HOUSE OF ASSEMBLY
LAID ON THE TABLE

30 Nov 2016

The Health Services Charitable Gifts Board

Annual Report
2015-16

HSCGB
Health Services Charitable Gifts Board

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HSCGB
Health Services Charitable Gifts Board

Hon. Jack Snelling MP
Minister for Health

Dear Minister

In accordance with the *Health Services Charitable Gifts Act 2011* I am pleased to submit the annual report and financial statements for the Health Services Charitable Gifts Board for presentation to Parliament.

This report provides an accurate account of the operations of the Health Services Charitable Gifts Board for the financial year ending 30 June 2016, in compliance with the Department of the Premier and Cabinet Circular on annual reporting requirements.

Yours faithfully,

Geoff Loveday
Acting Chairman

28 September 2016

Health Services Charitable Gifts Board
Annual Report 2015-16

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This annual report was prepared by the Health Services Charitable Gifts Board.

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THE HEALTH SERVICES CHARITABLE GIFTS BOARD
REPORT 2015-16

INTRODUCTION

The Health Services Charitable Gifts Board (**the Board**) is pleased to submit to the Honorable Minister for Health, the fifth Annual Report of the Board detailing its activities for the year ended 30 June 2016.

The General Purpose Financial Report, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to and Forming Part of the Financial Statements are submitted together with a copy of the Independent Audit Report from the Auditor General. Special Purpose Financial Reports are also provided covering the following separately administered trusts of which the Board is trustee:

- The Ray and Shirl Norman Cancer Research Trust (**Norman Trust**);
- The South Australian Health and Medical Research Institute Charitable Health Trust (**SCHT**); and
- The Dorothy E Brown Charitable Trust.

The Board began operations on 1 July 2011, with the commencement of the *Health Services Charitable Gifts Act, 2011* (**HSCG Act)**, and replaced the former Commissioners of Charitable Funds. Under Section 5 of the HSCG Act, the Commissioners of Charitable Funds continued as the Board.

The Board (collectively the Board and individually the Commissioners) is a body politic and corporate created on 1 July 2011 for the purpose of administering gifts made for the benefit of, or to further the research carried out by Public Health Entities (**PHE**'s) in South Australia.

The institutions proclaimed as Public Health Entities under Section 4 of the HSCG Act are listed on page 6.

The body the Board replaced, the Commissioners of Charitable Funds, was established in 1875 for the purpose of administering gifts made for the maintenance and support of Public Charitable Institutions. Pursuant to the HSCG Act, assets held as part of the charitable asset prior to the commencement of the HSCG Act continue as part of the charitable asset.

PURPOSE, FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The Board has been established to hold charitable gifts and donations received by proclaimed public hospitals and research institutions. Funds held are 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 HSCG Act specifies that the Town Acre 86 fund (**TA 86**), which comprises the land on the south-east corner of Pulteney Street and Rundle Mall, and forms a significant part of the fund, be held in perpetuity by it. Part Town Acre 85 (**TA 85**), which was purchased by the Commissioners of Charitable Funds in 1981 to facilitate the construction of the current CitiCentre building, is included in the ground lease (refer page 14).

The Board consults with persons considered to be appropriate in relation to the application of funds under the 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.

The Board also has other duties under the HSCG Act including the provision of advice to the Minister as appropriate or requested.

BOARD MEETINGS AND COMMISSIONERS (Board Members)

The Board met eleven times during the financial year. In addition, the Board addressed numerous matters by electronic means as is provided for by Section 9 of the HSCG Act and the Board's policy for the conduct of meetings and resolution of matters electronically.

The Governor appoints each Commissioner for a 3-year term as set out in Section 5 of the HSCG Act. Details of appointments are summarised in the table below:

Commissioner	First appointed	Reappointed
Ms Robyn Pak-Poy	11 July 2008	2011 and 2014
Mr Geoff Loveday	29 June 2006	2009,2012 and 2015
Professor Villis Marshall	1 July 2013	2016

SOURCE OF FUNDS HELD

Funds and other assets that have been given to proclaimed institutions, 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.

Public Health Entities are also able to transfer property to the Board pursuant to Section 17 of the HSCG Act. No transfers occurred during the year.

PROCLAIMED INSTITUTIONS

PHE's proclaimed under Section 4 of the HSCG Act for the full financial year are shown in the table below.

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

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.

BOARD'S VISION

The Board's vision is to provide excellence in its stewardship, investment and application of funds held by it, to benefit PHE's and relevant research bodies in their delivery of services, equipment and research in accordance with the HSCG Act.

As a result the Board targets best practice throughout its operations after allowing for the relatively small size of the organisation. It endeavours to act in a timely, principled and ethical manner to address funding requests put before it. It seeks accountability for the

funds being spent by PHE's and also seeks to ensure that funding provided to them is done so on a long-term sustainable basis.

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 rare 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.

During the 2015-16 financial year, there were consultations with TQEH and RAH (including Hampstead Palliative Care) concerning the pooling of and allocation of funds for Palliative Care and Social Work given the reorganisation of these services across CALHN. These funds are now shown separately in the table on page 8.

FUNDS RECEIVED

Funds received for the 2015-16 financial year were $7.08m ($11.78m in 2014-15 and $7.34m in 2013-14) and comprised contributions from estates and gifts to different units of the Royal Adelaide Hospital and other public health entities.

Total Funds Received	**2015-16 ($'000)**	**2014-15 ($'000)**	**2013-14 ($'000)**
Bequests	3,008	6,756	595
Gifts and Donations Other Than Bequests	4,080	5,028	6,744
Total	**7,088**	**11,784**	**7,339**

During the previous financial year a number of bequests were completed leading to the decrease on the 2014-15 year shown in the table above. Other gifts also fell during the financial year. This fall was not unexpected given that gifts received during 2014-15 were significantly higher than in 2013-14.

For the 2015-16 financial year funds (bequests, gifts and donations) were received in respect of the following public health entities:

PHE 2015-16 Funds Received	2015-16 Total ($'000)	2015-16 Bequests ($'000)	2015-16 Other ($'000)
RAH	4,376	1,764	2,612
RAH, TQEH, Hampstead Joint Funds	123	0	123
TQEH	68	0	68
Women's & Children's Hospital	1,135	612	523
Lyell McEwin Hospital	210	100	110
Modbury	22	0	22
Flinders Medical Centre	97	95	2
Noarlunga Hospital	0	0	0
Repatriation General Hospital	1	1	0
Mount Gambier	8	0	8
SA Pathology & Hanson Centre	1,047	436	611
Breastscreen SA	1	0	1
Total	**7,088**	**3,008**	**4,080**

Further details of the bequests received are contained in the following table on the next page.

Bequests Received 2015-16			
Estate		**Estate**	
RAH and TQEH		***SA Pathology & Hanson Institute***	
LJ Balchin	MJ Eden	TJ Ashton	VM Dodd
BC Eltringham	MG & SM Helpman	R Doepke	VW Edgar
SJ Hugo	V Medric	E Foley	MB Lines
D Pickstone	AH Schlank	RK Mckenna	BP Smith
T Shaw	R Spencer	BE Spaeth	VE Sporn
L Thompson	JM Williams	D Upton	
Women's' & Children's Hospital		***Flinders Medical Centre***	
JE Allen	GA Carter	DE Davis	D Polglase
FJ Colmer	AC Cutts	***Repatriation General Hospital***	
VW Edgar	EM McDonald	MA Dennis	
J Melrose	HE Robinson	***Lyell McEwin***	
AH Schlank	KR Tottle	VW Edgar	
JH Whitehead			

INVESTMENTS

Following the comprehensive review conducted in previous years of the Board's investment policies and structures aimed at ensuring they are in line with institutional investing best practice, the Board transferred management of its cash and equity investments to the Superannuation Funds Management Corporation of South Australia (**Funds SA**) during the previous year.

The previously established policies were reviewed again during the 2015-16 year. No significant changes were made to the policies.

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 $25 billion investment portfolio;

- 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.

During the 2015-16 year the Board sold its property at 8 Greenhill Road Wayville. Proceeds from this sale were also invested through Funds SA.

The Board's property investments are discussed later in this report on page 13.

Investment Advisor

The Board continued to meet regularly during the financial year with Mr Kevin Cantley, Executive Director Public Finance within the Department of Treasury and Finance. Mr Cantley has been appointed by the Minister of Health to advise the Board on investment and related matters pursuant to Section 23 of the HSCG Act. The meetings were of a general nature and were in relation to the investment activities of the Board.

The investment policies that resulted from the investment review (referred to above) were referred to Mr Cantley and he was supportive of the approach taken.

No specific advice has been given or formal recommendations made to the Board by Mr Cantley during or since the end of the financial year.

Mr Cantley continues to be supportive of the Board's integration of institutional quality investment arrangements across the organisation.

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 the investment strategy for each portfolio it administers in consultation with Funds SA.

The investment strategies discussed below for each of the Board's portfolios became effective, from the time that Funds SA commenced investing the Board's funds.

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. The HSCGB Pool portfolio involves a three year investing time horizon, a target investment return of

2.5% per annum above consumer price inflation and the potential for a negative investment return one year in nine. The portfolio comprises the following investment components:

- Funds SA Capital Defensive product;
- Funds SA Balanced product;
- Funds SA Growth product;
- Funds SA Cash product;
- Direct loan at a concessional interest rate to SAHMRI associated with the purchase and establishment of a Cyclotron;
- 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; and
- Direct holdings of commercial property.

Martin portfolio

This portfolio comprises a bequest from the late Thomas Martin and comprises 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.

The Martin portfolio involves a ten year investing time horizon, a target investment return of 4.1% per annum above consumer price inflation and the potential for a negative investment return one year in 12. The portfolio comprises the following investment components:

- HSCGB Pool portfolio; and
- Ground rent derived from ownership of TA 86 and Part TA 85.

Norman portfolio

This portfolio comprises a bequest from the late Raymond Simpson Norman to establish the Ray and Shirl Norman Cancer Research Trust. The Norman portfolio involves a ten year investing time horizon, a target investment return of 3.7% per annum above consumer price inflation and the potential for a negative investment return one year in five. The portfolio comprises the following investment components:

- Funds SA Cash product; and
- Funds SA Growth portfolio.

SAHMRI Charitable Health Trust (SCHT) Portfolio

This portfolio was established in 2013 at the request of the Minister of Health and arises primarily from the sale of the property rights to the medical product, Biomarin.

Given that the beneficiary of the Trust, SAHMRI, is in its formative years the Board considers it prudent to adopt conservative investment arrangements for the portfolio pending greater clarity on SAHMRI's longer-term requirements from the Trust.

The SCHT portfolio involves a two year investing time horizon, a target investment return of 1.2% per annum above consumer price inflation and the potential for a negative investment return one year in 20. Following the adoption of this policy it was envisaged that there would be an investment mix of:

- Funds SA Capital Defensive product; and
- Funds SA Cash product.

Following the receipt of advice from the Minister of Health dated 27 October 2015 informing the HSCGB of his intention to submit a proposal to Cabinet to transfer the Trustee obligations to a new trustee at SAHMRI, the HSCGB agreed that the portfolio should be invested in the Funds SA Cash product to ensure capital value was preserved. Further advice from the Minister of Health, dated 3 August 2016, confirmed that Cabinet had approved the change to a new trustee.

D E Brown Charitable Trust

This trust was established by deed poll dated 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. This provided for the HSCGB to act as trustee. Initially the funds were invested through the HSCGB Pool portfolio. Following revision of the investment policy in late 2015, a separate portfolio at Funds SA was created.

The Brown portfolio involves a four year investing time horizon, a target investment return of 2.0% per annum above consumer price inflation and the potential for a negative investment return one year in 15. The portfolio comprises the following investment:

- Funds SA Conservative product.

Investment performance

The 2015-16 after-costs investment returns for each Board administered investment portfolio are shown in the table on the next page.

Investment Performance	One year %	Three years % per annum
HSCGB Pool portfolio	3.3	4.2
Martin portfolio	6.1	7.3
Norman portfolio	3.4	na
SCHT portfolio	2.1	na
D E Brown portfolio	3.0	na

The Pool and Martin portfolios were impacted by:

- the under-performance relative to property market benchmarks of the directly held property portfolio due to property vacancies, impairment charges and other costs associated with the Clare property;
- Funds SA one year under-performance of their benchmarks for most of their funds.

While the Funds SA growth product under-performed its benchmark its performance still exceeded that for Australian equities, where a substantial part of the Pool and the majority of the Norman portfolios were invested, prior to transitioning to Funds SA.

The Board is 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 to cover the Board's investments in direct real estate.

Issues with two of the Board's directly held investment properties, being the properties at Wayville and Clare were identified in earlier years. Mr Lino Di Lernia who was engaged in 2014-15 to provide specialist assistance with the management of those investments continued to be engaged during the 2015-16 year.

The Board owned five direct property investments during the 2015-16 year. These are listed below along with their locations:

- Office building - 8 Greenhill Road, Wayville (only from July 2015 to November 2015, the property was subsequently sold on 6 November 2015);
- Office building and warehouse - 346 Torrens Road, Croydon Park;
- Offices - 234-240 Waymouth Street, Adelaide;

- Warehouse - 4 Archer Place, Clare; and
- 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 property at 8 Greenhill Road, Wayville had been subject to ongoing professional engineering investigation. As a result of investigations and assessment, the building was determined to be unfit for occupation without significant remediation. As a result, the Board decided to negotiate termination of tenant's leases and commenced a marketing campaign to sell the property with vacant possession.

Consultant, Mr Lino Di Lernia was engaged to manage the process. This process was undertaken in a manner consistent with the Governments probity processes. The sale of the property was finalised on 6 November 2015.

More than one-half of the Croydon Park property remains leased to a SA Government tenant. The rear tenancy remains vacant and available for lease. An ongoing marketing campaign to sell the property is in place and continuing.

The Board continues to use professional property managers JLL to assist it in ensuring that this property at Torrens Road is appropriately managed and maintained.

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 Clare warehouse has been leased throughout the financial year. There are a number of issues relating to building improvements, building code compliance and title encroachment. Legal recourse was used successfully to resolve these issues and remediation works on the property are almost complete. While these issues are being resolved, the property is not currently on offer for sale.

Consultant, Mr Di Lernia is appointed to mediate the various issues and resolutions identified in relation to this property.

Pursuant to the lease, the Town Acre 86 investment is professionally re-valued every 5 years, the next revaluation being due in August 2016. This valuation determines the ground rent for the subsequent five years. The lease provides for a process to determine the final valuation, which is currently underway and an increase in the underlying valuation is expected following its conclusion.

The lease also provides an option to the ground lessee to renew the lease, which expires in 2019, for a further 33-year term. Notice has been given to the Board that this option will be exercised.

As at 30 June 2016 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.

The properties portfolio continues to make a positive contribution to the overall performance of the investment portfolio notwithstanding the various matters noted above.

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

In a previous year and 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.

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 being 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 PHE's such as the RAH are significant. Daily supplies of isotopes to the RAH commenced in April 2015.

FUNDS APPLIED

In response to requests for funding, a total of $6.8m (2015, $9.6m and 2014, $8.7m) was advanced to PHE's to further their work and research during the year.

The requests for expenditure for 2015-16 totaled $12.2m.

Details are summarized in the table on the next page.

FUNDS APPLIED 2015-16 FINANCIAL YEAR	
RAH	**$m**
Conferences and Training (including travel) / Professional Fees / Textbooks and Equipment - research and other	0.2
Fundraising / Recognition / Volunteer Support and Other	0.3
Grants – fellowship, scholarship and research	0.6
Salary and Consumables – research (refer table on next page for more details)	2.9
Salary and Consumables – non research	1.0
SAHMRI – Heart Disease Theme Leader	0.3
TQEH, Modbury and Lyell McEwin	
Other including Conferences and Training, Travel, Professional Fees, Textbooks and Salary and Consumables – non research, Volunteer Support and Recognition, Fundraising, and Equipment – research and other	0.1
SA Pathology and Hanson Centre (includes Centre for Cancer Biology)	
Grants – fellowship, scholarship and research	0.2
Other including Conferences and Training, Travel, Professional Fees, Textbooks, Equipment –research and other, and Salary and Consumables – non research	0.2
Salary and Consumables – research (refer table on next page for more details)	0.7
Mt Gambier	
Rehabilitation garden project and various other	0.2
Women's and Children's Hospital	
Other including Conferences and Training, Travel, Professional Fees, Textbooks, Equipment – research and other, and Salary and Consumables – research and other	0.1
Total	**$6.8m**

Payments totaling $0.25m were made to SAHMRI, the prescribed research body proclaimed under the HSCG act, as a contribution towards the cost of SAHMRI Heart Research Theme Leader, Professor Stephen Nicholls, whose work involves both SAHMRI and the RAH. This payment is to cover the cost of Professor Nicholls clinical involvement at the RAH and was made after consultation with the RAH in an earlier financial year. This payment is made from funds held on behalf of the RAH for a five year period ending June 2017.

Expenditure in relation to: Salary and Consumables – research at RAH, SA Pathology, Hanson Centre and CCB	**$m**
Cancer Research	1.6
Orthopaedic Research	0.4
Rheumatology Research	0.5
Haematology Research	0.4
Vision Research	0.2
Renal Research	0.1
Neurology Research	0.1
Other Research including Liver disease, Spinal Cord injury and Endocrine research	0.6
Total	**$3.9m**

SOURCES OF FUNDS USED

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

RAH Expenditure in relation to:	$m
AA Shadgett Bequest	0.1
Driver and Lane Bequests	0.1
General Research Fund	0.9
Gum Bequest	0.1
Helpman Family Foundation	0.2
Martin Bequest	1.0
Medical Oncology	0.3
Nimmo Bequest	0.1
Other RAH Specialty Accounts	0.2
Overton Bequest	0.1
RAH Doctors Right To Private Practice Earnings	1.2
Radiotherapy, Rheumatology and Vision Research	0.7
Various accounts	0.3
SA Pathology & Hanson	
Brine Bequest	0.1
Centre for Cancer Biology	0.2
Fay Fuller Fellowship	0.2
Hanson – RAH Research Fund	0.6
TQEH - Various accounts	0.1
Mt Gambier - Hydrotherapy Pool Fund – rehabilitation garden project	0.2
Women's & Children's Hospital - Various accounts	0.1
Total	**$6.8m**

EXAMPLES OF PROJECTS FUNDED

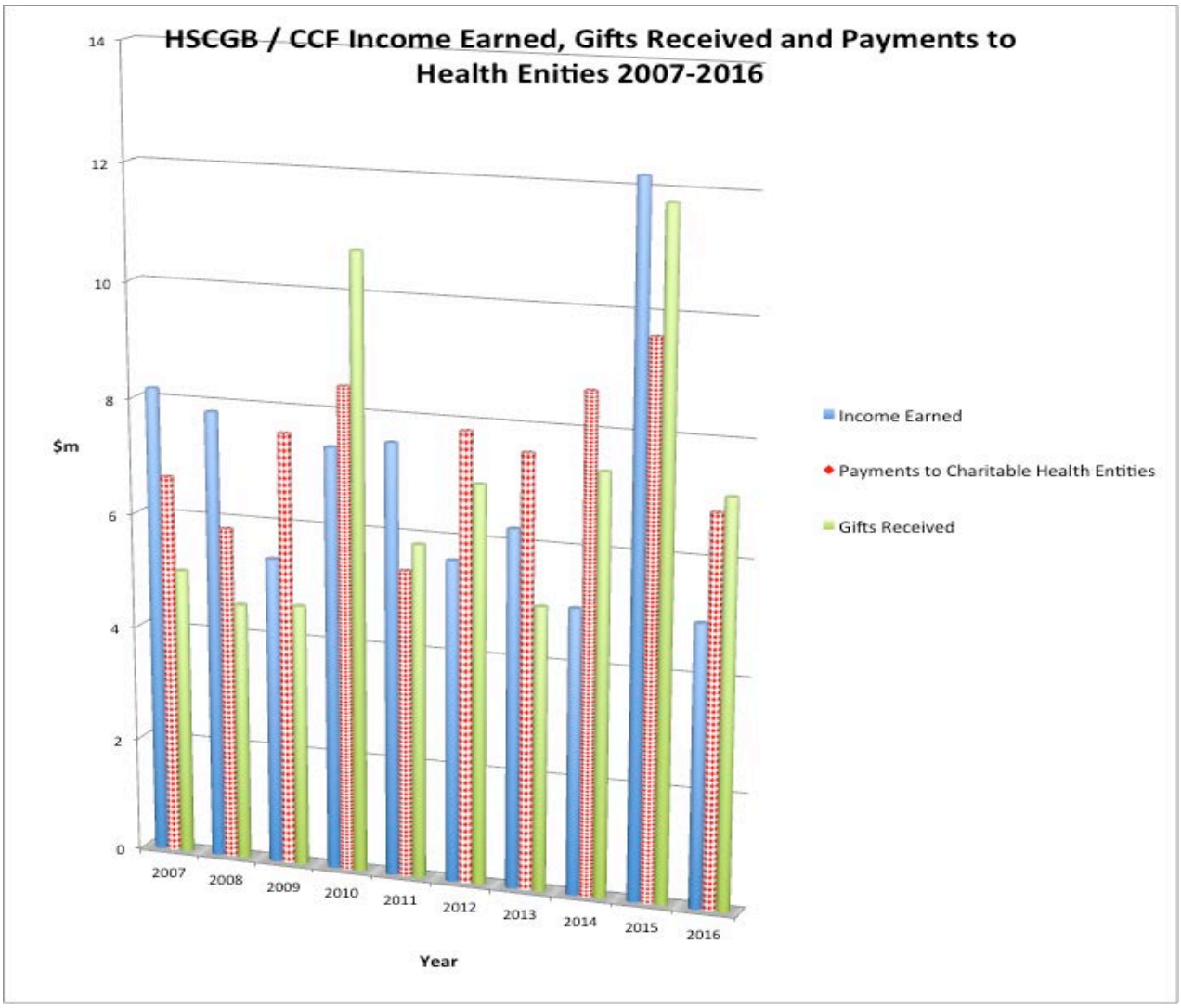
The HSCGB funds various research projects. Listed below as examples are a few of the research projects funded:

- Predicting 12 month mortality risk in elderly patients after elective surgery;
- Frailty and bleeding in older patients taking oral anticoagulants;
- Investigation of markers of DNA damage in rectal cancer tissues after DNA-damaging anti-cancer treatment: correlation with pathological and clinical outcomes;
- Identifying and surveying human tumour tissue targets for T-cell therapy for leukaemia and glioblastoma;
- Recent onset rheumatoid arthritis: pharmaceuticals and fish oil as therapeutic options;
- Assessing the Contribution of Killer Immunoglobulin-Like Receptors (KIR) and Natural Killer Cell Functional Populations in Clinical Responses to Chronic Myeloid Leukaemia Treatment;
- Prolonged Repeated Vaccine Immuno-Chemotherapy Induces Long-Term Clinical Responses and Survival for Advanced Metastatic Melanoma;
- Sphingosine Kinase as a therapeutic target; and
- Therapeutic application of mannose binding lectin in smoking-related lung disease.

CHARITABLE ASSET KEY INDICATORS

Total Assets held at 30 June 2016 were $117.3m, (2015, $112.2m, 2014, $104.6m); a 4.5% increase. This increase was at least partially due to RAH claims being less than the HSCGB approved budget. Investment income was lower than the previous year, which contained significant one-off gains arising from the transitioning of investments to Funds SA. Funds SA returns reflected the general investment environment and were lower than in recent years.

Income earned, gifts received and payments to Health Entities for the last ten years are shown in the graph below.



OTHER MATTERS

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 2015-16 financial year as is required under Section 15(d) of the HSCG Act.

Apart from the SCHT, of which the Board is trustee, 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. The SCHT is discussed in more detail in the next section.

CHARITABLE HEALTH TRUSTS

The SCHT was established in an earlier financial year pursuant to Section 20 of the HSCG Act. The purpose of this Trust is to provide funding for research and research equipment expenditure at SAHMRI.

During the year payments totaling $4m were made by the Trust. These payments were made to fund research and research equipment and expenditure for the various research themes at SAHMRI committed to by SAHMRI in the previous financial year. These payments were in the form of a capital drawdown, following recommendation in favour of the drawdown by the Minister. The balance of the SCHT at 30 June 2016 was $8.4m.

On 27 October 2015 the Minister of Health advised the Board as Trustee of the SCHT that Cabinet approval would be sought for the transfer of control of the SCHT to another trustee at SAHMRI. On 3 August 2016 advice was received from the Minister that the transfer had been approved.

OTHER TRUSTS ADMINISTERED BY THE BOARD

The Ray and Shirl Norman Cancer Research Trust

The Ray and Shirl Norman Cancer Research Trust, valued at 30 June 2016 at $6.6 million, was previously established as a testamentary trust, the income from which is to be used at the RAH 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 projects researching into cancer. Projects funded are selected by the Board in its role as trustee of the Norman Trust following the receipt of specialist advice. Funding of $0.24m was advanced during the year for two projects and as at 30 June 2016, research funding agreed to and not yet due totaled $0.36m. A further call for applications for funding has been made since the end of the financial year, the results of which will be considered in November 2016.

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

The Dorothy E Brown Charitable Trust

This Trust was established as a result of a deed poll dated 17 December 2014 pursuant to Section 21 of the HSCG Act for the "benefit of sufferers from kidney diseases or complaints". Furthermore the deed poll also states that "trust monies are to only be expended on benefits that such patients would not normally receive or enjoy as patients of hospitals".

Trust funds were initially invested with the HSCGB charitable pool and following a subsequent decision by the HSCGB they now have their own portfolio with Funds SA. At 30 June 2016 the balance of the Trust was $0.3m.

During 2015-16 the Board, following discussions with Central and Northern Adelaide Renal and Transplantation Service (**CNARTS**), agreed to provide funding from the trust for holiday dialysis treatments for haemodialysis patients. This allowed the patients to continue to receive dialysis treatment, using the SA Dialysis Truck from Country Health, during a trip to the Clare Valley, which would not otherwise have been possible due to the need for ongoing treatments. This funding was paid in 2016-17.

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.

Freedom of Information Requests

The Board received no Freedom of Information requests during the 2015-16 financial year.

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. It also receives an additional 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 $41.7m as at 30 June 2016.

Nimmo Estate

Rowland Harrold Nimmo died on 13 July 1956. Subject to a life interest to his brother he left a half share of his residual estate to the RAH. At 30 June 2016 this was valued at $4.4m and is used to finance expenditure such as a visiting professor position at the RAH.

Acraman Estate

Emilie Mary Acraman died on 22 April 1950 leaving her residual estate to the RAH. At 30 June 2016 this was valued at $1.5m and is used to provide allied health care and provide Christmas cheer to patients.

Trevis Roberts Rheumatology Research Fund

Reta May Roberts died on 19 August 1996 and in her will created the Trevis Roberts Rheumatology Fund. At 30 June 2016 this was valued at $2.0m and is used for research in rheumatology.

AA Shadgett Estate

Alan Albion Shadgett died on 6 February 2006 and left a share of his residual estate for research at the RAH. At 30 June 2016 this was valued at $1.9m.

Overton Estate

Ida Mary Overton died on 28 August 2002. As a generous donor to the arts and medical research during her lifetime Mrs. Overton bequeathed a half share of the residue of the estate to the Royal Adelaide Hospital Research Fund and the Flinders Medical Centre Foundation. The portion of the fund associated with the RAH was valued at $4.1m as at 30 June 2016. The bequest finances various medical research grants.

Helpman Family Foundation

The Helpman Family Foundation is comprised of the MG Helpman Estate and the SM Helpman Estate. The Board receives distributions from the Foundation. At 30 June 2016 the amount held by the Board in this account was valued at $1.5m and is used to fund the Helpman Chair of Cardiology at the RAH.

George Edward Southgate

George Edward Southgate who died on 6 January 2010 left one half of his residual estate for the purposes of establishing the George Southgate Medical Research Trust Fund to finance from the earnings of the fund certain medical research within the Hanson Institute. At 30 June 2016 the balance of this fund was $1.2m.

Gum Bequest

Basil Raymond Gum died 20 November 1996 leaving one third of his residual estate to the RAH for the benefit of the Hospital's Research Institute. This is used to fund various endocrine research. As at 30 June 2016 the balance of this fund was $1.3m.

Thomas James Ashton

Thomas James Ashton who died on 28 October 2014 left one-tenth of his residual estate for the benefit of the Hanson Institute for Cancer Research. At 30 June 2016 the balance of this fund was $3.1m.

Stanley and Carmel Hugo

Stanley Hugo who died on 10 September 2014, left the balance of his estate to be applied (after the passing of his wife Carmel), to the RAH Research Fund for research in and the advancement of understanding of endocrinological functions and disorders and the development of medicines and other treatments for diseases of an endocrinological nature. At 30 June 2016 the balance of this fund was $1.06m.

Leonard Jack Balchin

Leonard Balchin who died on 10 February 2009, left the residue of his estate to the RAH Research Fund to be used for general research purposes. At 30 June 2016 the balance of this fund was $1.26m.

REGISTERED CHARITIES AND DEDUCTIBLE GIFT RECIPIENT (DGR) Status

The Board is a charity registered with the Australian Charities and Not-for-profits Commission (**ACNC**) 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, D E Brown Trust and the SCHT all of which the Board is the trustee, are also registered with the ACNC.

HUMAN RESOURCES

Staffing

Mr Chris Peirce is employed as Executive Officer (1.0 FTE) for the Board pursuant to Section 12 of the HSCG Act. He is employed on a permanent basis and assisted by two part-time administrative staff (both 0.6 FTE).

Contractors

Mr John Yeatman is contracted to provide accounting and taxation services to the Board. Following the retirement of Mr Trevor Kennett in December 2015, who assisted the Board in the review of the Board's investment policies, Mr Alistair Mackay has been engaged to aid and guide the Board's continued development and review of its investment policies. Mr Lino Di Lernia has been contracted to assist with the Board's property portfolio.

Contractor Expenditure

Detailed below is the expenditure on contractors for the year:

Contractor	Purpose	2015-16 Expenditure $(000)
Ellin Corp (Spiros Saris)	Archiving and Record Disposal Schedule	8
Cetpar Pty Ltd (Lino Di Lernia)	Property	43
Trevor Kennett	Investment	9
Thompson Cooper Partners (John Yeatman)	Accounting	35
	Total	**$95**

In addition to the above the Crown Solicitor provides legal services to the Board, the Auditor General audits the financial statements and ongoing property management services are provided by JLL.

Other Information

Other information relating to the human resources of the Board are set out in the table on the next page.

Other Human Resources Information:

Employee Numbers

Persons	3
FTE	2.2

Employee Gender and Status

Gender	% Persons	% Full Time Equival. (FTE)	Employ. Status
Female	66%	54.5%	Ongoing
Male	33%	45.5%	Ongoing

Employee Salaries

Salary Bracket (FTE)	Employee Numbers
$1 – $56,199	1
$56,200 - $71,499	1
$91,500 - $115,499	1

Employee Age Brackets

	Age Bracket (Yrs)	% Full Time Equival. (FTE)	Employ. Nos.
Female	35-39	54.5%	2
Male	55-60	45.5%	1

Employee Performance Review

Employees with a review in last 12 months	100%

Average Leave Per FTE

Average Days Sick, Family Carers and Special Leave per Full Time Equivalent Employee

8.05 Days

Board Employees Born Overseas:

Persons	0
FTE	0

Board Employees:

Separated from Board During Year	0
Recruited to Board During Year	0

Employees Who Speak Language Other Than English At Home

Persons	0
FTE	0

Workers Health & Safety

Notifiable incidents pursuant to WHS Act Part 3	0
Number of notices served pursuant to WHS Act Sections 90, 191 & 195	0
Gross Workers Compensation Expenditure in 2015-16	$0

Training and Development Expenditure		Employment Opportunity Programs
Expend. 2015-16	$3207	No specific Board employment opportunity programs were in place during 2015-16.
Employees involved	3	The Board has no involvement with any other employment programs.
Voluntary Flexible Working Arrangements		
Two of the Board positions are part time positions with some flexibility provided as to when the hours are worked.		
Employees with a Disability		
No employees have a disability requiring adaptation of the workplace.		

FRAUD

No instances of fraud occurred during the reporting period. The Board has approved a policy to address the issue of fraud should it arise and compliance against that policy is adhered to by all employees and monitored by the Board.

OVERSEAS TRAVEL

There was no overseas travel undertaken by the Board or its employees for the purposes of the Board during the 2015-16 year.

WHISTLE BLOWERS PROTECTION ACT 1993

Pursuant to the to Section 7 of the *Public Sector Act 2009* under the *Whistleblowers Protection Act 1993* the Chairman is the Board's responsible officer for the purposes of reporting relevant matters, unless the matter relates to the Chairman then the responsible person becomes one of the other Commissioners.

There were no instances of disclosure of public interest information to the responsible officer during the 2015-16 year.

PUBLIC COMPLAINTS

No public complaints were received during the 2015-16 year.

GLOSSARY / ACRONYMS

A glossary of terms and acronyms used in this report can be found on the next page.

GLOSSARY / ACRONYMS

Board	The Health Services Charitable Gifts Board
Norman Trust	The Ray and Shirl Norman Cancer Research Trust
SCHT	The South Australian Health and Medical Research Institute Charitable Health Trust
HSCG Act	*Health Services Charitable Gifts Act, 2011*
TA 86	Town Acre 86
PHE	Public Health Entities
CALHN	Central Adelaide Local Health Network Inc.
RAH	Royal Adelaide Hospital
TQEH	The Queen Elizabeth Hospital
CHSALHN	Country Health SA Local Health Network Inc.
NALHN	Northern Adelaide Local Health Network Inc.
SALHN	Southern Adelaide Local Health Network Inc.
WCHN	Women's and Children's Health Network Inc. (known as the Women's and Children's Hospital)
SAHMRI	South Australian Health Medical Research Institute Limited
Funds SA	Superannuation Funds Management Corporation of South Australia
TA 85	Part Town Acre 85
HAC	Health Advisory Council
ACNC	Australian Charities and Not-For-Profit Commission
DGR	Deductible Gift Recipient
CCF	Commissioners of Charitable Funds
CNARTS	Central and Northern Adelaide Renal and Transplantation Service

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INDEPENDENT AUDITOR'S REPORT

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Auditor-General's Department

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DX 56208
Victoria Square
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audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Acting 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 accompanying financial report of the Health Services Charitable Gifts Board for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes to and forming part of the financial statements for the Health Services Charitable Gifts Board
- a Statement of Comprehensive Income for the year ended 30 June 2016 for the Ray and Shirl Norman Cancer Research Trust
- a Statement of Financial Position as at 30 June 2016 for the Ray and Shirl Norman Cancer Research Trust
- a Statement of Changes in Equity for the year ended 30 June 2016 for the Ray and Shirl Norman Cancer Research Trust
- notes to and forming part of the financial statements for the Ray and Shirl Norman Cancer Research Trust
- a Statement of Comprehensive Income for the year ended 30 June 2016 for the South Australian Health and Medical Research Institute Charitable Health Trust
- a Statement of Financial Position as at 30 June 2016 for the South Australian Health and Medical Research Institute Charitable Health Trust
- a Statement of Changes in Equity for the year ended 30 June 2016 for the South Australian Health and Medical Research Institute Charitable Health Trust
- notes to and forming part of the financial statements for the South Australian Health and Medical Research Institute Charitable Health Trust
- a Statement of Comprehensive Income for the year ended 30 June 2016 for the Dorothy E Brown Charitable Trust
- a Statement of Financial Position as at 30 June 2016 for the Dorothy E Brown Charitable Trust
- a Statement of Changes in Equity for the year ended 30 June 2016 for the Dorothy E Brown Charitable Trust
- notes to and forming part of the financial statements for the Dorothy E Brown Charitable Trust
- a Certificate from the Acting Chairman and the Executive Officer.

The Commissioners' responsibility for the financial report

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

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

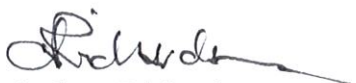
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioners, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Health Services Charitable Gifts Board's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Health Services Charitable Gifts Board as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson
Auditor-General
16 September 2016

HEALTH SERVICES CHARITABLE GIFTS BOARD
ABN: 49 517 603 275

RAY & SHIRL NORMAN CANCER RESEARCH TRUST
ABN: 48 360 657 320

SOUTH AUSTRALIAN HEALTH AND MEDICAL RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
ABN: 42 300 586 439

DOROTHY E BROWN (DEC) CHARITABLE TRUST
ABN: 76 417 094 848

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

HEALTH SERVICES CHARITABLE GIFTS BOARD

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;
- 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 2016 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.

.....
G LOVEDAY - Acting Chairman
12/9/2016

.....
C PEIRCE - Executive Officer
12/9/2016.

HEALTH SERVICES CHARITABLE GIFTS BOARD

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2016

	Note No.	2016 $'000	2015 $'000
Income			
Gifts to public health entities vesting in the Board		6,854	11,554
Revenue from Helpman Family Foundation	1.3	234	230
Investment revenue	5	3,204	9,346
Rental revenue	13	2,460	2,823
Other revenue		16	24
Total Income		12,768	23,977
Expenses			
Employee & Commissioner expenses	6	252	241
Supplies and services	7	194	169
Investment property expenses	13	295	710
Funds distributed to public health entities & prescribed research bodies		6,811	9,619
Total Expenses		7,552	10,739
Net Profit		5,216	13,238
Other Comprehensive Income			
Financial asset revaluations taken to equity		-	1,228
Revaluation adjustment on disposal of financial assets	8	-	(6,928)
Net gain (loss) on financial assets recognised directly in equity		-	(5,700)
Total Comprehensive Result		5,216	7,538

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 2016

	Note No.	2016 $'000	2015 $'000
Current Assets			
Cash and cash equivalents	10	2,160	1,931
Other financial assets	11	2,531	-
Receivables	12	574	1,018
Investment properties held for sale	13	4,665	4,100
Total Current Assets		9,930	7,049
Non-current Assets			
Other financial assets	11	82,867	76,480
Receivables	12	49	60
Investment properties	13	24,685	29,084
Property, plant & equipment	14	31	5
Total Non-current Assets		107,632	105,629
Total Assets		117,562	112,678
Current Liabilities			
Payables	15	132	173
Other financial liabilities	16	28	319
Employee benefits	17	8	8
Total Current Liabilities		168	500
Total Liabilities		168	500
Net Assets		117,394	112,178
Funds Held			
Funds held		117,394	112,178
Retained earnings		-	-
Total Funds Held	18	117,394	112,178
Unrecognised contractual commitments	21		
Contingent assets and liabilities	22		

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 2016

	Note No.	Funds Held	Asset Revaluation Surplus	Retained Earnings	Total Funds Held
		$'000	$'000	$'000	$'000
Balance at 30 June 2014		**98,944**	**5,700**	**-**	**104,644**
Gain on revaluation of investments	2(m)	-	1,228	-	1,228
Realised investment revaluation transferred	8	-	(6,928)	-	(6,928)
Net income recognised directly in equity for 2014-15		-	(5,700)	-	(5,700)
Net Profit for 2014-15		-	-	13,238	13,238
Total comprehensive result for 2014-15		-	(5,700)	13,238	7,538
Net Profit to Brown Charitable Trust		-	-	(4)	(4)
Net Profit to Funds Held	2(i)	13,234	-	(13,234)	-
Total Change for the period		**13,234**	**(5,700)**	**-**	**7,534**
Balance at 30 June 2015		**112,178**	**-**	**-**	**112,178**
Net Profit for 2015-16		-	-	5,216	5,216
Total comprehensive result for 2015-16		-	-	5,216	5,216
Net Profit to Funds Held	2(i)	5,216	-	(5,216)	-
Total Change for the period		**5,216**	**-**	**-**	**5,216**
Balance at 30 June 2016		**117,394**	**-**	**-**	**117,394**

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 2016

	Note No.	2016 $'000	2015 $'000
Cash Flows from Operating Activities			
Cash Inflows			
Rent		2,652	3,109
Dividends and trust distributions		1	1,507
Imputation credits		712	438
Interest		480	1,510
Other Income		18	27
Helpman Family Foundation		234	230
Gifts to public health entities vesting in the Board		6,855	11,554
Other receipts		412	-
Cash generated from operations		11,364	18,375
Cash Outflows			
Supplies and services		(602)	(1,041)
Employee benefits payments		(232)	-
Funds distributed to public health entities & prescribed research bodies		(6,820)	(9,448)
Other payments		(24)	-
GST paid to the ATO		(563)	(218)
Cash used in operations		(8,241)	(10,707)
Net cash provided by operating activities	19	3,123	7,668
Cash flows from Investing Activities			
Cash Inflows			
Proceeds from the sale of investment property		4,055	-
Proceeds from the sale/maturity of investments		-	23,797
Funds received - Dorothy E Brown Charitable Trust	1.6	-	287
Other receipts		9	-
Cash generated from investing activities		4,064	24,084
Cash Outflows			
Purchase of improvements to investment properties		(157)	(522)
Purchase of property, plant & equipment		(8)	(30)
Purchase of investments		(6,500)	(53,749)
Payment to - Dorothy E Brown Charitable Trust	1.6	(293)	-
Cash used in investing activities		(6,958)	(54,301)
Net cash provided by (used in) investing activities		(2,894)	(30,217)
Net increase/(decrease) in cash and cash equivalents		229	(22,549)
Cash and cash equivalents at 1 July		1,931	24,480
Cash and cash equivalents at 30 June	10	2,160	1,931

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 2016

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1 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). This replaced the Public Charities Funds Act 1935 which previously 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.

1.1 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 1.4.
- South Australian Health & Medical Research Institute Charitable Health Trust (SCHT) refer to Note 1.5.
- Dorothy E Brown Charitable Trust (Brown Trust) refer Note 1.6.

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.

1.2 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 was granted registration as a Prescribed Public Authority during the previous year and as a result the Board now primarily invests in a range of investment products offered by Funds SA. Funds SA is a South Australian Government owned corporation investing and managing the monies of prescribed authorities.

During the previous year the Board transferred the majority of its direct investments in Australian listed securities and short term deposit accounts into unlisted unit trusts managed by Funds SA.

1.3 Helpman Family Foundation

The income received from the Helpman Family Foundation has been recorded separately in the Statement of Comprehensive Income as none of the assets contained in the SM & MG Helpman Estates have been received by the Board but remain assets of the Foundation.

1.4 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 assets have not vested in the Board but are administered by them as trustee in accordance with the terms of the document establishing the Norman Trust.

Attached to these financial statements are special purpose financial reports for the Norman Trust for the year ended 30 June 2016.

1.5 South Australian Health and Medical Research Institute Charitable Health Trust

The Board was appointed as trustee of the SCHT on 23 September 2013 pursuant to a Ministerial Direction and the Trust Deed.

The assets have not vested in the Board but are administered by them as trustee in accordance with the terms of the Deed establishing the SCHT.

Attached to these financial statements are special purpose financial reports for the SCHT for the year ended 30 June 2016.

The Minister for Health has advised the Board by letter dated 3 August 2016 that Cabinet has approved the transfer of SCHT to a new Trustee at SAHMRI. The letter advised that the purposes of the Trust will remain the same and will remain consistent with the objectives of the HSCG Act.

1.6 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 assets have not vested in the Board but are administered by them as trustee in accordance with the terms of the Deed establishing the Brown Trust. Initially the assets of the Brown Trust were pooled and invested by the Board with its other assets and the corresponding obligation to the Brown Trust recognised as a liability in the records of the Board.

During the current year the balance of the Brown Trust was transferred to Funds SA into an account in the name of the Brown Trust.

Attached to these financial statements are special purpose financial reports for the Brown Trust for the year ended 30 June 2016.

2 Summary of Significant Accounting Policies

a) Statement of Compliance

The Health Services Charitable Gifts Board has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act* 1987.

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 Board has applied Australian Accounting Standards that are applicable to for-profit entities as the Board has been granted a variation to APS clause 3.3 to allow for the presentation of the Statement of Compliance on a profit and loss basis.

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 reporting period ending 30 June 2016. These are outlined in Note 4.

b) Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;

- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and

- compliance with accounting policy statements issued pursuant to section 41 of the Public Finance and Audit Act 1987. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:

a) expenses incurred as a result of engaging consultants; and

b) Basis of Preparation (continued)

b) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within $10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

The Board's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accruals basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared on a 12 month period and presented in Australian currency.

The Board has been granted exemption from APS 2.1 contained within the *Accounting Policy Framework IV - Financial Asset and Liability Framework* which requires that financial assets be reported at cost. As a result the Board continues to report its financial assets at market value as this is considered to be appropriate given the nature of the activities of the Board and the users of the financial statements.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

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 structures.

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 statement have required a change.

Where the presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

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

e) Rounding

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

f) 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 the franked dividend or 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, and
- receivables and payables, which are stated with the amount of GST included.

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

f) Taxation and Imputation Credits (continued)

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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events are material and provide information about conditions that existed at 30 June.

Disclosure is made in the notes about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

h) Income and Expenses

Income and expenses are recognised in the Board's Statement of Comprehensive Income when and only when it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Revenues

Revenues are measured at fair value of consideration received or receivable. Revenue is recognised for major activities as follows:

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.

h) Income and Expenses (continued)

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.

Rental income arising on investment properties is accounted for on a straight line basis over the lease term.

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.

Dividend income is recognised when the right to receive payment is established.

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 when control of the asset has passed to the buyer and is determined by comparing proceeds to the carrying amount. When assets that have been revalued directly to equity are sold, the revaluation increments are transferred to retained earnings.

Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Board will occur and can be reliably measured.

The following are specific recognition criteria:

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.

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 charged to the Statement of Comprehensive Income represents contributions made by the Board to the superannuation plan in respect of the current services of current staff.

h) Income and Expenses (continued)

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.

Depreciation of property, plant and equipment is applied to systematically expense the cost over the useful life of the item in a manner that reflects the consumption of it's service potential.

Amortisation is used in relation to other intangible non-current assets, such as lease incentives paid.

Residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Depreciation/Amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	**Useful life (years)**
Computer Equipment	2-5
Lease incentive paid	Term of the lease

i) Allocation of Net Profit to Funds

The net profit has been allocated to each of the individual funds held for the public health entities in accordance with the following policy.

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.

j) Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. The Board has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are 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.

k) Cash and cash equivalents

Cash and cash equivalents recorded in the Statement of Financial Position includes cash at bank and 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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

l) Receivables

Receivables include amounts receivable from goods and services, imputation credits refundable, prepayments and other accruals.

Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. No allowance has been raised for bad or doubtful debts as there is no evidence that the Board will not be able to collect any debts due.

m) Other Financial Assets

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

For the purposes of reporting the Board classifies its investments into categories. The classification depends on the purpose for which the investments were acquired and to meaningfully report the performance of the investments. Management determines the classification of its investments at initial recognition and at each reporting date.

The Board classifies its other investments into the following categories:
- financial assets at fair value through profit and loss.
- held to maturity investments; and
- available for sale financial assets.

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.

Available-for-sale financial assets - these assets include marketable equity securities. They are included in non-current assets unless management intend to dispose of the investment within twelve months of the balance sheet date. They are measured at fair value with changes to fair value taken to the Investment Reserve established for that purpose.

Shares and other financial assets have been recorded at fair value at 30 June 2016.

In accordance with AASB 13: *Fair Value Measurement*, the fair value of financial assets 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.

m) Other Financial Assets (continued)

Fair value in an active market
The fair value of financial assets traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current final prices.

Fair value of unlisted unit trusts (Funds SA)
Investments in other unlisted unit trusts are recorded at the fair value as reported by the managers of such funds.

n) Investment Properties

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.

Investment properties are initially measured at cost, including transaction costs, and are subsequently measured at fair value. Any changes in fair value are recognised in the Statement of Comprehensive Income in the periods in which they arise. The properties are not depreciated.

The Board's interest in Town Acre 86 was last revalued as at 30 June 2015 in line with the Valuer General's assessment as to the value at that date. Pursuant to the Head lease the underlying value of the Board's interest is revalued every 5 years. The next valuation is due in August 2016 and is currently in progress. The current lease expires 19 August 2019. The Head lessee has given notice under the lease of their intention to exercise their option to renew for a further term of 33 years.

The Clare property was valued at 13 July 2016 by Lindsay Wapper & Associates Valuation Services. As a result the carrying value has reduced as at 30 June 2016.

The Torrens Road, Croydon property was valued at 30 June 2016 by McGees Property. As a result the carrying value increased as at 30 June 2016. This property is currently the subject of a marketing campaign for its disposal and therefore has been reclassified as available for sale. (Note 13).

It was reported in the previous year that the property at 8 Greenhill Road Wayville was unfit for occupation as a result of structural defects and was available for sale with vacant possession. The sale of the property was completed during October 2015 and the difference between the selling price and the carrying value at that time reported in the Statement of Comprehensive Income.

n) Investment Properties (continued)

The Board has determined that the appropriate fair value of the Waymouth Street, Adelaide property should be that advised by the Valuer General. As a result the carrying value has reduced as at 30 June 2016.

o) Impairment

All non-current assets are tested for an indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

For revalued assets an impairment loss is offset against the respective Revaluation Surplus.

Impairment is generally limited to where an asset's replacement cost is falling.

p) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Payables
Payables include accrued expenses, net GST payable and employment on-costs.

Accrued expenses represents goods and services provided by other parties during the period that are unpaid at the year end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefits on-costs include superannuation contributions in respect of outstanding liabilities for salaries and wages and annual leave.

p) Liabilities (continued)

Employee benefits
The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

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.

q) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

3 Financial Risk Management

The Board is exposed to a variety of financial risks, market risk, credit risk and liquidity risk. Risk management policies and practices are in accordance with internal written policies and approved by the Board.

The Board has non-interest bearing assets (cash at bank and receivables), liabilities (payables) and interest bearing assets (held to maturity investments).

The Board's exposure to cash flow interest risk is minimal. The Board is exposed to price risk for changes in interest rates that relate to investments at fair value.

The Board has exposure to market risk in relation to its investment portfolio. The portfolio is diversified, regularly reviewed and invested with Funds SA pursuant to external investment advice.

The Board has no significant concentration of credit risk. The Board has policies and procedures in place to ensure that transactions occur with entities with appropriate credit ratings.

4 New and revised accounting standards and policies

The Board has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Board.

Other than as disclosed above the Board did not voluntarily change any of its accounting policies during 2015-2016.

	Note No.	2016 $'000	2015 $'000
5 Investment revenue			
Interest revenue		468	1,263
Dividends & distributions from listed investments		1	1,489
Distributions from unlisted units trusts		2,501	1,966
Imputation credits	2(f)	251	669
(Loss) Gain from disposal of financial assets	8	(329)	6,651
Unrealised gain (loss) on financial assets		248	(2,917)
Unrealised gain on investment properties	2(n), 13	114	225
(Loss) Gain from disposal of investment property	13	(50)	-
		3,204	9,346

In the previous year as noted in Note 1.2 the Board transferred a substantial portion of its investment portfolio into Funds SA investment products. The transfer lead to the realisation of various gains and losses which were recognised accordingly.

6 Employee & Commissioner expenses			
Salary and wages		184	169
Superannuation paid		18	16
Annual leave accrued		-	8
		202	193
Commissioners remuneration		50	48
Total employee & Commissioner expense		252	241

No employees earned or were remunerated at a level equal to or in excess of the base executive remuneration level.

Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, other salary sacrifice benefits and accrued annual leave entitlements.

	Note No.	2016 $'000	2015 $'000

6 Employee & Commissioner expenses (continued)

Number of Commissioners whose remuneration was within the following bands :

$10,000 - $19,999	No.	2	2
$20,000 - $29,999	No.	1	1

Commissioners remuneration reflects all costs of performing Commissioners' duties including sitting fees, superannuation contributions and any other salary sacrifice arrangements. Total remuneration received by Commissioners was $50,000 (2015: $48,000).

Amounts included above that were paid to a superannuation plan for the Commissioners' was $4,000 (2015: $4,000).

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

The Commissioners holding office during the year were:
Robyn Pak-Poy (Chairman)
Geoff Loveday
Villis Marshall

7 Supplies and services

Accounting fees		35	24
Auditors remuneration		34	33
Consultancy fees	9	60	59
General administration expenses		65	53
		194	169

Audit fees payable to the Auditor General's Department relate to the audit of the financial statements.

No other services were provided by the Auditor General's Department.

	Note No.	2016 $'000	2015 $'000
8 (Loss) / Gain from disposal of financial assets			
Financial Assets - held for sale			
Shares in listed companies			
Proceeds from disposal		-	26,505
Less: Costs of disposal		-	(1)
		-	26,504
Less Net carrying value at time of disposal		-	(26,777)
		-	(273)
Add amounts already recognised in equity		-	6,928
Net gain - financial assets held for sale		-	6,655
Financial Assets - through Profit & Loss			
Units in unlisted trusts			
Proceeds from disposal		12,500	23,250
Less Cost		(12,829)	(23,254)
Net (loss) - financial assets through profit & loss		(329)	(4)
(Loss) / Gain from the disposal of financial assets		(329)	6,651

9 Consultancy fees

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

	No.	$'000	No.	$'000
Below $10,000	2	17	1	5
$10,000 to $50,000	1	43	2	54
		60		59

	Note No.	2016 $'000	2015 $'000
10 Cash and cash equivalents			
- Current			
Cash at bank - at call		2,160	1,931
		2,160	1,931
11 Other financial assets			
- Current			
Units in unlisted unit trusts at fair value		2,531	-
		2,531	-
- Non-current			
Shares & other listed securities at fair value		6	8
Secured investment at cost		445	445
Long term secured loan at cost		15,000	15,000
Units in unlisted unit trusts at fair value		67,416	61,027
		82,867	76,480

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. 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%.

The funds have been used by SAHMRI to acquire, establish and commission a Cyclotron facility in South Australia to produce isotopes for use by South Australian organisations.

There was a shortfall at balance date and at other times during the current year of funds held in SAHMRI Investment Pty Ltd, as security for the Cyclotron loan, thereby not complying with a covenant of the loan agreement. Notwithstanding this the Board considers that the loan is not impaired as all payments have been received from SAHMRI in accordance with the agreement. The Board has also been assured by SAHMRI personnel that the shortfall of funds in SAHMRI Investments Pty Ltd will be remedied in the short term.

	Note No.	2016 $'000	2015 $'000

11 Other financial assets (continued)

During the previous year the Board transferred the majority of its direct investments in Australian listed securities and short term deposit accounts into unlisted unit trusts managed by Funds SA.

Fair Value Measurements

Accounting standard AASB 13: *Fair Value Measurement* requires the disclosure of fair value measurements by level, based on the following measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2); and
(iii) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of shares and other listed securities traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of all of these instruments have been categorised as Level 1.

The fair value of units 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.

12 Receivables

- Current		
Interest income accrued	101	112
Rental income accrued	180	170
Other income receivable	38	1
Prepayments - Legal fees	12	5
Prepayments - Other	35	61
Imputation credits receivable	208	669
	574	1,018
- Non-current		
Other income receivable	19	-
Prepayments - Other	30	60
	49	60

	Note No.	2016 $'000	2015 $'000

12 Receivables (continued)

Other income receivable includes amounts of $38,000 (current) and $19,000 (non-current) relating to amounts owing from the previous owner of the Clare investment property. The previous owner agreed to pay the Board an amount of $75,000 in compensation relating to a number of matters concerning the condition of the building at the time of purchase by the Board. This amount is payable in 4 equal instalments at six monthly intervals with interest payable at the rate of 5% pa.

Prepayments - Legal fees includes $12,000 (2015: $5,000) in fees 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 were recognised as receivables. On finalisation of these matters, the costs will be recovered/offset against the funds received from the respective estates.

Prepayments - Other includes amounts of $30,000 (current) and $30,000 (non-current) relating to the unexpired portion of lease incentive paid to secure a long term lease over the Torrens Road investment property. The total amount paid was $150,000 and it is being expensed in a straight line over the 5 year period of the lease which commenced 1 July 2013.

Interest rate and credit risk - Apart from the Clare compensation amount referred to above all receivables are non-interest bearing. The carrying amount approximates net fair value due to being receivable on demand. Rental income accrued includes $180,000 (2015: $170,000) outstanding from the head lessee of Town Acre 86. Apart from this amount there is no significant concentration of credit risk.

	Note No.	2016 $'000	2015 $'000
13 Investment properties			
- At fair value			
Balance at the beginning of the financial year		33,184	32,485
Disposals at carrying value		(4,105)	-
Capitalised subsequent expenditure		157	474
Unrealised gain for the year		114	225
Balance at the end of the financial year		29,350	33,184
- Current			
Investment properties - held for sale		4,665	4,100
- Non-current			
Investment properties - held for long term rental		24,685	29,084
		29,350	33,184
Amounts recognised in the income statement for investment properties			
- Rental operations			
Rent and recoveries revenue		2,460	2,823
Investment property expenses:			
- Direct operating expenses		(295)	(396)
- Lease termination compensation		-	(314)
		(295)	(710)
Net investment property income		2,165	2,113
- Disposal - Greenhill Road			
Proceeds from disposal		4,120	-
Less: Costs of disposal		(65)	-
		4,055	-
Less Net carrying value at time of disposal		(4,105)	-
(Loss) from disposal of investment property		(50)	-

	Note No.	2016 $'000	2015 $'000

13 Investment properties (continued)

In previous years the Board had identified a number of issues concerning the Clare investment property in relation to the approval process for improvements on the land undertaken by the previous owner. These issues have now been resolved following expenditure on rectification works. Following negotiations, the previous owner agreed to pay compensation of $75,000 towards the cost of these improvements.

The Board is seeking to lease the part of the property at Torrens Road, Croydon that is currently vacant. Once tenanted the property will be made available for sale. The property has been reclassified as available for sale at the end of the year.

(a) Fair Value Measurements

Accounting standard AASB 13: *Fair Value Measurement* requires the disclosure of fair value measurements by level, based on the following measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2); and
(iii) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurements for investment properties recognised as at 30 June 2016 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 or 3.

	Note No.	2016 $'000	2015 $'000
14 Property, plant & equipment			
- Non-current			
Office equipment at cost		40	8
Less: Accumulated depreciation		(9)	(3)
		31	5
15 Payables			
- Current			
Accrued expenses		89	152
GST payable		43	21
		132	173
16 Other financial liabilities			
- Current			
Rent received in advance		28	27
Funds - Dorothy E Brown Charitable Trust		-	292
		28	319

Funds received on the establishment of the Dorothy E Brown Charitable Trust in December 2014 were previously amalgamated with other funds and invested by the HSCGB. A corresponding financial liability to the Trust was recognised in the Statement of Financial Position last year.

During the current year this arrangement was changed. The balance of the assets of the Brown Trust were transferred by the Board to Funds SA for investment for and on behalf of the Brown Trust directly. Apart from a small balance owing by the Brown Trust to the Board ($1,000) for operating expenses the Board now only acts solely as trustee of the Trust.

17 Employee benefits			
- Current			
Annual leave accrued		8	8

All entitlements are for short term leave entitlements for annual leave and are therefore included at their nominal amounts.

As no employee has a period of service in excess of 5 years it is considered that the accrual of a proportional entitlement to any longer term benefits is not warranted.

	Note No.	2016 $'000	2015 $'000

18 Funds held

Funds held on behalf of the following public health entities or their successor bodies:

Royal Adelaide Hospital - General	92,400	88,680
Royal Adelaide Hospital - Glenside Campus	592	647
Royal Adelaide Hospital - Private Practice Funds	4,377	4,640
Hillcrest Hospital	107	103
Pt Augusta Hospital & Regional Health Service Inc	23	23
Pt Lincoln Health & Hospital Services Inc	392	379
Pt Pirie Regional Health Service Inc	558	554
The Queen Elizabeth Hospital	1,258	1,294
SA Dental Service	8	8
The Whyalla Hospital & Health Services Inc	311	300
Mt Gambier & Districts Health Service Inc	549	752
Northern Yorke Peninsula Regional Health Service	30	29
SA Pathology	10,957	10,589
Women's & Children's Hospital	4,455	3,290
Lyell McEwin Hospital	426	210
Repatriation General Hospital	208	200
Flinders Medical Centre	521	406
Noarlunga Hospital	4	4
BreastScreen SA	1	-
SA Ambulance Service	72	70
Royal Adelaide Hospital, Queen Elizabeth Hospital & Hampstead Joint Funds	145	-
	117,394	112,178

During the current year agreement was reached with Central Adelaide Local Health Network on behalf of the Royal Adelaide Hospital, Queen Elizabeth Hospital and Hampstead to hold funds previously held separately, jointly to reflect the changes in the functional nature in which the services and purposes for which these funds are held.

	Note No.	2016 $'000	2015 $'000
19 Reconciliation of net cash from operating activities to net profit:			
Net profit from operations		5,216	13,238
Adjustments for non cash items:			
Loss (Profit) on disposal of financial assets		329	(6,651)
Unrealised (gain) loss on financial assets		(248)	2,917
Distributions from unlisted units trusts		(2,501)	(1,966)
Loss on disposal of investment property		50	-
Unrealised (gain) on investment properties		(114)	(225)
Depreciation expense		7	3
Total non cash adjustments		(2,477)	(5,922)
Changes in assets and liabilities:			
(Increase) decrease in receivables		(5)	458
Decrease (increase) in imputation credits receivable		462	(232)
(Decrease) increase in payables		(71)	100
Increase in employee entitlements		-	8
(Decrease) in unearned revenue		(24)	-
Increase in GST payable		22	18
Total change in net assets and liabilities		384	352
		(2,093)	(5,570)
Net cash from operating activities		3,123	7,668

20 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 *Note 2 Summary of Significant Accounting Policies.*

	Note	Carrying Amount		Fair Value	
		2016	2015	2016	2015
Financial Assets					
- Cash & Cash equivalents	10	2,160	1,931	2,160	1,931
- Other financial assets	11	85,398	76,480	85,398	76,480
- Receivables (*)	12	415	409	415	409
Total Financial Assets		87,973	78,820	87,973	78,820
Financial Liabilities					
- Payables (*)	15	54	152	54	152
- Other financial liabilities	16	28	319	28	319
Total Financial Liabilities		82	471	82	471

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

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.

As referred to at Note 11 the Board holds a first mortgage charge over advances made to the Port Pirie Regional Health Service Inc.

Note 11 also refers to the long term secured loan made to SAHMRI to establish a cyclotron facility. The loan is supported by a charge over the assets of SAHMRI Investments Pty Ltd which holds liquid assets in excess of the value of the funds advanced.

20 Financial Instruments/Financial Risk Management (continued)

There was a shortfall at balance date and at other times during the current year of funds held in SAHMRI Investment Pty Ltd, as security for the Cyclotron loan, thereby not complying with a covenant of the loan agreement. Notwithstanding this the Board considers that the loan is not impaired as all payments have been received from SAHMRI in accordance with the agreement. The Board has also been assured by SAHMRI personnel that the shortfall of funds in SAHMRI Investments Pty Ltd will be remedied in the short term.

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.

			Contractual maturities		
	Note	2016 $'000	< 1 year $'000	1-5 years $'000	>5 years $'000
Financial Assets					
- Cash & Cash equivalents	10	2,160	2,160	-	-
- Other financial assets	11	85,398	2,531	-	82,867
- Receivables	12	415	366	49	-
Total Financial Assets		**87,973**	**5,057**	**49**	**82,867**
Financial Liabilities					
- Payables	15	54	54	-	-
- Other financial liabilities	16	28	28	-	-
Total Financial Liabilities		**82**	**82**	**-**	**-**

			Contractual maturities		
	Note	2015 $'000	< 1 year $'000	1-5 years $'000	>5 years $'000
Financial Assets					
- Cash & Cash equivalents	10	1,931	1,931	-	-
- Other financial assets	11	76,480	-	-	76,480
- Receivables	12	409	349	60	-
Total Financial Assets		**78,820**	**2,280**	**60**	**76,480**
Financial Liabilities					
- Payables	15	152	152	-	-
- Other financial liabilities	16	319	319	-	-
Total Financial Liabilities		**471**	**471**	**-**	**-**

20 Financial Instruments/Financial Risk Management (continued)

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.

In an earlier year the Board advanced an amount of $15m by way of long term loan with SAHMRI. This loan is for a period of 15 years and is secured over liquid assets held by SAHMRI Investments Pty Ltd. Payments required under the loan agreement have been met as and when they fall due.

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 financial liabilities.

20 Financial Instruments/Financial Risk Management (continued)

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.

d) Sensitivity Analysis

A general fall in the fair value of long term investments of 5% and 10%, if equally spread over all assets in the portfolio, would lead to a reduction in value of $3,371,000 (2015: $3,051,000) and $6,742,000 (2015: $6,103,000) respectively.

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

21 Unrecognised contractual commitments

Operating lease arrangements
Unrecognised amounts due under operating leases over investment properties owned by the Board. No amount has been recognised in the financial statements to 30 June 2016.

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)

	2016 $'000	2015 $'000
Due within one year	2,127	2,111
Due between one and five years	4,142	6,228
Due after five years	-	-
	6,269	8,339

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. This value is determined every 5 years with the next one due in August 2016.

This base rent is supplemented each year by the payment of 4% of the net rental for the entire property. This at risk component has not been included in the above calculation.

22 Contingent assets and liabilities

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

23 Post balance date event

The Minister advised the Board by letter dated 27 October 2015 of his intention to submit a proposal to Cabinet to transfer the Trustee obligations for the SCHT to a new Trustee at SAHMRI. On receipt of this advice the Board took action to transfer Trust investments to more capital secured options.

The Minister for Health has advised the Board by letter dated 3 August 2016 that Cabinet has approved the transfer of SCHT to a new Trustee at SAHMRI. The letter advised that the purposes of the Trust will remain the same and will remain consistent with the objectives of the HSCG Act.

HEALTH SERVICES CHARITABLE GIFTS BOARD
- as trustee RAY & SHIRL NORMAN CANCER RESEARCH TRUST
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2016

	Note No.	2016 $	2015 $
Income			
Investment of Funds			
Interest Revenue		947	26,064
Dividends & Trust Distributions		-	313,420
Funds SA Distribution		186,506	114,545
Imputation Credits	2.2	31,190	128,594
Net (Loss)/Gain from the Disposal of Financial Assets	3	(545)	815,899
Unrealised Gain (Loss) on Financial Assets		67,817	(207,630)
Total Income		285,915	1,190,892
Expenses			
Administration Costs	4	21,362	21,170
Research Funding	5	236,364	235,909
Total Expenses		257,726	257,079
Net Result		28,189	933,813
Other Comprehensive Income			
Financial Asset Revaluations taken to Equity		-	235,706
Revaluation Adjustments on Financial Assets disposed of during the period	3	-	(880,492)
Net Gain (Loss) on Financial Assets taken to Equity		-	(644,786)
Total Comprehensive Result		28,189	289,027

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

HEALTH SERVICES CHARITABLE GIFTS BOARD
- as trustee RAY & SHIRL NORMAN CANCER RESEARCH TRUST
STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note No.	2016 $	2015 $
Current Assets			
Cash at bank		6,935	7,587
GST Receivable		3,409	3,409
Imputation credits receivable		28,201	128,594
Other financial assets at fair value	6	254,831	898,479
Total Current Assets		293,376	1,038,069
Non-Current Assets			
Other financial assets at fair value	6	6,268,949	5,496,023
Total non-Current Assets		6,268,949	5,496,023
Total Assets		6,562,325	6,534,092
Current Liabilities			
Accrued Expenses		2,061	2,017
Total Current Liabilities		2,061	2,017
Total Liabilities		2,061	2,017
Net Assets		6,560,264	6,532,075
Trust Funds			
Trust funds		4,403,529	4,403,529
Retained earnings		2,156,735	2,128,546
Total Trust Funds		6,560,264	6,532,075

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

HEALTH SERVICES CHARITABLE GIFTS BOARD
- as trustee RAY & SHIRL NORMAN CANCER RESEARCH TRUST
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2016

	Note No.	Trust Funds	Asset Revaluation Surplus	Retained Earnings	Total Trust Funds
		$	$	$	$
Balance at 30 June 2014		**4,403,529**	**644,786**	**1,194,733**	**6,243,048**
Gain on Revaluation of investments		-	235,706	-	235,706
Realised investment revaluation transferred	3	-	(880,492)	-	(880,492)
Net income recognised directly in equity for 2014-15		-	(644,786)	-	(644,786)
Net Profit for 2014-15		-	-	933,813	933,813
Total comprehensive result for 2014-15		**-**	**(644,786)**	**933,813**	**289,027**
Total change for the period		-	(644,786)	933,813	289,027
Balance at 30 June 2015		**4,403,529**	**-**	**2,128,546**	**6,532,075**
Net Profit for 2015-16		-	-	28,189	28,189
Total comprehensive result for 2015-16		**-**	**-**	**28,189**	**28,189**
Balance at 30 June 2016		**4,403,529**	**-**	**2,156,735**	**6,560,264**

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

HEALTH SERVICES CHARITABLE GIFTS BOARD
- as trustee RAY & SHIRL NORMAN CANCER RESEARCH TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2016

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 on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

All amounts are rounded to the nearest dollar.

Dividend and distribution income is recognised on receipt.

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.

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.

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 original settlement of the Trust was in the form of cash and direct investments in shares and units listed on the Australian Stock Exchange. It was considered appropriate for these direct investments to be treated as available for sale financial assets, and were reported at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. They are included in non-current assets unless management intend to dispose of the investment within 12 months of reporting date.

During the previous year the trustee was granted registration as a Prescribed Public Authority which enabled the Trust to invest through Funds SA.

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

2.3 Basis of valuation - Assets (continued)

In the previous year the entire portfolio of direct investments was transferred to Funds SA and an equivalent value of units in the Funds SA Growth B - Taxed Fund received. In accordance with the above any gain or loss realised on the disposal of the direct investments was transferred from equity to profit or loss during the previous year.

As the investments in Funds SA 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 where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, 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 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.

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 2016.

2.4 Basis of valuation - General

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

	2016 $	2015 $
3 Gain (loss) from disposal of financial assets		
- Available for sale financial assets		
Shares in listed companies		
Proceeds from disposal	-	5,260,410
Less: Costs of disposal	-	-
	-	5,260,410
Less Net carrying value at time of disposal	-	(5,322,109)
	-	(61,699)
Less amounts already recognised in equity	-	880,492
Net gain - financial assets available for sale	-	818,793

In the previous year the entire portfolio of direct investments was transferred to Funds SA and an equivalent value of units in the Funds SA Growth B - Taxed Fund received. In accordance with the above any gain or loss realised on the disposal of the direct investments was transferred from equity to profit or loss during the previous year.

Financial Assets - through Profit & Loss		
Units in unlisted trusts		
Proceeds from disposal	749,500	336,000
Less Cost	(750,045)	(338,894)
Net gain (loss) - financial assets through profit & loss	(545)	(2,894)
Net (loss)/gain on disposal of financial assets	(545)	815,899

4 Administration costs		
Bank Fees	-	72
Accounting Services	3,762	3,498
General Administration Expenses (see below)	17,600	17,600
	21,362	21,170

This represents a recovery by the Health Services Charitable Gifts Board to cover various administrative tasks undertaken and costs incurred in its capacity as trustee of the Ray & Shirl Norman Cancer Research Trust.

	2016 $	2015 $

5 Research funding

Research funding (net of GST)	236,364	235,909

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.

Following a competitive scientific review process, projects were selected for funding during the 2013 to 2016 calendar years. At 30 June 2016 research funding amounts agreed to, but not yet due totalled $362,500 (2015: $575,000) (inclusive of any GST).

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

The next call for applications for the funding of research projects was issued during August 2016.

6 Other financial assets at fair value

During the previous year the trustee was granted registration as a Prescribed Public Authority which enabled the Trust to invest in unlisted unit trusts managed by Funds SA.

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

Amounts that were previously invested directly in a portfolio of listed investments are now invested though Funds SA Growth B - Taxed Fund and disclosed as non-current assets at fair value.

- Current		
Units in unlisted unit trusts	254,831	898,479
- Non-current		
Units in unlisted unit trusts	6,268,949	5,496,023

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee SOUTH AUSTRALIAN HEALTH AND MEDICAL RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Note	2016 $	2015 $
Income			
Investment of Funds			
Interest Revenue		1,643	212,613
Funds SA Distribution		215,984	338,641
Imputation Credits	2.2	3,844	6,721
Net Gain from the Disposal of Financial Assets	3	(324,429)	131
Unrealised Gain (Loss) on Financial Assets		304,989	(397,438)
Total Income		202,031	160,668
Expenses			
Administration Expenses			
Administration Costs	4	2,979	12,197
Research Funding	5	-	163,705
Total Expenses		2,979	175,902
Net Result	5	199,052	(15,234)
Other Comprehensive Income			
Research Funding Recognised Directly in Equity	5	(4,032,292)	(1,586,243)
Total Comprehensive Result		(3,833,240)	(1,601,477)

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

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee SOUTH AUSTRALIAN HEALTH AND MEDICAL RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	2016 $	2015 $
Current Assets			
Westpac Business Account		30,124	121,142
Imputation Credits Receivable	2.2	-	6,721
Other Financial Assets at Fair Value	6	8,402,866	-
Total Current Assets		8,432,990	127,863
Non-Current Assets			
Other Financial Assets at Fair Value	6	-	12,138,334
Total Non-Current Assets		-	12,138,334
Total Assets		8,432,990	12,266,197
Current Liabilities			
Accrued Expenses		495	462
Total Current Liabilities		495	462
Total Liabilities		495	462
Net Assets		8,432,495	12,265,735
Trust Funds			
Trust Funds		8,248,677	12,280,969
Retained Earnings	5	183,818	(15,234)
Total Trust Funds		8,432,495	12,265,735

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

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee SOUTH AUSTRALIAN HEALTH AND MEDICAL RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2016

	Note	Trust Funds	Retained Earnings	Total Trust Funds
		$	$	$
Balance at 30 June 2014		**12,512,291**	**-**	**12,512,291**
Additional Trust Funds 2014-15		1,354,921	-	1,354,921
Net result		-	(15,234)	(15,234)
Other comprehensive income for 2014-15	5	(1,586,243)	-	(1,586,243)
Total Change for the period		(231,322)	(15,234)	(246,556)
Balance at 30 June 2015		**12,280,969**	**(15,234)**	**12,265,735**
Net result		-	199,052	199,052
Other comprehensive income for 2015-16	5	(4,032,292)	-	(4,032,292)
Total Change for the period		(4,032,292)	199,052	(3,833,240)
Balance at 30 June 2016		**8,248,677**	**183,818**	**8,432,495**

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

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee SOUTH AUSTRALIAN HEALTH AND MEDICAL RESEARCH INSTITUTE CHARITABLE HEALTH TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2016

1 Objectives of the Trust

The South Australian Health & Medical Research Institute Charitable Health Trust ('SCHT', 'Trust' or 'Fund') was established by Ministerial Direction dated 5 September 2013 pursuant to Section 20 of the Health Services Charitable Gifts Act 2011.

Under the terms of the Deed establishing the Trust the Health Services Charitable Gifts Board (HSCGB) was appointed as trustee and a total amount of $17,156,156 was provided by the Minister to be administered by the HSCGB. Since its establishment, and in accordance with the terms of the Deed, the Minister has approved the release of $8,907,479 of the capital of the Trust. These funds have been used by the South Australian Health & Medical Research Institute (SAHMRI) for approved purposes.

The Deed requires that the income of the Trust be applied solely for the benefit of the SAHMRI in support of its health and medical research or health and medical research infrastructure.

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 unless otherwise indicated.

All amounts are rounded to the nearest dollar.

2.2 Taxation and Imputation Credits

The South Australian Health & Medical Research Institute Charitable Health 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.

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
During the previous year the trustee was granted registration as a Prescribed Public Authority which enable 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 2016.

	Note	2016 $	2015 $

2.4 Basis of valuation - General

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

3 Gain from disposal of investments

Units in Funds SA - Capital Defensive Fund B Taxed		
Proceeds from disposal	12,211,343	265,000
Less: Net carrying value at time of disposal	12,535,772	264,869
Net (loss)/gain on disposal	(324,429)	131

4 Administration Costs

Accounting Services	2,970	2,780
General Administration Expenses (see below)	-	9,304
Bank Fees	9	113
	2,979	12,197

This represents a recovery by the Health Services Charitable Gifts Board to cover various administrative tasks undertaken and costs incurred in its capacity as trustee of the South Australian Health & Medical Research Institute Charitable Health Trust.

5 Research funding

During the year approval was obtained from the Minister to apply a portion of the capital of the Fund for health and medical research, or health and medical research infrastructure at SAHMRI.

In January 2015, following a request by SAHMRI for funding in accordance with the spending policy approved by the Board, an interim distribution of the net income of the Trust for the first half of the financial year was made in the amount of $163,705. At the end of the financial year the net income of the Trust for the full year was $148,471. This resulted in an over distribution of income of $15,234 in the previous year. The amount was carried forward and applied against current year income with the approval of the Minister.

Net profit of the trust - current year	-	163,705
Minister approved applications of capital	4,032,292	1,586,243
Total research funding paid to SAHMRI	4,032,292	1,749,948

No distribution of current year income has been made.

	Note	2016 $	2015 $

6 Investment of funds

The Deed prescribes the investment of funds only through Funds SA, SAFA or as otherwise approved by the Minister.

During the previous year the trustee was granted registration as a Prescribed Public Authority which enabled the Trust to invest in unlisted unit trusts managed by Funds SA.

The Trust had initially invested in the Funds SA Capital Defensive B - Taxed Fund which was disclosed as non-current asset at fair value as at 30 June 2015.

As a result of Ministerial advice that the Trust would be restructured it was considered more appropriate to transfer this investment to the Fund SA Cash B - Taxed Fund and disclose as a current asset at fair value.

Financial assets though profit and loss		
- Current		
Units in unlisted unit trusts	8,402,866	-
- Non-Current		
Units in unlisted unit trusts	-	12,138,334

7 Post balance date event

The Minister advised the Board by letter dated 27 October 2015 of his intention to submit a proposal to Cabinet to transfer the Trustee obligations for the SCHT to a new Trustee at SAHMRI. On receipt of this advice the Board took action to transfer Trust investments to more capital secured options.

The Minister for Health has advised the Board by letter dated 3 August 2016 that Cabinet has approved the transfer of SCHT to a new Trustee at SAHMRI. The letter advised that the purposes of the Trust will remain the same and will remain consistent with the objectives of the HSCG Act.

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee DOROTHY E BROWN CHARITABLE TRUST
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2016

	Note	2016 $	17/12/2014 to 30/6/2015 $
Income			
Investment of Funds			
Interest Revenue		44	5,195
Funds SA Distribution		10,686	-
Imputation Credits	2.2	562	-
Net Gain from the Disposal of Financial Assets	3	785	-
Unrealised Gain (Loss) on Financial Assets		(468)	-
Total Income		11,609	5,195
Expenses			
Administration Expenses			
Accountancy Fees		2,772	220
Total Expenses		2,772	220
Net Result		8,837	4,975
Other Comprehensive Income			
Other Comprehensive Income		-	-
Total Comprehensive Result		8,837	4,975

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

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee DOROTHY E BROWN CHARITABLE TRUST
STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	2016 $	2015 $
Current Assets			
Imputation Credits Receivable	2.2	563	-
Other financial assets	4	-	291,597
Total Current Assets		563	291,597
Non-Current Assets			
Other financial assets	4	301,488	-
Total Non-Current Assets		301,488	-
Total Assets		302,051	291,597
Current Liabilites			
Accrued Expenses		1,617	-
Total Liabilities		1,617	-
Net Assets		300,434	291,597
Trust Funds			
Trust funds		286,622	286,622
Retained earnings		13,812	4,975
Total Trust Funds		300,434	291,597

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

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee DOROTHY E BROWN CHARITABLE TRUST
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30June 2016

	Note	Trust Funds	Retained Earnings	Total Trust Funds
		$	$	$
Trust Settlement		286,622	-	286,622
Total comprehensive result for 2014-15		-	4,975	4,975
Total Change for the period		-	4,975	4,975
Balance at 30 June 2015		**286,622**	**4,975**	**291,597**
Total comprehensive result for 2015-16		-	8,837	8,837
Total Change for the period		-	8,837	8,837
Balance at 30 June 2016		**286,622**	**13,812**	**300,434**

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

HEALTH SERVICES CHARITABLE GIFTS BOARD
as trustee DOROTHY E BROWN CHARITABLE TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2016

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 remained under the control of HSCGB in its capacity as trustee and were invested in the pooled assets of HSCGB. Monthly income allocations were credited to the Trust.

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

- the trust monies 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 shall be expensed on benefits that such patients would not normally receive or enjoy as patients of those hospitals.

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.

All amounts are rounded to the nearest dollar.

As the Trust commenced in the previous financial year, comparative amounts are for the period 17 December 2014 to 30 June 2015.

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.

2.3 Basis of valuation - Assets

Other financial assets
During the previous year the trustee was granted registration as a Prescribed Public Authority which enable 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 2016.

2.4 Basis of valuation - General

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

	Note	2016 $	2015 $

3 Gain from disposal of investments

Units in Funds SA - Cash B - Taxed Fund		
Proceeds from disposal	291,271	-
Less: Net carrying value at time of disposal	290,486	-
Net gain on disposal	785	-

4 Other Financial assets

The funds received on the establishment of the Trust were initially retained by the HSCGB and amalgamated with other assets and invested in accordance with the investment policies of the HSCGB. Income was allocated to the Trust monthly, on a proportional basis and as the balance was at call it was disclosed as current assets at fair value.

During the previous year the trustee was granted registration as a Prescribed Public Authority which enabled the Trust to invest in unlisted unit trusts managed by Funds SA.

During the year the trustee facilitated the transfer of funds from the HSCGB initially to the Funds SA Cash B - Taxed Fund. It was later considered more appropriate to transfer this investment to the Fund SA Conservative B - Taxed Fund which is disclosed as a non-current asset at fair value.

Financial assets though profit and loss		
- Current		
Investment in HSCGB Pool	-	291,597
- Non-Current		
Units in unlisted unit trusts	301,488	-