



Health Services Charitable Gifts Board

2017-18 Annual Report

Health Services Charitable Gifts Board

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2017-18 ANNUAL REPORT for the Health Services Charitable Gifts Board

To:

Hon. Stephen Wade

Minister of Health and Wellbeing

This annual report is to be presented to Parliament to meet the statutory reporting requirements of *Health Services Charitable Gifts Act, 2011* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Health Services Charitable Gifts Board by:

Robyn Pak-Poy

Chairman



Signature

31.10.18

Date

Contents

Contents	3
Section A: Reporting required under the <i>Public Sector Act 2009</i>, the <i>Public Sector Regulations 2010</i> and the <i>Public Finance and Audit Act 1987</i>	4
Agency purpose or role	4
Objectives.....	4
Key strategies and their relationship to SA Government objectives	5
Agency programs and initiatives and their effectiveness and efficiency	5
Legislation administered by the agency.....	6
Organisation of the agency.....	6
Other agencies related to this agency (within the Minister's area/s of responsibility)	7
Employment opportunity programs.....	7
Agency performance management and development systems	7
Work health, safety and return to work programs of the agency and their effectiveness.....	7
Work health and safety and return to work performance	8
Fraud detected in the agency	8
Whistle-blowers' disclosure	9
Executive employment in the agency	9
Consultants.....	9
Contractors.....	10
Financial performance of the agency.....	10
Section B: Reporting required under any other act or regulation	21
<i>Health Services Charitable Gifts Act 2011</i>	21
<i>Health Services Charitable Gifts Act 2011 - Regulations</i>	21
Registered Charities and Deductible Gift Recipient (DGR) Status	29
Reporting required under the <i>Carers' Recognition Act 2005</i>	29
Section C: Reporting of public complaints as requested by the Ombudsman	30
Summary of complaints by subject	30
Complaint outcomes.....	30
Appendix: Audited financial statements 2017-18.....	31

Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

The Health Services Charitable Gifts Board (Board) has been established to hold charitable gifts and donations received by public hospitals and research institutions proclaimed under the *Health Services Charitable Gifts (HSCG) Act 2011*. Funds held form part of the Charitable Asset as defined in the HSCG Act. As part of the prudential management of the Charitable Asset it is invested to earn a return for the hospitals and institutions concerned. Funds are then applied for research, services and equipment in accordance with the purpose for which the funds were originally donated or gifted in accordance with the HSCG Act.

The Board consults with persons considered to be appropriate in relation to the application of funds under the HSCG Act and, in the case of funds applied for the purposes of clinical equipment or research, with any prescribed research body established under the HSCG Act.

Pursuant to the HSCG Act the Board holds the Town Acre 86 fund (TA 86) in perpetuity to benefit the RAH. This fund comprises the land on the south-east corner of Pulteney Street and Rundle Mall. The ground lease from this land is a significant source of investment income for the Board. Part Town Acre 85 (TA 85), which is also included in the ground lease, was purchased by the Commissioners of Charitable Funds (the forerunner of the Board) in 1981 to facilitate the construction of the current CitiCentre building (refer page 13).

In addition, the Board may act as a trustee of a health-related trust. The Board also has other duties under the HSCG Act including the provision of advice to the Minister as appropriate or requested.

Objectives

- Provide excellence in its stewardship, investment and application of funds held by it for the benefit of Public Health Entities (PHEs) and relevant research bodies in their delivery of services, equipment and research in accordance with the HSCG Act.
- Target best practice throughout the Board's operations.
- Act in a timely, principled and ethical manner to address funding requests, seeking accountability for the funds being spent by PHEs and ensuring that funding provided to them is done so on a long-term sustainable basis.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Achieving better outcomes for PHEs through the pursuit of best practice investment policies and improved risk-adjusted returns.	South Australia's Strategic Plan: Our Health Targets
Targeting of best practice in all other areas of the Board's governance and operations while remaining cognizant of the small size and resources of the agency.	
Ensuring compliance with the Board's obligations under the HSCG Act and other relevant legislation and Government guidelines through established reporting practices.	
Ensuring prudent, merit-based funding and accountability for expenditure and compliance with the HSCG Act by PHEs by implementing robust processes.	
Ensuring PHEs remain compliant by submitting quarterly reporting and delegating authority compliance.	

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Transfer of Gifts and Donations	Gifts and donations and supporting paperwork pursuant to the HSCG Act are forwarded by PHEs to the Board.	This helps ensure that all funds donated to PHEs are forwarded to the Board for application as intended under the HSCG Act.
Expenditure Monitoring	Expenditure for which funding from the Board is sought is prioritised by the PHE, duly authorised by the appointed PHE delegate, and the PHE is compliant with Government policy and procedure.	Funds applied by HSCGB are applied for the purpose they were donated and for the highest priority as identified by the relevant PHE.

Program name	Indicators of performance/effectiveness/efficiency	Outcome for South Australia
Investment Returns	Investments have been made in line with the Board approved, institution standard investment policies which are regularly reviewed and maintained by the Board. This includes the monitoring and benchmarking of returns.	This helps generate a sustainable flow of funds to fund various charitable programs and purposes including medical research year-on-year.
Publicity, Communication and Consultation	Encouragement of continued compliance with the HSCG Act is a result of communication and consultation with relevant stakeholders in relation to achievements and performance of the Board. These outcomes result from direct written communications, publications, website and face-to-face meetings with stakeholders.	Ensuring that stakeholders are aware of the operations of the Board and the initiatives that it funds as well as encouraging compliance with the HSCG Act.

Legislation administered by the agency

None.

Organisation of the agency

The Board consists of three members (Commissioners) nominated by the Minister and appointed by the Governor, each for a three-year term. One of the board members must have legal expertise with the two remaining required to have expertise in the area of trusts or financial management or other expertise, knowledge or experience deemed suitable by the Minister.

Commissioners can be re-appointed to their position by the Minister at the end of their three-year term. The Commissioners elect one of their members to act as Chair of the Board.

An Executive Officer and two part-time staff assist the Board in its role.

Other agencies related to this agency (within the Minister's area/s of responsibility)

Central Adelaide Local Health Network
 Country Health South Australia Local Health Network
 Northern Adelaide Local Health Network
 Southern Adelaide Local Health Network
 Women's and Children's Health Network
 South Australian Ambulance Service

Employment opportunity programs

Program name	Result of the program
No specific Board employment opportunity programs were in place during 2017-18	

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Staff Performance Development Reviews	Staff undertake internal performance development reviews on a yearly basis.

Work health, safety and return to work programs of the agency and their effectiveness

Program name and brief description	Effectiveness
OHS Policy	The Board has a Workers Health and Safety policy and associated processes in place with internal training provided on induction.
Mental Health Initiatives	No specific Mental Health initiatives were in place during 2017-18 and there was no demonstrated need.
No other programs were in place	

Work health and safety and return to work performance

	2017-18	2016-17	% Change (+ / -)
Workplace injury claims			
Total new workplace injury claims	0	0	0%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	0%
Work health and safety regulation			
Number of notifiable incidents (<i>WHS Act 2012, Part 3</i>)	0	0	0%
Number of provisional improvement, improvement and prohibition notices (<i>WHS Act 2012 Sections 90, 191 and 195</i>)	0	0	0%
Return to work costs**			
Total gross workers compensation expenditure (\$)	0	0	0%
Income support payments – gross (\$)	0	0	0%

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the *Return to Work Act 2014 (Part 2 Division 5)*

**before third party recovery

Data for the past five years is available at: [Data.SA](#)

Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil to report	0

Strategies implemented to control and prevent fraud

The Board has a fraud policy in place and adherence to that policy is mandatory for all Commissioners, Employees and Contractors. The policy details action to be taken to address the issue of fraud should it arise.

Data for the past five years is available at: [Data.SA](#)

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

The Board has a whistle-blower policy and procedures in place and adherence to that policy is mandatory for all Commissioners, Employees and Contractors. The policy and procedures detail action to be taken to address the issue should it arise.

Data for the past five years is available at: [Data.SA](#)

Executive employment in the agency

Executive classification	Number of executives
Nil	0

Data for the past five years is available at: [Data.SA](#)

The [Office of the Commissioner of Public Sector Employment](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultancies below \$10,000 each		
Cetpar Pty Ltd	Property portfolio management	\$1,000
	Subtotal	\$1,000
Total all consultancies		\$1,000

Data for the past five years is available at: [Data.SA](#)

See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Contractors

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Contractor	Purpose	Value
*Crown Solicitors' Office	Services related to disputes and other issues associated with various Board interests	\$10,200
**Thompson & Cooper Partners	Accounting services	\$27,000
**Auditor-General	Audit of financial statements	\$33,000

*Crown Solicitor's Office services does not include the portion of services (reported in audited financial statements) to be recovered against deceased estates in which the Board has an interest – on finalisation of these matters the costs will be recovered/offset against the funds received from the respective estates.

** Reported in audited financial statements.

Data for 2017-18 is available at: [Data.SA](#)

The details of all South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website [here](#).

The website also provides details of Across government contracts [here](#).

Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2017-18 are attached to this report.

Funds received for the 2017-18 financial year are shown below and comprise contributions from estates and gifts to different units of the Royal Adelaide Hospital (RAH) and other public health entities.

Total Funds Received	2017-18 (\$'000)	2016-17 (\$'000)	2015-16 (\$'000)
Bequests	5,572	2,899	3,008
Gifts and Donations Other Than Bequests	1,936	3,083	4,080
Total Funds Received	7,508	5,982	7,088

Total Investment Earnings

Investment revenue	7,215	11,326	3,204
Rental and other revenue	2,414	2,780	2,476
Total Investment Earnings	9,629	14,106	5,680
Total Income	17,137	20,088	12,768

Investment revenue in 2016-17 included the revaluation of TA86 which occurs under the ground lease every five years. As a result, investment revenue in 2017-18 was lower than in 2016-17.

Bequests received for 2017-18 were significantly higher than the two previous years as a result of the receipt of a large bequest during the year. Gifts and donations (other than bequests) were again lower than the previous year. This fall is considered to reflect the changed fund-raising environment faced.

For the 2017-18 financial year funds (bequests, gifts and donations) were received in respect of the following public health entities:

2017-18	2017-18	2017-18	2017-18
Funds Received	Total	Bequests	Other
PHE	(\$'000)	(\$'000)	(\$'000)
RAH	5,272	4,028	1,244
RAH, TQEH*, Hampstead Joint Funds	1	0	1
TQEH	61	50	11
Women's & Children's Hospital	661	265	396
Lyell McEwin Hospital	5	0	5
Modbury	3	0	3
Flinders Medical Centre (FMC)	20	19	1
Noarlunga Hospital	495	493	2
Repatriation General Hospital (RGH)	0	0	0
Mount Gambier	1	0	1
SA Pathology & Hanson Centre	817	551	266
MedSTAR	3	0	3
Breastscreen SA	3	0	3
Pt Lincoln	166	166	0
Total	7,508	5,572	1,936

*The Queen Elizabeth Hospital

Other financial information

Investments

The Board continues to hold most of its investments in various investment products with Funds SA. These investments are made in accordance with the Board's investment policies which are reviewed annually. No significant changes have been made to them in the last financial year.

Funds SA is a large institutional investment specialist servicing the South Australian Government and its statutory authorities.

Funds SA continues to provide the Board with a number of advantages, including:

- Access to leading institutional investment consultants, fund managers and investment strategies generally not accessible to smaller investors;
- The economies of scale arising from Funds SA's over \$32 billion (as at 30 June 2018) funds under management;
- A broad suite of investment implementation alternatives, enabling customisation of the Board's investment strategies to achieve the specific requirements of the various Trusts and bequests administered by the Board;
- Comprehensive institutional quality investment administration and reporting services; and
- Specialist investment governance supported by an extensive risk management framework.

The Board's property investments are discussed later in this report.

Investment Advisor

During the financial year Mr Andrew Blaskett as General Manager of SAFA was the public sector employee appointed by the Minister of Health under Section 23 of the HSCG Act, to advise the Board on investment and related matters.

The Board met regularly with Mr Blaskett. The meetings were of a general nature and were in relation to the investment activities of the Board.

The investment policies that were reviewed through the Board's general policy review period were referred to Mr Blaskett who was supportive of the approach taken.

No specific advice was given or formal recommendations made to the Board by Mr Blaskett during the financial year.

Investment Strategies

The Board's investing responsibilities extend across a number of trusts and bequests, each with specific requirements and constraints and, accordingly, requiring tailored investment strategies.

The Board has developed and maintained the investment strategy for each portfolio it administers in consultation with Funds SA.

HSCGB Pool portfolio

This portfolio comprises over 400 individual funds, trusts or bequests with sufficient commonality of purpose to allow their aggregation for investment purposes.

HSCGB Pool Investment Policy Criteria

Investing Time Horizon	3 years
Target Investment Return	2.5% pa over CPI
Potential Negative Return	1 year in 8

Portfolio Investment Components:

Funds SA Capital Defensive product	Funds SA Growth product
Funds SA Balanced product	Funds SA Cash product

A direct loan at a concessional interest rate to SAHMRI associated with the purchase and establishment of a Cyclotron.

A direct loan in the form of a first mortgage charge over advances made to the Port Pirie Hospital Inc. This loan is long-standing and interest free.

Direct holding of commercial property.

Martin portfolio

This portfolio comprises a bequest from the late Thomas Martin and has two elements:

- Town Acre 86 and Part Town Acre 85 (**TA 85**), which is the land on the south-east corner of Pulteney Street and Rundle Mall, being the Adelaide CBD land on which the CitiCentre building is located; and
- A sum of money.

Martin Investment Policy Criteria

Investing Time Horizon	10 years
Target Investment Return	4.5% pa over CPI
Potential Negative Return	1 year in 10

Portfolio Investment Components:

Ground rent from TA 86 and part TA 85	Investment in HSCGB Pool
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Norman portfolio

This portfolio comprises a bequest from the late Raymond Simpson Norman to establish the Ray and Shirl Norman Cancer Research Trust (Norman Trust).

Norman Trust Investment Policy Criteria

Investing Time Horizon	10 years
Target Investment Return	4.0% pa over CPI
Potential Negative Return	1 year in 5

Portfolio Investment Components:

Funds SA Growth product	Funds SA Cash product
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D E Brown Charitable Trust (Brown Trust)

This trust was established by deed poll on 17 December 2014. The late Mrs Brown left the residue of her estate for the “benefit of sufferers from kidney diseases or complaints”. Following a Supreme Court decision, the deed poll was executed, providing for the HSCGB to act as trustee. Initially the funds were invested through the HSCGB Pool portfolio, however following revision of the investment policy in late 2015, a separate portfolio at Funds SA was created.

Brown Trust Investment Policy Criteria

Investing Time Horizon	4 years
Target Investment Return	2.0% pa over CPI
Potential Negative Return	1 year in 12

Portfolio Investment Components:

Funds SA Conservative product

Investment performance

The 2017-18 after-costs investment returns for each Board administered investment portfolio are shown in the table below.

Investment Performance	One year %	Three years % per annum
HSCGB Pool portfolio	7.2	5.8
Martin Estate portfolio	8.0	10.9
Norman portfolio	8.3	9.5
D E Brown portfolio	5.7	5.7

The Pool portfolio outperformed its benchmark for the year due primarily to Funds SA outperforming their own benchmarks.

For the last three years the 4.1% pa real Pool investment return is well above the 2.5% pa real return target.

The three-year return for the Martin Estate portfolio was significantly impacted by the five-yearly review of the value of the head-lease that was finalised during the previous year. Both the one and three-year investment returns are well above the target 4.5% pa real return target.

The good performance of the Norman Trust portfolio was primarily due to the performance of the Funds SA Growth product which has performed strongly. Real returns are significantly above the 4% real return target for both one and three-year periods.

This return is in contrast with the smaller Brown Trust portfolio, which is invested in the Funds SA Conservative portfolio where returns have been more modest.

The Board remains confident that the risk-adjusted investment returns generated from the assets managed by Funds SA will meet the Board's investment objectives, thereby assisting to maximize within prudent parameters, the future distributions from each portfolio.

Property Assets

The HSCGB has maintained a policy in relation to the Board's investments in direct real estate.

The Board owned three direct property investments during the 2017-18 year. These are listed below along with their locations:

- Office building and warehouse - 346 Torrens Road, Croydon Park;
- Offices - 234-240 Waymouth Street, Adelaide; and
- Warehouse - 4 Archer Place, Clare.

In addition, the Board in accordance with section 25 of the HSCG Act holds in perpetuity:

- Ground on which CitiCentre building located - Town Acre 86 and part Town Acre 85.

The Board has held all of these properties for some years.

The Board signed a contract during the 2016-17 financial year for the sale of the Torrens Road property. Settlement on this contract occurred 31 July 2017 and, consistent with the Board's general strategy, the proceeds from this sale have been invested with Funds SA. Funds SA investment products include an element of real estate investment.

As disclosed in the Board's 2016-17 Annual Report and audited financial statements the Board received an offer for the Clare warehouse. A contract for the Clare

warehouse was entered into in July 2017. Settlement took place on 12 September 2017 with the proceeds from this sale also invested with Funds SA.

The Board's office is located at 240 Waymouth Street, Adelaide. The remainder of the property, numbers 234-238, are leased to commercial tenants. The Board plans to hold this property for the foreseeable future.

Pursuant to the head lease which expires in 2052, the Town Acre 86 investment is professionally re-valued every 5 years. This revaluation process was completed during the 2016-17 financial year and led to an increase in valuation of \$4.3M to \$27.2M. The next revaluation is now due in August 2021. This valuation determines the ground rent for the subsequent five years.

Subsequent to the end of the 2017-18 financial year the Board has received notice from the head lessee, pursuant to the head lease advising of their intention to undertake building works. Negotiations are continuing on the level (if any) of rental abatement that might be applicable under the head lease relevant to the work being undertaken.

As at 30 June 2018 the Board reviewed the value of its direct property investments and ensured that the properties were all valued at fair value in accordance with Board policies.

Investment Loan to SAHMRI to Finance the Establishment of Cyclotron Facility at SAHMRI

In the 2012/13 year, following extensive consultation with the RAH and other interested stakeholders, the Board entered into a strategic investment to fund the establishment of a cyclotron facility by providing a 15-year secured loan to SAHMRI.

The loan is at a concessional interest rate in recognition of the benefits accruing from this facility.

Principal repayments commence during 2018-19.

A cyclotron makes relatively short-lived radioisotopes. These radioisotopes are used for medical imaging and research. These radioisotopes can be used in PET scans which are increasingly used in the diagnosis and staging of cancer. Most of the isotopes produced for these studies have a short half-life and rapidly degrade. With the establishment of a cyclotron in Adelaide, it is now possible to utilise isotopes for a range of research and medical treatment applications, which would not have been possible previously. As a result the benefits accruing to PHEs such as the RAH are significant. Daily supplies of isotopes to the RAH commenced in April 2015.

Other Information

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions are set out in the pages following.

Funds Applied

In response to approved requests of \$12.9m for funding, a total of \$9.7m was applied during 2017-18 year to PHEs. Details are summarised in the following table.

FUNDS APPLIED 2017-18 FINANCIAL YEAR

RAH	\$m
Grants – fellowship, scholarship and research	2.5
Salary and Consumables - research (refer table on next page for more details)	2.1
Salary and Consumables – non-research	1.8
Equipment – research, non-research and clinical	0.4
Volunteer Support	0.3
Conferences and Training (including travel), Professional Fees	0.1
SAHMRI Heart Theme Leader	0.1
<i>RAH/TQEH/Hampstead Joint Funds, Modbury, Lyell McEwin, SA Dental Service and Mt Gambier</i>	
Conferences and Training (including travel), Equipment – research, non-research and clinical, Professional Fees, Salary and Consumables – non-research and Volunteer Support	0.1
<i>SA Pathology and Hanson Centre (includes Centre for Cancer Biology)</i>	
Conferences and Training, Professional Fees and Equipment – research	0.8
Salary and Consumables – research (refer table on next page for more details)	0.7
Salary and Consumables – non-research	0.1
<i>Women's and Children's Hospital</i>	
Conferences and Training (including travel), Professional Fees, Salary and Consumables – research. and Equipment – research and non-research	0.1
<i>MedSTAR</i>	
Equipment –non-research	0.2
<i>Flinders Medical Centre</i>	
Equipment – non-research	0.4
Total	\$9.7m

An agreement was made to contribute towards the cost of SAHMRI Heart Research Theme Leader, Professor Stephen Nicholls, whose work involves both SAHMRI and the RAH. The final payment under the agreement was \$62,500, paid in July 2017 for the period April to June 2017.

These payments were to cover the cost of Professor Nicholls clinical involvement at the RAH and were made after consultation with the RAH in an earlier financial year. This payment was made from funds held on behalf of the RAH for a five-year period ending 30 June 2017.

Expenditure in relation to: Salary and Consumables – research at RAH, SA Pathology, Hanson Centre and CCB	\$m
Cancer	1.3
Cardiology	0.2
Endocrine	0.1
Lung	0.1
Orthopaedic	0.3
Other	0.1
Renal	0.1
Rheumatology	0.4
Surgical practice and ICU	0.1
Thoracic	0.1
Total	\$2.8m

Sources of Funds used

Major sources of these funds from which these payments were made are:

RAH	\$m
Martin Bequest	1.5
Nimmo Bequest	0.1
RAH Doctors Right to Private Practice Earnings	1.2
Specific research funds (Rheumatology, Heart, Haematology, Renal)	1.3
Various RAH Bequest Accounts	0.4
RAH Research Fund – General Accounts	2.3
Various RAH Accounts (include Joint Accounts)	0.4
SADS/Mt Gambier/Lyell McEwin/TQEH	
Various Accounts	0.1
SA Pathology & Hanson	
Brine Bequest	0.1
Fay Fuller Fellowship	0.3
Hanson – RAH Research Fund	1.3
Women's & Children's Hospital	
Various Accounts	0.1
Flinders Medical Centre	
Various Accounts	0.4
MedSTAR	0.2
Total	\$9.7m

Bequests Received 2017-18

RAH and TQEH

BC Eltringham	ME Lawton
MG & SM Helpman	A Munday
M Hudson	AH Schlank
M Keyhoe	FL Schultz
PJ Killen	LB Willmer

SA Pathology & Hanson Institute

DA Baker	K Hollams
JM Boundy	M Hudson
R Burford	P March
K Crouch	WF Moreton
R Doepke	LMH Williams
VM Dodd	VD Williams
B Gillard	U Zeidmanis

Noarlunga

E Bernhardt	G Pearce
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Repatriation General Hospital

DJ Veale

Pt Lincoln

PL O'Brien

Women's' & Children's Hospital

JE Allen	A Badger	G Carbone	GA Carter
AD Churcher	FM Colmer	M Cook	DM Haines
M Hudson	EM McDonald	J Melrose	HE Robinson
AH Schlank	R Walker	JH Whitehead	

Section B: Reporting required under any other act or regulation

Health Services Charitable Gifts Act 2011

30—Reports

- (1) The Board must, on or before 31 October in each year, deliver to the Minister separate reports on the operations of—
 - (a) the Board; and
 - (b) subject to the regulations, any trust established under section 20, during the financial year ending on the preceding 30 June.
- (2) Each report must include the audited accounts of the Board or trust (as the case may be) for the relevant financial year.
- (3) The report on the operations of the Board under subsection (1)(a) must include the following:
 - (a) if the Board has, in the relevant financial year, applied a portion of the charitable assets that is attributable to a gift to or for the benefit of an entity or body to some other entity or body, a statement of reasons for the Board's decision to so apply the portion;
 - (b) a summary of any advice given, or recommendations made, by the public sector employee under section 23 in the relevant financial year;
 - (c) any other information prescribed by regulation.
- (4) The Minister must, within 12 sitting days after receiving each report under this section, have copies of the report laid before both Houses of Parliament.

Health Services Charitable Gifts Act 2011 - Regulations

7—Reports

For the purposes of section 30(3)(c) of the Act, the following information is to be included in the Board's annual report in relation to the relevant financial year:

- (a) a summary of the Board's investment portfolio, investment objectives and strategies;
- (b) the names of the public health entities to which a portion of the charitable assets has been applied;
- (c) the purposes for which portions of the charitable assets have been applied and the total amount applied for each purpose;
- (d) if the Board holds property on trust for the purposes of a charitable health trust under section 20 of the Act—the purposes for which trust money has been applied;
- (e) a summary of the activities of, and advice given to the Board by, a committee established under section 24 of the Act.

Source of Funds held

Funds and other assets that have been given to PHEs, by way of bequests, other donations and gifts from corporate and community groups and individuals, and as a result of various fundraising programs, vest with the HSCGB.

PHEs are also able to transfer property to the Board pursuant to Section 17 of the HSCG Act. No transfers occurred during the 2017-18 financial year.

Proclaimed Institutions

PHEs proclaimed under Section 4 of the HSCG Act for the full financial year are shown in the table below:

Proclaimed Institutions	
<p>The parts of Central Adelaide Local Health Network Inc. (CALHN) known as:</p> <p>Royal Adelaide Hospital (RAH); The Queen Elizabeth Hospital (TQEH); South Australian Dental Health Service; SA Pathology; and Breastscreen SA.</p>	<p>The parts of Country Health SA Local Health Network Inc. (CHSALHN) known as:</p> <p>Mount Gambier Hospital; Port Augusta Hospital; Port Lincoln Hospital; Port Pirie Hospital; Wallaroo Hospital; and Whyalla Hospital.</p>
<p>The parts of Northern Adelaide Local Health Network Inc. (NALHN) known as:</p> <p>Modbury Hospital; and Lyell McEwin Hospital.</p>	<p>The parts of the Southern Adelaide Local Health Network Inc. (SALHN) known as:</p> <p>Flinders Medical Centre; Repatriation General; and Noarlunga Hospital.</p>
<p>The part of the Women's and Children's Health Network Inc. (WCHN) known as the Women's and Children's Hospital.</p>	<p>The part of the South Australian Ambulance Service Incorporated known as MedSTAR.</p>

The South Australian Health and Medical Research Institute Limited (SAHMRI) is the only prescribed research body as defined in Section 3 of the HSCG Act.

Under Section 24 of the HSCG Act there were no committees established during the 2017-18 financial year.

Board Policies

The Board has reviewed and updated the policies that cover the way that funds are managed, invested, and applied during the year. New and additional policies have been established where considered appropriate.

Funds vested in the Board are used for the purpose for which they were donated. This is almost always at the institution for which the assets are held. In instances where the funds cannot be used for the purpose donated at that institution, consultation as provided for under Section 18(3) of the HSCG Act is undertaken to determine whether funds can be redirected to enable them to be used for the purpose intended.

With the closure of the RGH funds originally held for the RGH were transferred to FMC (in-line with many of the RGH services which were also transferred to FMC). The funds transferred will continue to be applied in-line with the original intention of the donor.

The list of projects funded during the 2017-18 financial year is extensive. Set out below are some of the projects where more than \$100,000 has been advanced during the year:

Research:

- APOMAB: a new way to find out which patients benefit from chemotherapy;
- Engineered cell therapy for pulmonary hypertension;
- Predicting 12-month mortality risk in elderly patients after elective surgery;
- Volunteer support;
- Various other Haematology research;
- Scleroderma Studies;
- Recent onset rheumatoid arthritis: pharmaceuticals and fish oil as therapeutic options;
- Various Rheumatology research;
- Malnutrition in the elderly – digestion, absorption and muscle deposition of dietary protein in undernourished and obese older people;
- Selective activation of the androgen receptor as a novel therapeutic strategy for breast cancer; mechanisms and biomarkers of treatment response;
- Beat Cancer - Advancing T-Cell Therapy for Leukaemia and Glioblastoma; and
- Modulating sphingosine metabolism in cancer.

Equipment and Other:

- SA Cancer Research Biobank – contribution towards ensuring maintenance of the Biobank which provides tumour tissue samples for medical research to improve patient outcomes;
- Purchase of clinical equipment such as Ultracentrifuge, Imager, Chromium system, Pump system, Endoscopic system and Microscope for use in research at the Hanson Centre for Cancer Research;

- Hanson Centre for Cancer Research contribution to the CRC (Cooperative Research Centre) - Cell Therapy Manufacture. The CRC for Cell Therapy Manufacturing facilitates the cost-effective manufacture and rapid translation of cell therapies into clinical practice;
- Flinders Medical Centre - O – Arm. The O-Arm is used as a real-time imaging system during surgery for adult and paediatric patients which include spinal, cranial and orthopaedic operations; and
- MedSTAR – Purchase of a helicopter simulator for training of SA Ambulance’s MedSTAR retrieval teams.

In addition to these projects, significant research projects are funded by the Board as Trustee of the Ray and Shirl Norman Cancer Research Trust (details can be found under “**Other Trusts administered by the Board**” on page 26).

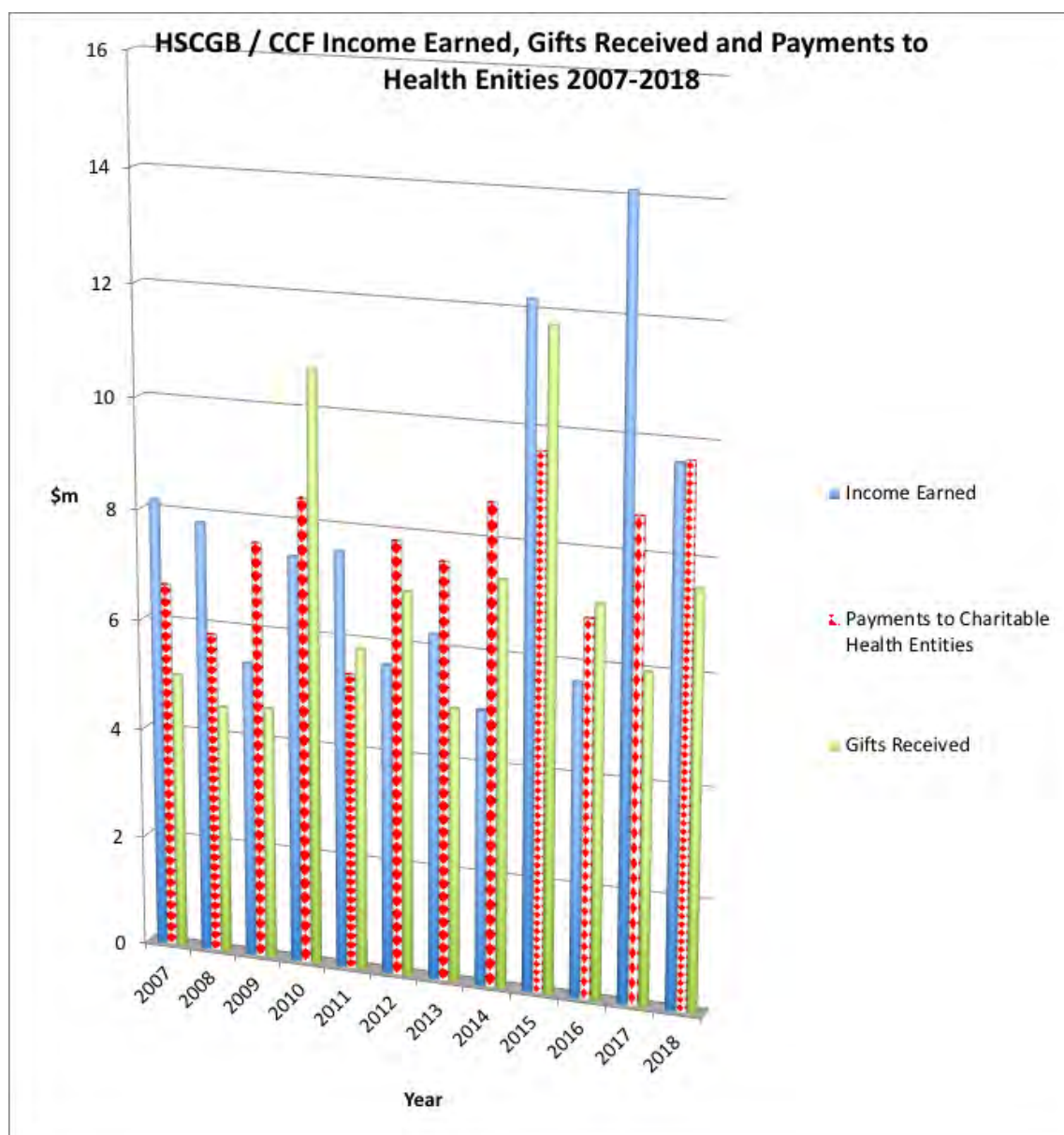
Charitable Asset Key Indicators

Total Assets held at 30 June 2018 were \$137.1m, (2017, \$128.4m). This increase was driven by the following key factors:

- Continued strong returns from funds invested with Funds SA; and
- Funds expended by PHEs at \$9.7m being substantially less than the budget sought and approved.

TA 86 is revalued every 5 years in accordance with the Head Lease. This last occurred in the 2016-17 financial year leading to a \$4.3 increase in the valuation of this asset in that financial year.

Income earned, gifts received and payments to Health Entities for the last twelve years are shown in the graph on the next page.



Through the various initiatives detailed in this report, related to the management of investments and application of funds to PHEs, the Board has helped ensure that a sustainable flow of funds is available year on year to its key PHE stakeholders.

Consultation undertaken

During the year the Board sought and obtained, where appropriate, specialist advice and input to aid it in its assessment of matters brought before it as is provided for under Section 15(d) of the HSCG Act.

Prescribed Research Body

SAHMRI is declared as a prescribed research body as defined under Section 3 of the HSCG Act. As a prescribed research body, SAHMRI pursuant to Section 4 of the HSCG Act cannot be declared a PHE.

The Board consulted with SAHMRI in relation to new matters involving expenditure to be applied for the purposes of clinical equipment or research during the 2017-18 financial year as is required under Section 15(d) of the HSCG Act.

No funds have been held for or on SAHMRI's behalf during or at the end of the financial year or in the period up to the completion of this report.

Other Trusts administered by the Board

The Ray and Shirl Norman Cancer Research Trust (Norman Trust)

The income from the Ray and Shirl Norman Cancer Research Trust, valued at 30 June 2018 at \$7.5 million, is to be used for the purpose of the prevention and cure of cancer and anything incidental or conducive to those purposes. The HSCGB is the Trustee of the Norman Trust.

During the financial year the Norman Trust continued to fund research projects. Projects that are funded are selected by the Board only after the receipt of specialist advice as to the merit of applications received. Funding of \$0.22m was applied during the year for three projects and as at 30 June 2018, research funding agreed to and not yet due totalled \$0.94m.

Separate financial statements are included as supplementary statements to the Board's financial statements for the financial year just ended.

In addition to these projects, the Board as Trustee of the Ray and Shirl Norman Cancer Research Trust provided funding for the following multi-year projects:

- A combined pre-clinical and clinical investigation of the role of TLR4 in chemotherapy-induced gut toxicity;
- Circular RNAs as trojan horses of oncogenesis; and
- New molecular therapies for lung cancer.

The Dorothy E Brown Charitable Trust (Brown Trust)

This Trust was established by deed poll dated 17 December 2014 for the "benefit of sufferers from kidney diseases or complaints". Under the deed poll "trust monies are to only be expended on benefits that such patients would not normally receive or enjoy as patients of hospitals".

Trust funds are invested with Funds SA in their Conservative Investment Product. At 30 June 2018 the balance of the Trust was \$0.3m.

During 2017-18 the Board provided funding from the trust for holiday dialysis treatments for haemodialysis patients. This allowed patients to continue to receive dialysis treatment, using the SA Dialysis Truck from Country Health, during two short holidays to regional SA.

In accordance with priorities determined by stakeholders when the trust was set up funds have been advanced during the 2017-18 year to assist with fitting out the Transplant House SA, set up by Kidney Health Australia in Kent Town, to assist renal patients from country SA.

Separate financial statements are included as supplementary statements to the Board's financial statements for the financial year just ended.

Other Matters

Transfer of Specified Property to a Health Advisory Council (HAC)

No application has been made by a HAC to transfer property to the HSCGB as is permitted under Section 26 of the HSCG Act.

Major Bequests

Thomas Martin Estate

TA 86, which is the land on the south-east corner of Pulteney Street and Rundle Mall in the central business district of Adelaide was bequeathed to the RAH as part of the Thomas Martin Estate and this property is vested with the Board in perpetuity in accordance with the provisions of Section 25 of the HSCG Act.

On this site, the CitiCentre building construction was completed in August 1988.

Together with Part Town Acre 85, which was purchased by the Board in 1981, the Board receives an 8% rent based on the "site" or unimproved valuation. This valuation was increased by \$4.3M to \$27.2M during the 2016/17 financial year. Pursuant to the Head Lease this valuation is reviewed every five years with the next review due during the 2021-22 financial year. The Board also receives an additional annual payment equivalent to 4% of the net profit of the property. This income is used to pay for many important programs at the RAH. The Martin Estate was valued at \$51m as at 30 June 2018.

(Refer to page 16 for further details on a building works proposal received from the head lessee.)

Summary of Major Bequests

Besides the Martin Bequest the Board has received a number of bequests on behalf of PHEs. The larger of these bequests are summarised in the following table along with the Martin Bequest:

	Balance 30 June 2018 \$m
E Acraman Bequest - RAH <i>Expenditure at the RAH</i>	1.7
J Ashton Bequest - Hanson Centre for Cancer Research <i>Cancer Research</i>	3.5
Balchin Bequest - RAH Research Fund <i>Research</i>	1.4
B Gum Bequest - RAH Hospital Research Institute <i>Endocrine research</i>	1.2
S and C Hugo Fund - RAH Research Fund <i>Endocrine research and development of medicines and treatments of diseases of an endocrine nature</i>	1.2
Martin Bequest -RAH <i>Expenditure at the RAH</i>	51.0
L Moser Estate - RAH <i>Expenditure at the RAH</i>	1.1
E & PA Munday Memorial Fund - RAH <i>Expenditure at the RAH</i>	3.0
R H Nimmo Bequest - RAH <i>Expenditure such as visiting professor position at RAH</i>	4.7
Overton Bequest - RAH Research Fund <i>Various medical research grants and equipment</i>	4.7
Trevis Roberts Rheumatology Research Fund - RAH <i>Rheumatology research</i>	2.3
AA Shadgett Bequest - RAH <i>Research</i>	2.2
George Southgate Fund - Hanson Centre for Cancer Research <i>Research other than reproductive</i>	1.4

Recurrent Income is also received from the following bequests:

Balance 30 June 2018	
	\$m
M G Helpman & S M Helpman Estates - RAH <i>General purposes of cardiovascular investigation at the RAH</i>	2.0
HE Robinson Bequest - WCH <i>General purposes of the Women's and Children's</i>	1.4

Other PHE funding requests during the 2017-18 year

In addition to the various research supported by HSCGB, many other meaningful programs were supported such as:

- Support to the Palliative Care unit at the TQEH including art therapy, therapy dogs and volunteer support;
- Volunteer support to the RAH/Hampstead & TQEH including Volunteer recognition events, service badges, volunteer uniforms, travel costs, salary support for the volunteers' co-ordinator and admin support;
- Xmas Cheer for patients in the RAH over the Christmas period;
- Support for patients experiencing financial hardship including transport costs, tv vouchers, hire of independent living aids; and
- WCH "Premature Babies" Xmas party.

Registered Charities and Deductible Gift Recipient (DGR) Status

The Board is registered with the Australian Charities and Not-for-profits Commission (ACNC) as a charity and therefore is eligible for the various tax concessions, benefits and exemptions available to charities under Commonwealth law. The Board also has DGR status from the Australian Taxation Office and as such donations to the Board for the appropriate purposes are tax-deductible.

The Norman Trust and D E Brown Trust are also registered with the ACNC.

Reporting required under the *Carers' Recognition Act 2005*

The *Carers' Recognition Act 2005* is deemed applicable for the following: Department for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

Not applicable.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by	
Category of complaints by subject	Number of instances
Nil to report.	0

Data for the past five years is available at: [Data.SA](#)

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Not applicable.	0

Appendix: Audited financial statements 2017-18



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To the Chairman Health Services Charitable Gifts Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 29(2) of the *Health Services Charitable Gifts Act 2011*, I have audited the financial report of the Health Services Charitable Gifts Board for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report has been prepared in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987*, Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, and Australian Accounting Standards including:

- a) giving a true and fair view of the financial position of the Health Services Charitable Gifts Board as at 30 June 2018, its financial performance and its cash flows for the year then ended, and
- b) complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairman and the Executive Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Health Services Charitable Gifts Board. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the

audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Executive Officer and Commissioners for the financial report

The Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The Commissioners are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Officer

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Executive Officer and the Commissioners about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

30 October 2018

HEALTH SERVICES CHARITABLE GIFTS BOARD
ABN 49 517 603 275

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached general purpose financial statements for the Health Services Charitable Gifts Board (referred to in the attached as "HSCGB" or "the Board"):

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- comply with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013;
- are in accordance with the accounts and records of the Board; and
- present a true and fair view of the financial position of the Health Services Charitable Gifts Board as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that:

- the internal controls employed by the Health Services Charitable Gifts Board for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period; and
- there are reasonable grounds to believe the Board will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board members.



.....
R Pak-Poy - Chairman

29 / 10 / 18



.....
C Peirce - Executive Officer

29 / 10 / 18

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Income			
Revenue from gifts to public health entities vesting in the Board	3	7,059	5,465
Revenue from charitable foundations and other trusts	4	449	517
Investment revenue	5	7,215	11,326
Rental revenue	6,19	2,398	2,764
Other income		16	16
Total income		<u>17,137</u>	<u>20,088</u>
Expenses			
Employee & Commissioner benefits expenses	7	258	280
Supplies and services	10	107	121
Depreciation	12	6	8
Funds distributed to public health entities & prescribed research bodies	13	9,678	8,668
Investment property expenses	19	61	192
Total expenses		<u>10,110</u>	<u>9,269</u>
Profit for the year		<u>7,027</u>	<u>10,819</u>
Total comprehensive result		<u><u>7,027</u></u>	<u><u>10,819</u></u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	14	2,579	2,035
Receivables	15	390	524
Other financial assets	17	4,496	2,581
Investment properties held for sale	19	-	5,738
Total current assets		<u>7,465</u>	<u>10,878</u>
Non-current assets			
Other financial assets	17	101,004	89,243
Property, plant & equipment	18	17	23
Investment properties	19	28,650	28,250
Total non-current assets		<u>129,671</u>	<u>117,516</u>
Total assets		<u>137,136</u>	<u>128,394</u>
Current liabilities			
Payables	20	1,660	150
Employee benefits	21	12	11
Other liabilities	22	199	-
Total current liabilities		<u>1,871</u>	<u>161</u>
Non-current liabilities			
Employee benefits	21	25	20
Total current liabilities		<u>25</u>	<u>20</u>
Total liabilities		<u>1,896</u>	<u>181</u>
Net Assets		<u>135,240</u>	<u>128,213</u>
Funds held			
Funds held		135,240	128,213
Retained earnings		-	-
Total funds held	23	<u>135,240</u>	<u>128,213</u>
Unrecognised contractual commitments	24		
Contingent assets and liabilities	25		

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Note No.	Funds held \$'000	Retained earnings \$'000	Total Funds held \$'000
Balance at 30 June 2016		117,394	-	117,394
Profit for 2016-17		-	10,819	10,819
Total comprehensive result for 2016-17		-	10,819	10,819
Profit allocated to Funds held	23	10,819	(10,819)	-
Total change for the period		10,819	-	10,819
Balance at 30 June 2017		128,213	-	128,213
Profit for 2017-18		-	7,027	7,027
Total comprehensive result for 2017-18		-	7,027	7,027
Profit allocated to Funds held	23	7,027	(7,027)	-
Total change for the period		7,027	-	7,027
Balance at 30 June 2018		135,240	-	135,240

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Cash inflows			
Rent received		2,924	3,067
Imputation credits received		196	201
Interest received		400	378
Other income received		16	19
Receipts from charitable foundations and other trusts		449	517
Receipts from gifts to public health entities vesting in the Board		7,153	5,465
Cash generated from operations		<u>11,138</u>	<u>9,647</u>
Cash outflows			
Payments for supplies and services and investment property expenses		(186)	(286)
Employee benefits payments		(272)	(262)
Payments to public health entities & prescribed research bodies		(8,247)	(8,672)
Other payments		-	(7)
GST paid to the ATO		(228)	(232)
Cash used in operations		<u>(8,933)</u>	<u>(9,459)</u>
Net cash provided by operating activities	27	<u>2,205</u>	<u>188</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of investment property		5,738	-
Proceeds from the sale of financial assets		1,006	1,500
Other receipts		-	5
Cash generated from investing activities		<u>6,744</u>	<u>1,505</u>
Cash Outflows			
Purchase of improvements to investment properties		-	(68)
Purchase of financial assets		(8,400)	(1,750)
Other payments		(5)	-
Cash used in investing activities		<u>(8,405)</u>	<u>(1,818)</u>
Net cash (used in) investing activities		<u>(1,661)</u>	<u>(313)</u>
Net increase/(decrease) in cash and cash equivalents		544	(125)
Cash and cash equivalents at 1 July		2,035	2,160
Cash and cash equivalents at 30 June	14	<u>2,579</u>	<u>2,035</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2018

1 Basis of financial statements

a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987 and the Australian Charities and Not-for-profit Commission Act 2012*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements (APS) promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Treasurer has granted the Board the following variations:

- APS 3.3 of Accounting Policy Framework II *General Purpose Financial Statements Framework*. The Board is permitted to present its Statement of Comprehensive Income on a profit and loss basis. This exemption was originally granted in 2015 for the five year period ending 30 June 2019.
- APS 2.1 of Accounting Policy Framework IV *Financial Asset and Liability Framework*. The Board is permitted to report financial assets held using the fair value model.

b) Basis of preparation

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000), unless otherwise specified.

The Board has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the Board has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

c) Reporting entity

The financial report covers the Health Service Charitable Gifts Board as an individual reporting entity. The Board was established pursuant to the *Health Services Charitable Gifts Act 2011*.

The Board does not control any investees, has no joint arrangements and no interest in unconsolidated structured entities.

d) Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific accounting standard and/or accounting policy statements have required a change.

Where the Board has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Position and related notes.

The restated comparative amounts do not replace the original financial statement for the preceding period.

e) Taxation and imputation credits

The Health Services Charitable Gifts Board is exempt from income tax and has been issued with Deductible Gift Recipient (DGR) status by the Australian Taxation Office (ATO). As a result, a donation received by the Board may be an allowable deduction to the donor.

Notwithstanding the income tax exempt status, the Board is entitled to a refund of excess imputation credits. The Board recognises the entitlement to this refund as revenue at the time of receipt of a franked distribution.

The Board is liable for goods and services tax (GST), emergency services levy and local government rates.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the ATO, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

e) Taxation and imputation credits (continued)

The net amount of GST payable to the ATO is included as part of payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing activities, which is payable to the ATO, is classified as part of operating cash flows.

2 Objectives of the Health Services Charitable Gifts Board

The *Health Services Charitable Gifts Act 2011* was proclaimed on 30 June 2011 and commenced on 1 July 2011 (the HSCG Act). Previously the *Public Charities Funds Act 1935* applied.

Pursuant to the HSCG Act, prescribed gifts made to or received by public health entities (as defined in the HSCG Act and Regulations) vest in the Board. A prescribed gift means property given to a public health entity. Such gifts form part of the charitable asset, which the Board prudentially manages and applies for the benefit of public health entities.

These financial statements have been prepared in accordance with the requirements of the HSCG Act.

2.1 Vesting of Gifts

On the commencement of the HSCG Act all property previously vested in the Commissioners of Charitable Funds formed part of the charitable assets of the Board.

The HSCG Act enables the Board to act as trustee or co-trustee of a trust where the Board is named or otherwise asked to act in those roles.

The Board has been appointed as trustee of the following trusts:-

- Ray & Shirl Norman Cancer Research Trust (Norman Trust) refer to Note 2.3.
- Dorothy E Brown Charitable Trust (Brown Trust) refer Note 2.4.

As the assets have not vested in the Board the operations of the each of the above trusts are reported separately from those of the Board.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2018

2.2 Investment of Funds

Under the HSCG Act the Board has all the powers of a natural person that are capable of being exercised by a body corporate. It is able to determine appropriate investment strategies to apply.

Pursuant to section 23 of the HSCG Act, the Board meets regularly with the public sector employee who has been nominated by the Minister.

The Board is registered as a Prescribed Public Authority and primarily invests in a range of managed investment unit trust products offered by Funds SA. Funds SA is a South Australian Government owned corporation investing and managing the monies of prescribed authorities.

2.3 Ray & Shirl Norman Cancer Research Trust

The Board was appointed as sole trustee of the Norman Trust on 21 September 2011 by way of orders from the Supreme Court of South Australia.

The Board administers the revenues, expenses, assets and liabilities in accordance with the terms of the document establishing the Norman Trust. As these funds do not form part of the charitable asset they are not recognised in the Board's financial statements.

Note 31 includes a summary of the financial results of the Norman Trust for the year.

2.4 Dorothy E Brown Charitable Trust

The Board was appointed as trustee of the Brown Trust on 17 December 2014 pursuant to a Deed Poll following Supreme Court action required to clarify the terms of the will of the late Mrs Dorothy E Brown.

The Board administers the revenues, expenses, assets and liabilities in accordance with the terms of the document establishing the Brown Trust. As these funds do not form part of the charitable asset they are not recognised in the Board's financial statements.

Note 32 includes a summary of the financial results of the Brown Trust for the year.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
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3 Revenue from gifts to public health entities vesting in the Board

Revenue from gifts to public health entities
vesting in the Board

7,059	5,465
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Gifts of cash vesting in the Board are recognised on their receipt by the Board from the donee either directly or via a public health entity. Bequests and legacies are also only recognised on their receipt from the administrators or executors of an estate.

Gifts other than cash vesting in the Board are recognised at fair value as an asset and income of the Board when control of the asset passes.

4 Revenue from charitable foundations and other trusts

Revenue from charitable foundations and
other trusts

449	517
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Where the Board is an income beneficiary of a charitable foundation or trust the income has been recorded separately in the Statement of Comprehensive Income. The Board has no ownership interest or control of the assets or management of the respective charitable foundation or trust.

5 Investment revenue

Interest revenue		393	367
Distributions from unlisted unit trusts		3,689	3,264
Imputation credits	1(e)	139	211
Gain on financial assets		2,594	2,913
Net gain from fair value adjustment of investment properties	19	400	4,570
Profit from disposal of investment property	19	-	-
Sundry investment revenue		-	1
		7,215	11,326

Interest income includes interest received on bank term deposits, interest from investments and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
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5 Investment revenue (continued)

Distribution income due in relation to units held in unlisted unit trusts is recognised when the entitlement to receive that income is established.

Gains from the disposal of non-current assets and investments is recognised at the date control of the asset is passed to the buyer and are determined after deducting the carrying amount of the asset from the proceeds at that time.

6 Rental revenue

Rental revenue		<u>2,398</u>	<u>2,764</u>
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Rental income arising on investment properties is accounted for on a straight line basis over the lease term.

7 Employee & Commissioner benefits expenses

Salary and wages		188	194
Superannuation paid		18	18
Annual leave accrual		-	3
Long service leave accrual		5	20
Employee benefits expense		<u>211</u>	<u>235</u>
Commissioners' remuneration	9	47	45
Total employee & Commissioners' benefits expenses		<u>258</u>	<u>280</u>

Employee benefits expense include all costs related to employment including wage, salaries, non-monetary benefits and leave entitlements. These are recognised when incurred, at nominal value.

Superannuation expenses represent the Board's contributions to superannuation plans in respect of current services of current employees.

No employee received remuneration equal to or greater than the base executive remuneration level.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
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8 Key management personnel

Key management personnel of the Board include the Minister, the Commissioners and the Executive Officer.

The compensation detailed below excludes salaries and other benefits the Minister receives, the Minister's remuneration and allowances are set by the Parliamentary Remuneration Act 1990 and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under sec 6 of the Parliamentary Remuneration Act 1990.

Compensation:

Salaries and other short-term employee benefits	161	162
Post-employment benefits	15	16
Total	<u>176</u>	<u>178</u>

9 Remuneration of Commissioners:

The following persons held position of Commissioner during the year:

Ms Robyn Pak-Poy (Chairman) (reappointed 11 July 2017)

Mr Geoffrey Loveday (term ended 30 June 2018)

Prof Willis Marshall

The number of Commissioners whose remuneration received or receivable falls within the following bands :

\$10,000 - \$19,999	No.	3	3
Total number of Commissioners		<u>3</u>	<u>3</u>

The total remuneration received or receivable by those Commissioners was \$47,000 (2017: \$45,000) which includes sitting fees, superannuation contributions and any other salary sacrifice arrangements and are also included in notes 7 and 8 above.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
10 Supplies and services			
Accounting fees		27	27
Auditor's remuneration		33	38
Consultancy fees	11	1	9
General administration expenses		46	47
		<u>107</u>	<u>121</u>

Supplies and services generally represent day-to-day running costs, including maintenance costs, incurred in the normal operations of the Board. These items are recognised as an expense in the reporting period they are incurred.

Auditor's remuneration comprises audit fees paid/payable to the Auditor-General's Department for work performed under the Public Finance and Audit Act. No other services were provided by the Auditor-General's Department.

11 Consultancy fees

The number and dollar amount of consultancies paid/payable that fell within the following bands:

	No.	\$'000	No.	\$'000
Below \$10,000	1	1	1	9
Total paid/payable to the consultants engaged		<u>1</u>		<u>9</u>

12 Depreciation

Depreciation	<u>6</u>	<u>8</u>
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All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate on an annual basis. Depreciation is calculated on a diminishing value basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Computer equipment	2 to 5

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
13 Funds distributed to public health entities & prescribed research bodies			
Funds distributed to public health entities & prescribed research bodies		<u>9,678</u>	<u>8,668</u>
Funds distributed to public health entities and prescribed research bodies are recognised as an expense once the expenditure claim has been approved by the Board.			
14 Cash and cash equivalents			
- Current			
Cash at bank		<u>2,579</u>	<u>2,035</u>
		<u>2,579</u>	<u>2,035</u>
Interest rate risk			
Cash at bank earns a floating interest rate. The carrying amount of cash and cash equivalents represent fair value.			
15 Receivables			
- Current			
Interest income accrued		84	90
Rental income accrued		120	180
Other income receivable		1	20
Prepayments - Legal fees		23	14
Prepayments - Other		1	3
Imputation credits receivable		161	217
		<u>390</u>	<u>524</u>

Prepayments - Legal fees comprises amounts paid to the Crown Solicitor's Office in relation to disputes and other issues associated with various deceased estates in which the Board has an interest. On finalisation of these matters, the costs will be recovered/offset against the funds received from the respective estates.

Interest rate and credit risk: Collectability of receivables is reviewed on an ongoing basis. Receivables, prepayments and accrued revenues are non-interest bearing and the carrying amount approximates net fair value as the amounts are receivable on demand. Rental income accrued includes \$120,000 (2017: \$180,000) outstanding from the head lessee of Town Acre 86. Apart from this, amount there is no significant concentration of credit risk.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
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16 Fair value measurement

AASB 13: *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Fair value measurements are required to be disclosed by level, based on the following measurement hierarchy:

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 - not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 - not traded in an active market and are derived from unobservable inputs.

Fair value of financial assets at fair value through profit and loss and of investment properties have been categorised as level 2. For more information and disclosures regarding fair value measurement techniques used, refer to note 17 for financial assets and note 19 for investment properties.

17 Other financial assets

- Current

Investments in Funds SA unlisted unit trusts at fair value	3,531	2,581
Secured loan at cost	965	-
	<u>4,496</u>	<u>2,581</u>

- Non-current

Secured investment at cost	445	445
Secured loan at cost	14,035	15,000
Investments in Funds SA unlisted unit trusts at fair value	86,524	73,792
Shares & other listed securities at fair value	-	6
	<u>101,004</u>	<u>89,243</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
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17 Other financial assets (continued)

Investments are recognised and derecognised on trade date and are initially measured at fair value, net of transaction costs.

The Board classifies its other investments into the following categories:

- financial assets at fair value through profit and loss, or
- held-to-maturity investments.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through the profit and loss:

These assets are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit and loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

Held-to-maturity investments:

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board's management have the ability and the positive intention to hold to maturity. They are measured at historical cost.

The secured investment is an advance to the Port Pirie Regional Health Service Inc. in the form of a first mortgage over land and buildings held by the Service. Since commencement this investment has been interest free. Under the terms of the agreement the Service has foregone income allocations on an equivalent amount. The Board has no intention of varying the original arrangement.

The Board provided a loan of \$15m to South Australian Health and Medical Research Institute (SAHMRI) in the 2014 year for a total period of 15 years. The funds were used to acquire, establish and commission a cyclotron facility in South Australia to produce isotopes for use by South Australian organisations.

Only interest is payable on the loan for the first 5 years. Principal and interest payments apply from the quarter ended December 2018. The loan is secured against other funds held and invested by SAHMRI Investments Pty Ltd and guaranteed by SAHMRI. The interest rate is based on the Reserve Bank of Australia Cash Rate plus a margin of 0.75%.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
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17 Other financial assets (continued)

At the current balance date sufficient funds were held in SAHMRI Investment Pty Ltd, as security for the Cyclotron loan. There was a shortfall at the previous balance date that was rectified during the year and a subsequent recurrence late in the financial year, resulting in a technical breach of the covenants contained in the loan agreement. This shortfall was rectified by balance date. Notwithstanding this the Board considers that the loan is not impaired as all payments due have been received from SAHMRI in accordance with the agreement.

The Board is a Prescribed Public Authority and holds significant financial assets in a range of managed investment unit trust products offered by Funds SA. Based on the nature of the underlying assets of each fund, amounts invested in the Funds SA Cash B - Taxed Fund have been classified as current whereas all other funds are classified as non-current. During the year the remaining non-Funds SA managed and unlisted investment holdings were redeemed. At balance date no such holdings existed.

The fair value of investments in unlisted trusts is based on fair value reported by the managers of such funds. The fair value of all of these instruments have been categorised as Level 2.

(a) Categorisation and maturity analysis of other financial assets - refer note 28

(b) Risk exposure information - refer note 28

18 Property, plant & equipment

- Non-current

Office equipment at cost	40	40
Less: Accumulated depreciation	(23)	(17)
	<u>17</u>	<u>23</u>

The Board holds its property, plant and equipment for their service potential (value in use).

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
19 Investment properties			
- At fair value			
Opening balance at the beginning of the period		33,988	29,350
Disposals at carrying value		(5,738)	-
Capitalised subsequent expenditure		-	68
Net gain from fair value adjustment		400	4,570
Balance at the end of the financial year		<u>28,650</u>	<u>33,988</u>
- Current			
Investment properties - held for sale		-	5,738
- Non-current			
Investment properties - held for long term rental		28,650	28,250
		<u>28,650</u>	<u>33,988</u>
Amounts recognised in the income statement for investment properties			
- Rental operations			
Rent and recoveries income		2,398	2,764
Direct operating expenses		(61)	(192)
Net rental income recognised in profit and loss		<u>2,337</u>	<u>2,572</u>
- Disposal of investment properties			
Proceeds from disposal		5,822	-
Less: Costs of disposal		(84)	-
		<u>5,738</u>	<u>-</u>
Less Net carrying value at time of disposal		(5,738)	-
Profit from disposal of investment properties		<u>-</u>	<u>-</u>

Investment properties represent properties held to earn rentals and/or capital appreciation. Notwithstanding the occupation of a small area of one of the properties, the Board has determined that it is appropriate to treat all properties as investment properties.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
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19 Investment properties (continued)

Investment properties are initially measured at cost, including transaction costs, and are subsequently measured at fair value. Any change in fair value is recognised in the Statement of Comprehensive Income in the period in which it arises. The properties are not depreciated.

There has been no change to the fair value of the Board's interest in Citi Centre during the year ended 30 June 2018 as there was no change in the Valuer General's assessment thereof. The lease in existence at the end of the previous year was due to expire in August 2019. Following an application by the Lessee, a new lease was negotiated for a further period of 33 years to August 2052.

The Waymouth Street property was valued at 16 May 2018 by Colliers International. As a result the carrying value has increased as at 30 June 2018.

As reported in the previous year, contracts for both the Clare Property and Torrens Road properties were settled during the current year. The carrying values had been adjusted to the contracted prices less costs of sale, and both were disclosed as available for sale at 30 June 2017. In the current year the Board's interest in these properties have been removed, and no additional profit or loss recognised in the financial statements.

Fair value measurements for investment properties recognised as at 30 June 2018 are the amounts for which the properties could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties. The fair values have been determined by the Board with reference to external valuations as determined by the Valuer General or independent property valuers having appropriate, recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value of all investment properties have been categorised as Level 2.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
20 Payables			
- Current			
Accrued expenses		1,608	92
GST payable		52	58
		<u>1,660</u>	<u>150</u>

The June 2018 expense claim and other reimbursements due to the RAH of \$1,538,000 (2017: \$8,000) had been processed but not paid at balance date and has been included in accrued expenses.

Interest rate and credit risk:

Payables are measured at nominal amounts. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

(a) Categorisation of financial instruments and maturity analysis of payables - refer note 28

(b) Risk exposure information - refer note 28

21 Employee benefits - liability

- Current

Annual leave accrued	<u>12</u>	<u>11</u>
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- Non-current

Long service leave accrued	<u>25</u>	<u>20</u>
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These benefits accrue to employees as a result of services provided up to the reporting date that remain unpaid.

The annual leave liability is expected to be payable within 12 months and is measured at the nominal amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long Service Leave:

At the reporting date no employee had a vested entitlement to long service leave. It was determined that it was reasonable to provide for the estimated long service leave liability as at the end of the year for all existing employees. The liability has been measured at nominal value as the total amount of the liability is not material and would approximate the result if it had been calculated using the projected unit credit method.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
22 Other liabilities			
- Current			
Rent received in advance		199	-
23 Funds held			
Funds held on behalf of the following public health entities or their successor bodies:			
Royal Adelaide Hospital - General		106,601	100,592
Royal Adelaide Hospital - Private Practice Funds		3,046	3,646
Royal Adelaide Hospital - Glenside Campus		633	636
Hillcrest Hospital		123	115
Pt Augusta Hospital & Regional Health Service Inc		27	25
Pt Lincoln Health & Hospital Services Inc		616	421
Pt Pirie Regional Health Service Inc		574	566
The Queen Elizabeth Hospital		1,474	1,325
SA Dental Service		-	1
The Whyalla Hospital & Health Services Inc		357	334
Mt Gambier & Districts Health Service Inc		583	560
Northern Yorke Peninsula Regional Health Service		34	32
SA Pathology		12,099	12,086
Women's & Children's Hospital		6,493	5,510
Lyell McEwin Hospital		528	490
Repatriation General Hospital (transferred to Flinders Medical Centre)		-	1,056
Flinders Medical Centre		1,442	649
Noarlunga Hospital		506	5
BreastScreen SA		7	4
Medstar		43	87
Royal Adelaide Hospital, Queen Elizabeth Hospital & Hampstead Joint Funds		54	73
		135,240	128,213

Allocation of Net Profit to Funds:

Income generated by pooled assets held by the Board is distributed to individual funds based on the average balance of each fund after allowing for administration expenses incurred.

Gifts, other investment income and expenses that are directly related to an individual fund are allocated directly to that fund.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
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24 Unrecognised contractual commitments

Investment property operating lease arrangements

Unrecognised amounts receivable under operating leases over investment properties owned by the Board. No amount has been recognised in the financial statements to 30 June 2018.

The properties owned by the Board are leased to third parties for commercial use. Lease terms vary between lessees with most requiring the payment of outgoings by the lessee.

Future minimum rental revenues under non-cancellable operating commercial property leases (exclusive of GST)

	2018 \$'000	2017 \$'000
Due within one year	2,200	2,291
Due between one and five years	8,749	2,574
Due after five years	61,223	-
	<u>72,172</u>	<u>4,865</u>

The lease over the Citi Centre property is for ground rent only and comprises base annual rental (paid monthly) of 8% of the value of the land. The most recent valuation was undertaken in August 2016.

The lease in existence at the end of the previous year was due to expire in August 2019. Following an application by the Lessee, a new lease was negotiated for a further period of 33 years to August 2052.

This base rent is supplemented each year by the payment of 4% of the Lessee's net income. This at risk component has not been included in the above calculation.

A proposal has been submitted to undertake significant building work at the Citi Centre site in the near future. Pursuant to the terms of the lease, the Lessee has applied for an abatement of rent during the period of the building work. The quantum of such abatement is, at this time, unable to be determined and is not reflected in the above calculation.

25 Contingent assets and liabilities

At balance date the Board is not aware of any contingent assets or liabilities.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
26 Related party transactions			
The Board is a statutory authority established pursuant to the <i>Health Services Charitable Gifts Act 2011</i> and is a wholly owned and controlled entity of the Crown.			
Related parties of the HSCGB include all key management personnel and their close family members; all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.			
Significant transactions with government related entities			
The Board invests the majority of its funds through Funds SA. Information about transactions and balances between the Board and Funds SA are set out below.			
Income:			
Distributions from unlisted unit trusts		3,689	3,264
Gain on financial assets		<u>2,594</u>	<u>2,913</u>
Current assets:			
Investments in unlisted unit trusts at fair value		<u>3,531</u>	<u>2,581</u>
Non-current assets:			
Investments in unlisted unit trusts at fair value		<u>86,524</u>	<u>73,792</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
26 Related party transactions (continued)			
Collectively but not individually significant transactions with government related entities			
Quantitative information about transactions and balances between the Board and other SA Government entities are set out below.			
Income:			
Rental revenue		23	310
Interest revenue		<u>337</u>	<u>353</u>
Expenses:			
Funds distributed to public health entities & prescribed research bodies		<u>9,678</u>	<u>8,668</u>
Current assets:			
Secured loan at cost		<u>965</u>	<u>-</u>
Non-current assets:			
Secured investment at cost		445	445
Secured loan at cost		<u>14,035</u>	<u>15,000</u>
Current liabilities:			
Payables		<u>1,539</u>	<u>-</u>

Unless otherwise disclosed, transactions between HSCGB and any related parties are on conditions no more favourable than those it is expected the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
27 Cash flow reconciliation			
Reconciliation of profit to net cash provided by operating activities:			
Profit for the year		7,027	10,819
Add/less adjustments for:			
(Gain) on financial assets		(2,594)	(2,913)
Distributions from unlisted units trusts		(3,689)	(3,264)
Net (gain) from fair value adjustment of investment properties		(400)	(4,570)
Depreciation expense		6	8
GST expense from investing activities		8	-
Total adjusting items		<u>(6,669)</u>	<u>(10,739)</u>
Movement in assets and liabilities:			
Decrease in operating receivables		77	106
Decrease (increase) in imputation credits receivable		57	(10)
Increase in payables		1,514	2
Increase in employee entitlements		6	23
Increase (decrease) in unearned revenue		199	(28)
(Decrease) increase in GST payable		(6)	15
Total movement in assets and liabilities		<u>1,847</u>	<u>108</u>
Net cash provided by operating activities		<u>2,205</u>	<u>188</u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

28 Financial Instruments/Financial Risk Management

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability are disclosed in the respective note.

	Note	Fair Value/Carrying amount	
		2018	2017
Financial Assets			
- Cash & Cash equivalents	14	2,579	2,035
- Receivables (1),(2)	15	205	290
- Other financial assets	17	105,500	91,824
Total Financial Assets		<u>108,284</u>	<u>94,149</u>
Financial Liabilities			
- Payables (1)	20	1,572	56
Total Financial Liabilities		<u>1,572</u>	<u>56</u>

(1) Receivable and payable amounts disclosed here exclude amounts relating to imputation credits refundable and GST payable, as these obligations are sourced in Legislation.

(2) Receivables amounts disclosed here excludes prepayments. Prepayments are identified in note 15 in accordance with paragraph 78(b) of AASB 101. However prepayments are not financial assets as defined in AASB 132.

a) Credit Risk

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors the risk on a regular basis.

The Board has policies and procedures in place to manage credit risk and to ensure that transactions occur with customers with appropriate credit history. The Board does not hedge its financial assets.

Note 17 refers to the Board holding a first mortgage charge over advances made to the Port Pirie Regional Health Service Inc as well as to the long term secured loan made to SAHMRI to establish a cyclotron facility.

The carrying amount of financial assets as detailed above represents the Board's maximum exposure to credit risk.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

28 Financial Instruments/Financial Risk Management (continued)

The Board does not consider that any of the financial assets are impaired.

The following table discloses the maturity analysis of financial assets and financial liabilities.

	Note	2018 \$'000	Contractual maturities		
			< 1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial Assets					
- Cash & Cash equivalents	14	2,579	2,579	-	-
- Receivables	15	205	205	-	-
- Other financial assets	17	105,500	4,496	-	101,004
Total Financial Assets		108,284	7,280	-	101,004
Financial Liabilities					
- Payables	20	1,572	1,572	-	-
Total Financial Liabilities		1,572	1,572	-	-

	Note	2017 \$'000	Contractual maturities		
			< 1 year \$'000	1-5 years \$'000	>5 years \$'000
Financial Assets					
- Cash & Cash equivalents	14	2,035	2,035	-	-
- Receivables	15	290	290	-	-
- Other financial assets	17	91,824	2,581	-	89,243
Total Financial Assets		94,149	4,906	-	89,243
Financial Liabilities					
- Payables	20	56	56	-	-
Total Financial Liabilities		56	56	-	-

b) Liquidity risk

Liquidity risk arises where the Board is unable to meet its financial obligations as they fall due.

Other than the specific items mentioned below the Board's exposure to liquidity risk is considered insignificant based on past experience and current assessment of risk.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

28 Financial Instruments/Financial Risk Management (continued)

As previously outlined in these financial statements the Board now primarily invests through various products offered by Funds SA. Funds SA is a large institutional investment specialist servicing the South Australian Government and its statutory authorities. The Board no longer actively invests directly in tradeable securities but rather in unlisted units in investment funds managed by Funds SA. The Board's liquidity risk for these products is now the risk of a request to redeem units not being satisfied by Funds SA in the required timeframe.

The Board is satisfied that the resulting liquidity risk is also insignificant based on Funds SA liquidity risk management policies as follows;

- The allocation of cash in the strategic asset allocation of each investment option is set at a sufficient level to manage expected cash redemptions, and
- A large proportion of each investment option is invested in highly liquid investments as actively traded equities, unit trusts or securities with short term maturities.

The carrying amount of financial liabilities recorded above represent the Board's maximum exposure to liquidity risk.

c) Market risk

Market risk is the risk that investment returns generated by the different financial markets will be volatile and will deviate from long-term expectations over the short/medium term.

As previously outlined in these financial statements the Board now primarily invests through various investment products offered by Funds SA. The Board no longer actively invests directly in tradeable securities but rather in unlisted units in investment funds managed by Funds SA. The Board's market risk is now the risk of a change in value of underlying assets adversely affecting the value of the Board's investment in these units.

The Board is satisfied that the resulting market risk has been significantly reduced based on Funds SA market risk management policies as follows;

- Ensuring a diversity of exposures to different financial markets and sub-markets; and
- Ensuring asset allocations for different investment options are consistent with the time horizon of each.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

28 Financial Instruments/Financial Risk Management (continued)

d) Sensitivity Analysis

A general fall in the fair value of long term investments in unlisted unit trusts of 5% and 10%, if equally spread over all assets in the portfolio, would lead to a reduction in value of \$4,326,000 (2017: \$3,690,000) and \$8,652,000 (2017: \$7,380,000) respectively.

The Board believes the underlying quality of the assets support the conclusion that the value of financial assets are not overstated.

29 New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies during 2017-18.

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the year ended 30 June 2018.

AASB 9 *Financial Instruments* will apply to financial years commencing after 1 January 2018. The Board has reviewed the impact of the introduction of this new standard and believes no change will be required on its introduction as it is consistent with its existing policies for reporting financial assets.

AASB 1058 *Income of Not-for-Profit Entities* will apply to financial years commencing after 1 January 2019. The Board has reviewed the impact of the introduction of this new standard and believes no change will be required on its introduction as it is consistent with its existing policies for reporting of gifts.

30 Events after the reporting period

No events requiring disclosure occurred between 30 June and the date the financial statements were authorised.

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	2018 \$	2017 \$
<hr/>		
31 Ray & Shirl Norman Cancer Research Trust		
<p>The Ray & Shirl Norman Cancer Research Trust ('Trust' or 'Fund') was created under the will of Mr Raymond Norman who passed away on 23 March 2006. All income derived by the Trust is to be "used for the purpose of the prevention and cure of cancer and anything incidental or conducive to those purposes".</p> <p>Under the terms of the will the Royal Adelaide Hospital (RAH) was appointed as trustee of the Fund and were required to administer the Fund for the designated purpose. Following legal advice that the RAH was not able to act as trustee application was made to the Supreme Court and the Health Services Charitable Gifts Board (HSCGB) assumed the role as sole Trustee from 21 September 2011.</p> <p>The following summary of the financial results for the year of the Ray & Shirl Norman Cancer Research Trust are included for information purposes only. All amounts are rounded to the nearest dollar.</p>		
Schedule of income and expenses		
Total income	680,070	744,610
Total expenses	<u>243,345</u>	<u>257,660</u>
Total comprehensive result	<u><u>436,725</u></u>	<u><u>486,950</u></u>
Schedule of financial position		
Total assets	7,559,134	7,049,297
Total liabilities	<u>75,195</u>	<u>2,083</u>
Net assets	<u><u>7,483,939</u></u>	<u><u>7,047,214</u></u>

HEALTH SERVICES CHARITABLE GIFTS BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2018

\$

2017

\$

32 Dorothy E Brown Charitable Trust

The Dorothy E Brown Charitable Trust ('Trust' or 'Fund') was established by Deed Poll dated 17 December 2014 pursuant to Section 21 of the Health Services Charitable Gifts Act 2011.

In accordance with the will of Mrs Dorothy E Brown dated 16 August 1971 the residue of her estate was bequeathed to the now defunct Hospitals Department of the South Australian Government for the "benefit of sufferers from kidney diseases or complaints". The amount of the residue has been held by SA Health since October 2009 and was the subject of Supreme Court proceedings seeking directions in relation to the residue. The judgement of the Court from those proceedings was that the deceased's will established a charitable trust and that, having consented to its appointment, the Health Services Charitable Gifts Board (HSCGB) should be appointed as trustee of this charitable trust. The Deed Poll dated 17 December 2014 appoints the HSCGB as trustee and provided further guidance of the administration of the charitable trust.

Under the terms of the Deed Poll the HSCGB was appointed as trustee and an initial sum of \$286,621 was provided by SA Health to be administered by the HSCGB. These funds are invested through Funds SA in an account in the name of the Trust.

In accordance with the judgment the terms of the Trust were varied whereby -

- the trust monies (income and/or capital) may be applied for the benefit of any patient of a hospital incorporated under the Health Care Act 2008 who is suffering from a kidney disease or complaint; and
- the trust monies (income and/or capital) shall be expensed on benefits that such patients would not normally receive or enjoy as patients of those hospitals.

The following summary of the financial results for the year of the Dorothy E Brown Charitable Trust are included for information purposes only. All amounts are rounded to the nearest dollar.

Schedule of income and expenses

Income	17,874	20,997
Total expenses	49,286	5,843
Total comprehensive result	<u>(31,412)</u>	<u>15,154</u>

Schedule of financial position

Total assets	284,175	315,587
Total liabilities	-	-
Net assets	<u>284,175</u>	<u>315,587</u>

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF RAY AND SHIRL NORMAN CANCER RESEARCH
TRUST****Qualified Opinion**

We have audited the financial report of Ray and Shirl Norman Cancer Research Trust (the Entity), which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, and the declaration by those charged with governance.

In our opinion, except for the effects on the financial statements of the matter referred to below, the accompanying financial report of the Entity presents fairly, in all material respects, in accordance with the accounting policies described in the notes to the financial statements, the financial position of the trust at 30 June 2018 and its financial performance and its cash flows for the year then ended.

Basis for Qualified Opinion

The trust holds investments in two Funds SA products valued at \$7,482,482. As the underlying assets are custodially held, we were unable to verify the holdings directly, and therefore relied on the reports provided by Funds SA. At the time of audit, these reports provided by Funds SA were unaudited.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter – Basis of Accounting

Without further modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Ray and Shirl Norman Cancer Research Trust to meet the requirements of the Trustee's needs. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ASF Audits



Richard Smith RCA
Director

26 September 2018
Adelaide SA

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST
ABN 48 360 657 320

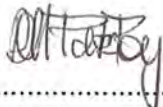
CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached special purpose financial statements for the Ray & Shirl Norman Cancer Research Trust (referred to in the attached as "the Trust"):

- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Ray & Shirl Norman Cancer Research Trust as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Ray & Shirl Norman Cancer Research Trust for the financial year over its financial reporting and its preparation of the special purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the members of the Board of the Trustee.



.....
R Pak-Poy - Chairman

10 / 09 / 18



.....
C Peirce - Executive Officer

10 / 9 / 18

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2018

	Note No.	2018 \$	2017 \$
Income			
Interest revenue		1,878	353
Distributions - Funds SA		349,557	308,001
Imputation credits	2.2	15,072	25,975
Gain on financial assets		313,563	410,281
Total income		<u>680,070</u>	<u>744,610</u>
Expenses			
Administration costs	3	22,528	21,296
Research funding	4	220,817	236,364
Total expenses		<u>243,345</u>	<u>257,660</u>
Net profit		<u>436,725</u>	<u>486,950</u>
Total comprehensive income		<u><u>436,725</u></u>	<u><u>486,950</u></u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note No.	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	5	55,490	198,856
GST receivable		3,409	3,409
Imputation credits receivable		17,753	27,670
Other financial assets at fair value	6	394,977	259,824
Total current assets		<u>471,629</u>	<u>489,759</u>
Non-current assets			
Other financial assets at fair value	6	7,087,505	6,559,538
Total non-current assets		<u>7,087,505</u>	<u>6,559,538</u>
Total assets		<u>7,559,134</u>	<u>7,049,297</u>
Current liabilities			
Accrued expenses		75,195	2,083
Total current liabilities		<u>75,195</u>	<u>2,083</u>
Total liabilities		<u>75,195</u>	<u>2,083</u>
Net assets		<u>7,483,939</u>	<u>7,047,214</u>
Trust funds			
Trust funds		4,403,529	4,403,529
Retained earnings		3,080,410	2,643,685
Total trust funds		<u>7,483,939</u>	<u>7,047,214</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2018

	Note No.	Trust Funds	Retained Earnings	Total Trust Funds
		\$	\$	\$
Balance at 30 June 2016		4,403,529	2,156,735	6,560,264
Net profit for 2016-17		-	486,950	486,950
Total comprehensive income for 2016-17		-	486,950	486,950
Balance at 30 June 2017		4,403,529	2,643,685	7,047,214
Net profit for 2017-18		-	436,725	436,725
Total comprehensive income for 2017-18		-	436,725	436,725
Balance at 30 June 2018		4,403,529	3,080,410	7,483,939

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Cash inflows			
Interest received		1,878	353
Imputation credits received		24,989	26,505
GST refunds received		14,772	13,636
		<u>41,639</u>	<u>40,494</u>
Cash generated from operations			
Cash outflows			
Payment for administration costs		(22,505)	(21,273)
Payment for research funding		(162,500)	(250,000)
		<u>(185,005)</u>	<u>(271,273)</u>
Cash used in operations			
Net cash (used in) operating activities	7	<u>(143,366)</u>	<u>(230,779)</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of financial assets		-	422,700
		<u>-</u>	<u>422,700</u>
Cash generated from investing activities			
Cash used in investing activities		<u>-</u>	<u>-</u>
Net cash provided by investing activities		<u>-</u>	<u>422,700</u>
Net increase/(decrease) in cash and cash equivalents		(143,366)	191,921
Cash and cash equivalents at 1 July		198,856	6,935
Cash and cash equivalents at 30 June	5	<u>55,490</u>	<u>198,856</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

1 Objectives of the Trust

The Ray & Shirl Norman Cancer Research Trust ('Trust' or 'Fund') was created under the will of Mr Raymond Norman who passed away on 23 March 2006. All income derived by the Trust is to be "used for the purpose of the prevention and cure of cancer and anything incidental or conducive to those purposes".

Under the terms of the will the Royal Adelaide Hospital (RAH) was appointed as trustee of the Fund and were required to administer the Fund for the designated purpose. Following legal advice that the RAH was not able to act as trustee application was made to the Supreme Court and the Health Services Charitable Gifts Board (HSCGB) assumed the role as sole Trustee from 21 September 2011.

2 Statement of Principal Accounting Policies

2.1 Format of the Accounts

The attached financial reports and related notes are special purpose financial statements that provide information on the value and operations of the trust being administered.

The Statements have been prepared using the accrual basis of accounting and are in accordance with the historical cost convention, except for financial assets which are reported at Fair Value in accordance with the applicable valuation policy adopted.

All amounts are rounded to the nearest dollar.

2.2 Taxation and Imputation Credits

The Ray & Shirl Norman Cancer Research Trust is exempt from income tax and has been granted status as a Charitable Fund.

As a Charitable Fund the Trust is entitled to a refund of imputation credits. Entitlement to this refund is recognised as revenue at the time of receipt of the franked dividend or distribution.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

2.2 Taxation and Imputation Credits (continued)

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

- when GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to the ATO is included as part of the receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and any GST arising from investing activities, which is payable to the ATO, is classified as part of operating cash flows.

2.3 Basis of valuation - Assets

Cash and cash equivalents

Cash on hand, deposits held at call and other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value are carried at nominal value.

Other financial assets

The trustee is a Prescribed Public Authority which enables the Trust to invest through Funds SA. As these investments are managed and their performance evaluated in accordance with a documented investment strategy and the information reported to the trustee on a regular basis it is considered appropriate that they be designated as fair value through profit and loss.

Investments are recognised and derecognised on trade date and are initially measured at fair value, net of transaction costs.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

2.3 Basis of valuation - Assets (continued)

Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through the profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of financial instruments are classified, according to fair value hierarchy, at level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability

Fair value of unlisted unit trusts

Investments in unlisted unit trusts are recorded at the fair value as reported by the managers of such funds as at 30 June 2018.

2.4 Basis of valuation - General

Accrued Revenue and Accrued Expenses are carried at their nominal amounts.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

	2018 \$	2017 \$
3 Administration costs		
Accounting services	3,828	3,696
Audit fees	1,100	-
General administration expenses	17,600	17,600
	<u>22,528</u>	<u>21,296</u>

Audit fees are paid to ASF Audits for audit services. No other services were provided by ASF Audits. Prior years audits were carried out by the Auditor General and included in the Health Services Charitable Gifts Boards costs.

General administration expenses are amounts paid to Health Services Charitable Gifts Board for the provision of administration services and other costs incurred in its capacity as trustee of the Ray & Shirl Norman Cancer Research Trust.

4 Research funding

Research funding (net of GST)	<u>220,817</u>	<u>236,364</u>
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The will establishing the Ray & Shirl Norman Cancer Research Trust required the income of the fund to be used "...for the prevention and cure of cancer.." and during the year funds were provided in support of cancer research projects.

At 30 June 2018 research funding amounts agreed to, but not yet due totalled \$937,135 (2017: \$412,500) (inclusive of any GST).

As these amounts are not yet due they have not been recognised in these financial statements.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

	2018	2017
	\$	\$

5 Cash and cash equivalents
- Current

NAB Business Account	<u>55,490</u>	<u>198,856</u>
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Interest rate risk

Cash at bank earns a floating interest rate. The carrying amount of cash and cash equivalents represents fair value.

6 Other financial assets at fair value

The trustee was is a Prescribed Public Authority and invests in unlisted unit trusts managed by Funds SA.

Surplus cash and short term deposit assets of the Trust are invested in Funds SA Cash B - Taxed Fund and disclosed as current assets at fair value.

Other investments are invested in Funds SA Growth B - Taxed Fund and disclosed as non-current assets at fair value.

- Current

Investments in unlisted unit trusts at fair value	<u>394,977</u>	<u>259,824</u>
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- Non-current

Investments in unlisted unit trusts at fair value	<u>7,087,505</u>	<u>6,559,538</u>
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HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
RAY & SHIRL NORMAN CANCER RESEARCH TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

	2018 \$	2017 \$
<hr/>		
7 Cash flow reconciliation		
Reconciliation of net profit to net cash (used in) operating activities:		
Net profit	436,725	486,950
Add/less non cash items:		
(Gain) on financial assets	(313,563)	(410,281)
Distributions from unlisted units trusts	(349,557)	(308,001)
Total non cash items	<u>(663,120)</u>	<u>(718,282)</u>
Movement in assets and liabilities:		
Decrease in imputation credits receivable	9,917	530
Increase in payables	73,112	23
Total movement in assets and liabilities	<u>83,029</u>	<u>553</u>
Net cash (used in) operating activities	<u><u>(143,366)</u></u>	<u><u>(230,779)</u></u>

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF DOROTHY E BROWN CHARITABLE TRUST****Qualified Opinion**

We have audited the financial report of Dorothy E Brown Charitable Trust (the Entity), which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, and the declaration by those charged with governance.

In our opinion, except for the effects on the financial statements of the matter referred to below, the accompanying financial report of the Entity presents fairly, in all material respects, in accordance with the accounting policies described in the notes to the financial statements, the financial position of the trust at 30 June 2018 and its financial performance and its cash flows for the year then ended.

Basis for Qualified Opinion

The trust holds investments in a Funds SA product valued at \$283,810. As the underlying assets are custodially held, I was unable to verify the holdings directly, and therefore relied on the reports provided by Funds SA. At the time of audit, these reports provided by Funds SA were unaudited.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter – Basis of Accounting

Without further modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Dorothy E Brown Charitable Trust to meet the requirements of the Trustee's needs. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ASF Audits



Richard Smith RCA
Director

26 September 2018
Adelaide SA

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST
ABN 76 417 094 848

CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the attached special purpose financial statements for the Dorothy E Brown Charitable Trust (referred to in the attached as "the Trust"):

- are in accordance with the accounts and records of the Trust; and
- present a true and fair view of the financial position of the Dorothy E Brown Charitable Trust as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Dorothy E Brown Charitable Trust for the financial year over its financial reporting and its preparation of the special purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the members of the Board of the Trustee.



.....
R Pak-Poy - Chairman

29 / 08 / 18



.....
C Peirce - Executive Officer

29 / 8 / 18

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Income			
Distribution - Funds SA		10,381	12,813
Imputation credits	2.2	304	600
Gain on financial assets		7,189	7,584
Total income		<u>17,874</u>	<u>20,997</u>
Expenses			
Administration costs	3	770	-
Charitable purposes funding	4	48,516	5,843
Total expenses		<u>49,286</u>	<u>5,843</u>
Net (loss) profit		<u>(31,412)</u>	<u>15,154</u>
Total comprehensive (deficiency) income		<u>(31,412)</u>	<u>15,154</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	2018 \$	2017 \$
Current assets			
Imputation credits receivable	2.2	365	592
Other financial assets	5	-	570
Total current assets		<u>365</u>	<u>1,162</u>
Non-current assets			
Other financial assets	5	283,810	314,425
Total non-current assets		<u>283,810</u>	<u>314,425</u>
Total assets		<u>284,175</u>	<u>315,587</u>
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>284,175</u>	<u>315,587</u>
Trust funds			
Trust funds		284,175	286,621
Retained earnings		-	28,966
Total trust funds		<u>284,175</u>	<u>315,587</u>

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2018

	Note	Trust Funds	Retained Earnings	Total Trust Funds
		\$	\$	\$
Balance at 30 June 2016		286,621	13,812	300,433
Total comprehensive income for 2016-17		-	15,154	15,154
Total Change for the period		-	15,154	15,154
Balance at 30 June 2017		286,621	28,966	315,587
Total comprehensive (deficiency) for 2017-18		-	(31,412)	(31,412)
Transfer of Trust Funds		(2,446)	2,446	-
Total Change for the period		(2,446)	(28,966)	(31,412)
Balance at 30 June 2018		284,175	-	284,175

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Cash inflows			
Imputation credits received		531	570
Cash generated from operations		<u>531</u>	<u>570</u>
Cash outflows			
Payment for administration costs		(770)	(2,187)
Payment for charitable purposes		(48,516)	(5,843)
Cash used in operations		<u>(49,286)</u>	<u>(8,030)</u>
Net cash (used in) operating activities	6	<u>(48,755)</u>	<u>(7,460)</u>
Cash flows from investing activities			
Cash inflows			
Proceeds from sale of financial assets		48,755	7,460
Cash generated from investing activities		<u>48,755</u>	<u>7,460</u>
Cash used in investing activities		<u>-</u>	<u>-</u>
Net cash provided by investing activities		<u>48,755</u>	<u>7,460</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 July		-	-
Cash and cash equivalents at 30 June		<u>-</u>	<u>-</u>

Due to the inactive nature of the Trust, it does not operate a bank account. Should the need arise, funds are redeemed from the Funds SA investment and payments made on behalf of the Trust via the HSCGB bank account.

The above statement should be read in conjunction with the accompanying notes.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

1 Objectives of the Trust

The Dorothy E Brown Charitable Trust ('Trust' or 'Fund') was established by Deed Poll dated 17 December 2014 pursuant to Section 21 of the Health Services Charitable Gifts Act 2011.

In accordance with the will of Mrs Dorothy E Brown dated 16 August 1971 the residue of her estate was bequeathed to the now defunct Hospitals Department of the South Australian Government for the "benefit of sufferers from kidney diseases or complaints". The amount of the residue has been held by SA Health since October 2009 and was the subject of Supreme Court proceedings seeking directions in relation to the residue. The judgement of the Court from those proceedings was that the deceased's will established a charitable trust and that, having consented to its appointment, the Health Services Charitable Gifts Board (HSCGB) should be appointed as trustee of this charitable trust. The Deed Poll dated 17 December 2014 appoints the HSCGB as trustee and provided further guidance of the administration of the charitable trust.

Under the terms of the Deed Poll the HSCGB was appointed as trustee and an initial sum of \$286,621 was provided by SA Health to be administered by the HSCGB. These funds are invested through Funds SA in an account in the name of the Trust.

In accordance with the judgment the terms of the Trust were varied whereby -

- the trust monies (income and/or capital) may be applied for the benefit of any patient of a hospital incorporated under the Health Care Act 2008 who is suffering from a kidney disease or complaint; and
- the trust monies (income and/or capital) shall be expensed on benefits that such patients would not normally receive or enjoy as patients of those hospitals.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

2 Summary of Principal Accounting Policies

2.1 Format of the Accounts

The attached financial reports and related notes are special purpose financial statements that provide information on the value and operations of the trust being administered.

The Statements have been prepared using the accrual basis of accounting and are in accordance with the historical cost convention, except for financial assets which are reported at Fair Value in accordance with the applicable valuation policy adopted.

All amounts are rounded to the nearest dollar.

2.2 Taxation and Imputation Credits

The Dorothy E Brown Charitable Trust is exempt from income tax and has been granted status as a Charitable Fund.

As a Charitable Fund the Trust is entitled to a refund of imputation credits. Entitlement to this refund is recognised as revenue at the time of receipt of the franked dividend or distribution in relation to investments held by the Trust.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

2.3 Basis of valuation - Assets

Other financial assets

The trustee is a Prescribed Public Authority which enables the Trust to invest through Funds SA. As these investments are managed and their performance evaluated in accordance with a documented investment strategy and the information reported to the trustee on a regular basis it is considered appropriate that they be designated as fair value through profit and loss.

Investments are recognised and derecognised on trade date and are initially measured at fair value, net of transaction costs.

Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through the profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Fair value of financial instruments are classified, according to fair value hierarchy, at level 2 - fair values that are based on inputs that are directly or indirectly observable for the asset/liability

Fair value of unlisted unit trusts

Investments in unlisted unit trusts are recorded at the fair value as reported by the managers of such funds as at 30 June 2018

2.4 Basis of valuation - General

Accrued Revenue and Accrued Expenses are carried at their nominal amounts.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
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3 Administration costs

Audit fees		770	-
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Audit fees are paid to ASF Audits for audit services. No other services were provided by ASF Audits. Prior years audits were carried out by the Auditor General and included in the Health Services Charitable Gifts Boards costs.

4 Charitable purpose funding

Salaries		18,608	-
Travel and accommodation		15,513	5,843
Other - furnishing Transplant House		14,395	-
		<u>48,516</u>	<u>5,843</u>

The terms of the Dorothy E Brown Charitable Trust require the fund be used for the "benefit of sufferers from kidney diseases or complaints". The expenditure for the year relates to salary, on-costs and accommodation for travel to regional areas of the State for dialysis support for sufferers of kidney diseases. Financial support was also provided to enable the furnishing of Transplant House for the benefit of kidney disease patients.

5 Other Financial assets

The Trust invests in the Funds SA Conservative B - Taxed Fund. As this is considered to be a long term holding it is disclosed as a non-current asset at fair value.

Financial assets though profit and loss

- Current

Short term advance HSCGB		-	570
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- Non-Current

Investments in unlisted unit trusts at fair value		283,810	314,425
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HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee for the
DOROTHY E BROWN CHARITABLE TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
6 Cash flow reconciliation			
Reconciliation of net profit (loss) to net cash (used in) operating activities:			
Net (loss) profit		(31,412)	15,154
Add/less non cash items:			
(Gain) on financial assets		(7,189)	(7,584)
Distributions from unlisted units trusts		(10,381)	(12,813)
Total non cash items		<u>(17,570)</u>	<u>(20,397)</u>
Movement in assets and liabilities:			
Decrease (increase) in imputation credits receivable		227	(30)
(Increase) in other receivables		-	(1,725)
(Decrease) in payables		-	(462)
Total movement in assets and liabilities		<u>227</u>	<u>(2,217)</u>
Net cash (used in) operating activities		<u>(48,755)</u>	<u>(7,460)</u>