying amounts for all financial assets of the Fund:

2016	Weighted average interest rate %	Variable interest rate $'m	Fixed interest rate <1 year $'m	Fixed interest rate 1-5 yrs. $'m	Fixed interest rate >5 year $'m	Non-interest bearing $'m	Total $'m
Financial assets							
Cash and cash equivalents	2.87%	2.2	204.4	-	-	-	206.6
Receivables	3.06%	0.1	-	-	-	2.3	2.4
Other financial assets	3.45%	8.5	52.7	-	-	-	61.2
Total financial assets		**10.8**	**257.1**	**-**	**-**	**2.3**	**270.2**

2015	Weighted average interest rate %	Variable interest rate $'m	Fixed interest rate <1 year $'m	Fixed interest rate 1-5 yrs. $'m	Fixed interest rate >5 year $'m	Non-interest bearing $'m	Total $'m
Financial assets							
Cash and cash equivalents	3.12%	0.7	197.1	-	-	-	197.8
Receivables	3.06%	0.1	-	-	-	2.5	2.6
Other financial assets	3.35%	10.6	74.2	-	-	-	84.8
Total financial assets		**11.4**	**271.3**	**-**	**-**	**2.5**	**285.2**

The table below outlines the concentration of categories of financial assets for the Fund:

2016	Governments $'m	Banks $'m	Other $'m	Total $'m
Financial assets				
Cash and cash equivalents	-	206.6	-	206.6
Receivables	-	2.3	0.1	2.4
Other financial assets	-	50.9	10.3	61.2
Total financial assets	**-**	**259.8**	**10.4**	**270.2**

2015	Governments $'m	Banks $'m	Other $'m	Total $'m
Financial assets				
Cash and cash equivalents	-	197.8	-	197.8
Receivables	-	2.5	0.1	2.6
Other financial assets	-	72.2	12.6	84.8
Total financial assets	**-**	**272.5**	**12.7**	**285.2**

Receivables

Collectability of all debtors is reviewed on an ongoing basis. Procedures are followed to recover any outstanding amounts; these include the issuing of letters of demand. The Fund is not exposed to concentrations of credit risk to a single debtor or group of debtors. Based on past experience, debtors that are not past due and less the 6 months past due are not considered impaired. No receivables were past due or impaired at 30 June 2016 (30 June 2015: Nil).

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

9. Financial Instruments (continued)

Authority deposits and fixed interest investments

The Fund has placed funds on fixed term deposit with Australian Banks (CBA, WBC, ANZ, NAB, ST GEORGE, BANKWEST, SUNCORP, Bank of Queensland and Bendigo Bank) and Australian subsidiaries of foreign banks (ING Australia).

Standard and Poor's credit ratings as at the reporting date for the Australian banks (CBA, WBC, ANZ, NAB, ST GEORGE, and BANKWEST) are A1+ for short term investments and AA- for long term investments. SUNCORP is rated A1 for short term investments and A+ for long term investments. ING Australia, Bendigo Bank and Bank of Queensland are rated A2 for short term investments and A- for long term investments.

The weighted average interest rate on the investment portfolio as at 30 June 2016 was 2.87% (30 June 2015: 3.12%). None of these assets are past due or impaired.

The following information is provided in accordance with the provisions of AASB 7 "*Financial Instruments: Disclosures*". The Fund monitors and manages the financial risks relating its operations. These risks include market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to meet its payment obligations when they fall due. The Fund continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. No assets have been pledged as collateral. The funds exposure to liquidity risk is deemed insignificant based on prior years' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasury's Circular NSW TC 11/12 dated 14 July 2011. If trade terms are not specified, payments must be made within 30 days of receipt of a correctly rendered invoice, unless an existing contract or standing offer (i.e. pre 14 July 2011) provides for an alternative time period. If payment is not made within the specified time period, simple interest must be paid automatically.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

9. Financial Instruments (continued)

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 Fund's exposures to market risk are primarily through interest rate risk on the Investment Funds. The Fund has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. The Fund is not exposed to any other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the fund 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 reporting date. The analysis is performed on the same basis for 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Fund's investments portfolio. This risk is minimised by undertaking mainly fixed rate Investments, primarily with Australian Banks and Treasury Corporations in NSW.

The Fund does not account for any fixed rate financial instruments at fair value through statement of comprehensive income or as available for sale.

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Fund's exposure to interest rate risk is set out on the following page.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

9. Financial instruments (continued)

	Carrying amount $'000	+1% Net Result $'000	+1% Equity $'000	-1% -Net Result $'000	-1% Equity $'000
2016					
Financial assets					
Cash and cash equivalents	206,605	2,066	2,066	(2,066)	(2,066)
Receivables	2,401	24	24	(24)	(24)
Other financial assets	61,227	612	612	(612)	(612)
Total financial assets	**270,233**	**2,702**	**2,702**	**(2,702)**	**(2,702)**
Payables	32	-	-	-	-
Total financial liabilities	**32**	**-**	**-**	**-**	**-**

	Carrying amount $'000	+1% Net Result $'000	+1% Equity $'000	-1% -Net Result $'000	-1% Equity $'000
2015					
Financial assets					
Cash and cash equivalents	197,785	1,978	1,978	(1,978)	(1,978)
Receivables	2,595	26	26	(26)	(26)
Other financial assets	84,754	848	848	(848)	(848)
Total financial assets	**285,134**	**2,852**	**2,852**	**(2,852)**	**(2,852)**
Payables	49	-	-	-	-
Total financial liabilities	**49**	**-**	**-**	**-**	**-**

Fair value measurement

The carrying amount of financial instruments recognised in the statement of financial position approximates the fair value due to short term nature of many of the financial instruments.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- level 3: unobservable inputs for the asset or liability

The Fund had no assets or liabilities measured at fair value on a non- recurring basis as at 30 June 2016 (30 June 2015: Nil).

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

10. Contingent liability

Under clause 4 of the Home Purchase Assistance Fund Trust Deed and a Memorandum of Understanding with the Registry of Co-operatives and Associations, the Trustee, from time to time as and when required must purchase mortgages and defaulting mortgages in the Home Fund Loan program and meet claims in the Government Guaranteed loan Scheme.

No payments were required to be made on defaulting FANMAC mortgages for the year ended 30 June 2016 (30 June 2015: Nil).

11. Commitments

The Fund is committed to support the National Rental Affordability Scheme, over 10 years as follows:

	2016 $'000	2015 $'000
Not later than one year	4,500	6,072
Later than one year but not later than five years	30,000	26,869
Later than five years	29,342	33,216
Total	**63,842**	**66,157**

12. Investment powers compliance

Under the Public Authorities (Financial Arrangements) Regulation 2005, the Trustee of the Home Purchase Assistance Fund (the "Fund") is defined as an entity included in the definition of an "authority", thereby having Part 2 investment powers under Public Authorities (Financial Arrangements) Act 1987 (the "Act").

The following investments are authorised for an authority which may exercise Part 2 investment powers:

a) deposits with a bank or the Treasury Corporation and deposits with or withdrawable shares in a building society or credit union (not including certificates of deposit or other transferable securities),

b) investments in an Hour-Glass investment facility of the Treasury Corporation (being a facility under which the Treasury Corporation accepts funds on behalf of Government and public or other authorities for investment by Fund Managers approved by the Treasury Corporation),

c) investments with, issued by, or guaranteed by, the Government of New South Wales or an eligible entity which is the Government of any other State or of the Commonwealth or of a Territory,

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

12. Investment powers compliance (continued)

d) bills of exchange that have been accepted by a bank, building society or credit union,

e) a loan to an eligible entity which is a dealer in the short-term money market and in relation to which, at the time the loan is made, the Reserve Bank of Australia stands as lender of last resort,

f) certificates of deposit issued by a bank, building society or credit union,

g) such additional investments as are prescribed.

The legislative change to increase the investment powers of the Fund under the Act from Part 1 to Part 2 was effective from 13 January 2010.

13. Budget Review

Net Result
For the year ended 30 June 2016, the net result of the Fund was favourable by $13.08m as compared to the budgeted amount. The favourable result was primarily attributable to the following:

a) Interest income earned was $2.95m lower than the budgeted amount due to lower than budgeted interest rates for the underlying investments (i.e. term deposits) during the year; and

b) National Rental Affordability Scheme grant payments to Family and Community Services were $2.84m lower than the budgeted allocation due to timing of payments.

c) Finance costs – The loan from NSW Treasury is accounted for as a capital contribution and is included within accumulated funds and not liabilities as budgeted. Repayments of principal and interest are treated as a distribution from accumulated funds. Interest on the loan is budgeted for as finance costs.

Assets and liabilities
a) Assets – Cash and cash equivalents were higher than the budgeted amount by $77.32m, principally due to sale of other current financial assets during the year. Overall, total assets were in line with the budgeted amount.

b) Liabilities – Total liabilities of the Fund were lower than the budgeted amounts due to the loan from Treasury being accounted for as a capital contribution within accumulated funds and not within borrowings as budgeted.

Home Purchase Assistance Fund

Notes to the Financial Statements
For the year ended 30 June 2016

3. Budget Review (continued)

Cash flows

a) Cash flows from operating activities – The actual cash inflow provided by operating activities were favourable as compared to the budgeted amount by $8.82m. The reason for the favourable inflow from operating activities is listed below:

- Lower payment in relation to National Rental Affordability Scheme of $2.84m which was offset by the receipt of interest income that was $2.79m below the budgeted amount

- The payment of interest on the loan from NSW Treasury is budgeted for as finance costs and is included within cash flows from financing activities.

b) Cash flows from investing activities – The actual cash flow provided by investing activities was favourable as compared to the budgeted amount by $7.09m, due to lower than budgeted purchases of short term deposits and lower than budgeted cash inflow from investments in interest bearing bonds.

c) Cash flows from financing activities – The actual cash flows used in financing activities was unfavourable as compared to the budgeted amount by $8.82m as the budgeted amount of $8.33m towards finances costs was reported within cash flows from operating activities.

4. Subsequent events

There are no events subsequent to the balance sheet date which affect the financial statements.

5. Additional Fund information

Home Purchase Assistance Fund is registered in and operates in Australia.

Registered office
Permanent Custodians Limited
Level 2, 1 Bligh Street
Sydney NSW 2000

****END OF AUDITED FINANCIAL STATEMENTS****

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