

Bureau of Health Information (BHI)

Financial Statements

for the year ended 30 June 2019



INDEPENDENT AUDITOR'S REPORT

Bureau of Health Information

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Bureau of Health Information (the Bureau), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Bureau and the consolidated entity. The consolidated entity comprises the Bureau and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Bureau and the consolidated entity as at 30 June 2019, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

I am independent of the Bureau and the consolidated entity in accordance with the requirements of the:

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Emphasis of Matter – Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 1(x). The note states that AASB 1055 'Budgetary Reporting' is not applicable to the District. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the District's financial statements present adjusted budget information.

The Chief Executive's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive is responsible for assessing the ability of the Bureau and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will cease as a result of an administrative restructure.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Bureau or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

S Bond .

Sally Bond
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

13 September 2019
SYDNEY

The Bureau of Health Information
Certification of the Financial Statements
for the year ended 30 June 2019

We state, pursuant to section 45F of the Public Finance and Audit Act 1983:

- 1) The financial statements of The Bureau of Health Information for the year ended 30 June 2019 have been prepared in accordance with:
 - a) Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b) the requirements of the Public Finance and Audit Act 1983 (the Act), the Public Finance and Audit Regulation 2015;
 - c) NSW Treasurer's Directions issued under the Act.
- 2) The financial statements exhibit a true and fair view of the financial position and the financial performance of The Bureau of Health Information; and
- 3) We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Warren Clarke
Chief Finance Officer
13 September 2019



Dr Diane Watson
Chief Executive
13 September 2019



Prof Carol Pollock
Chair of the Board
13 September 2019

The Bureau of Health Information
Statement of Comprehensive Income for the year ended 30 June 2019

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2019	2019	2018		2019	2019	2018
\$000	\$000	\$000		\$000	\$000	\$000
Continuing Operations						
Expenses excluding losses						
-	-	-		5,651	5,756	5,493
5,394	5,507	5,214	2	-	-	-
3,369	3,720	3,262	3	3,369	3,720	3,262
104	105	117	4	104	105	117
5	-	5	1(m), 5	5	-	5
8,872	9,332	8,598	1(h), 6	9,129	9,581	8,877
Total Expenses excluding losses						
Revenue						
8,540	8,540	8,471		8,540	8,540	8,471
18	25	-	1(i)	18	25	-
-	-	-	1(i)	257	249	279
8,558	8,565	8,471	1(e)(ii),7	8,815	8,814	8,750
Total Revenue						
(314)	(767)	(127)		(314)	(767)	(127)
Operating Result						
(14)	-	-		(14)	-	-
(328)	(767)	(127)	8	(328)	(767)	(127)
Net Result from Continuing Operations						
(328)	(767)	(127)	16	(328)	(767)	(127)
TOTAL COMPREHENSIVE INCOME						
				(328)	(767)	(127)

The accompanying notes form part of these financial statements.

The Bureau of Health Information
Statement of Financial Position as at 30 June 2019

PARENT			CONSOLIDATION			
Actual	Adjusted Budget Unaudited	Actual	Notes	Actual	Adjusted Budget Unaudited	Actual
2019	2019	2018		2019	2019	2018
\$000	\$000	\$000		\$000	\$000	\$000
ASSETS						
Current Assets						
186	(515)	134	9	186	(515)	134
274	397	397	10	274	397	397
460	(118)	531		460	(118)	531
460	(118)	531		460	(118)	531
Total Current Assets						
Non-Current Assets						
18	39	17	11	18	39	17
60	60	161		60	60	161
78	99	178		78	99	178
78	99	178		78	99	178
538	(19)	709		538	(19)	709
LIABILITIES						
Current Liabilities						
268	260	243	12	268	260	243
539	435	414	13	539	435	414
807	695	657		807	695	657
Total Current Liabilities						
Non-Current Liabilities						
127	122	120	13	127	122	120
127	122	120		127	122	120
934	817	777		934	817	777
(396)	(836)	(68)		(396)	(836)	(68)
Total Liabilities						
Net Assets						
(396)	(836)	(68)		(396)	(836)	(68)
(396)	(836)	(68)		(396)	(836)	(68)
Total Equity						

The accompanying notes form part of these financial statements.

The Bureau of Health Information
Statement of Changes in Equity for the year ended 30 June 2019

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2018		(68)	(68)
Restated balance at 1 July 2018		(68)	(68)
Net Result for the Year		(328)	(328)
Total Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		(328)	(328)
Balance at 30 June 2019		(396)	(396)
Balance at 1 July 2017		59	59
Restated balance at 1 July 2017		59	59
Net Result for the Year		(127)	(127)
Total Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		(127)	(127)
Balance at 30 June 2018		(68)	(68)

The accompanying notes form part of these financial statements.

The Bureau of Health Information
Statement of Cash Flows for the year ended 30 June 2019

PARENT			CONSOLIDATION			
Actual	Adjusted Budget	Actual	Notes	Actual	Adjusted Budget	Actual
2019	2019	2018		2019	2019	2018
\$000	\$000	\$000		\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
-	-	-	Employee Related	(5,229)	(5,472)	(5,174)
(3,739)	(4,019)	(3,479)	Suppliers for Goods and Services	(3,739)	(4,019)	(3,479)
(5)	-	(5)	Finance Costs	(5)	-	(5)
(5,229)	(5,472)	(5,174)	Other	-	-	-
(8,973)	(9,491)	(8,658)	Total Payments	(8,973)	(9,491)	(8,658)
Receipts						
8,540	8,540	8,471	NSW Ministry of Health Recurrent Allocations	8,540	8,540	8,471
18	25	-	NSW Ministry of Health Capital Allocations	18	25	-
183	-	(137)	Sale of Goods and Services	183	-	(137)
302	302	371	Other	302	302	371
9,043	8,867	8,705	Total Receipts	9,043	8,867	8,705
NET CASH FLOWS FROM OPERATING ACTIVITIES						
70	(624)	47		70	(624)	47
CASH FLOWS FROM INVESTING ACTIVITIES						
(18)	(25)	(15)	Purchases of Property, Plant & Equipment	(18)	(25)	(15)
(18)	(25)	(15)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(18)	(25)	(15)
NET CASH FLOWS FROM FINANCING ACTIVITIES						
-	-	-		-	-	-
134	134	102	Opening Cash and Cash Equivalents	134	134	102
186	(515)	134	CLOSING CASH AND CASH EQUIVALENTS	186	(515)	134

The accompanying notes form part of these financial statements.

The Bureau of Health Information
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

a) The Reporting Entity

The Bureau of Health Information (the Bureau) was established under the provisions of the Health Services Act 1997 with effect from 1 September 2009.

The Bureau is a NSW Government entity and is controlled by the NSW Ministry of Health, which is the immediate parent. The reporting entity is also controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent. The reporting entity is a not-for-profit entity (as profit is not its principal objective).

The Bureau, as a reporting entity, comprises all the entities under its control, namely:

- * The parent entity, comprises all the operating activities of the functions of the Bureau including:
 - To prepare and publish regular reports on the performance of the NSW public health system, including the safety and quality, effectiveness, efficiency, and responsiveness of the system to the health needs of the people of NSW
 - To provide an annual report to the Minister and Parliament on the performance of the NSW Public Health System
 - To publish reports benchmarking the performance of the NSW Public Health System with comparable health systems
 - To establish and maintain a website providing information and analysis on the performance of the NSW public health system; including tools for data analysis
 - To develop reports and tools to enable analysis of the performance of health services, clinical units and clinical teams across the NSW public health system
 - To undertake analysis of data at the request of the Health Secretary to: (i) support planning and oversight for effective, efficient, and safe health services in NSW; (ii) meet NSW national commitments on Health (including but not limited to commitments arising from the National Health Reform Agreement)
 - To advise the NSW Ministry of Health on the quality of existing data sets and the development of enhanced information analysis and reporting to support performance reporting to clinicians, the community and Parliament
 - To undertake and/or commission research to support the performance by the Bureau of its functions
 - To liaise with other bodies and organisations undertaking reporting on the performance of the health systems in Australia and internationally
 - To provide advice to the Minister for Health and the Secretary of the Ministry of Health on issues arising out of its functions.

- * The Bureau of Health Information Special Purpose Service Entity, which was established as a Division of the Bureau on 1 September 2009 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the Bureau to exercise its functions.

As a consequence the values in the financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2019 have been authorised for issue by the Chief Executive on 13 September 2019.

b) Basis of Preparation

The Bureau's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations (including observation of the Accounts and Audit Determination for Public Health Organisations), the Public Finance and Audit Act 1983 (the Act) and the Public Finance and Audit Regulation 2015, and the NSW Treasurer's Directions issued under the Act. The financial statements comply with the NSW Treasury mandates circular for NSW General Government Sector Entities.

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

The Secretary of NSW Health, the Chair of The Bureau of Health Information Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The Statement of Service sets out the level of financial resources for public health services under the Bureau's control and the source of these funds. By agreement, the Statement of Service requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Bureau fails to meet Statement of Service performance standards, the NSW Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the NSW Ministry of Health.

Other circumstances why the going concern assumption is appropriate include:

- * Allocated funds, combined with other revenues earned, are applied to pay debts as and when they become due and payable.
- * The Bureau has the capacity to review timing of subsidy cash flows to ensure that debts can be paid when they become due and payable.

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

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

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Bureau's presentation and functional currency.

The Bureau of Health Information
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

c) Comparative Information

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

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

d) Statement of Compliance

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

e) Employee Benefits and Other Provisions

i) Salaries and Wages, Annual Leave, Sick Leave, Allocated Days Off (ADO) and On-Costs

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 16.14% are applied to the value of leave payable at 30 June 2019 (comparable on-costs for 30 June 2018 were 16.1%). The Bureau has assessed the actuarial advice based on the Bureau's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the consolidated entity does not expect to settle the liability within 12 months as the consolidated entity does not have an unconditional right to defer settlement.

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

ii) Long Service Leave and Superannuation

The Bureau's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity, which is a controlled entity of the ultimate parent.

The Bureau accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Employee Benefits'.

Specific on-costs relating to Long Service Leave assumed by the Crown Entity are borne by the Bureau as shown in Note 13.

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

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

iii) Consequential On-Costs

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

iv) Other Provisions

Other provisions are recognised when the Bureau has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

f) Insurance

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

g) Grants and Subsidies

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

The Bureau of Health Information
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

h) Finance Costs

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

i) Income Recognition

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

Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Grants and Other Contributions

Grants and other contributions, comprising mainly cash and in-kind contributions, are recognised as revenues when control passes to the Bureau and the contractual obligations have been satisfied. In-kind contributions are measured at fair value on transfer date.

NSW Ministry of Health Allocations

Payments are made by the immediate parent on the basis of the allocation for the Bureau as adjusted for approved supplementations mostly for salary agreements and approved enhancement projects.

This allocation is included in the Statement of Comprehensive Income before arriving at the 'Net Result' on the basis that the allocation is earned in return for the health services provided on behalf of the NSW Ministry of Health. Allocations are normally recognised upon the receipt of cash.

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

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

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

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

k) Acquisition of Property, Plant and Equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

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

l) Capitalisation Thresholds

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

m) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Bureau. Land is not a depreciable asset. All material identifiable components of assets are depreciated over their useful lives.

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

Plant and Equipment	
- Computer Equipment	20.0%
- Office Equipment	10.0%
- Plant and Machinery	10.0%
- Leasehold Improvements	10-17.39%

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

The Bureau of Health Information
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

n) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 Impairment of Assets modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

o) Restoration Costs

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

p) Maintenance

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

q) Leased Assets

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

As a lessee:

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

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

r) Receivables and Other Financial Assets

Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Other financial assets are initially measured at fair value plus any transaction costs. Other financial assets include intra health loans and deposits with a maturity of three months or more.

Subsequent measurement under AASB 9 Financial Instruments (from 1 July 2018)

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

Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as separate line item in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains / (losses) together with foreign exchange gains and losses.

Classification and measurement under AASB 139 Financial Instruments: Recognition and Measurement (for comparative period ended 30 June 2018)

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

s) Impairment of Financial Assets

Impairment under AASB 9 (from 1 July 2018)

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

Receivables

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

The Bureau of Health Information
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1. Statement of Significant Accounting Policies

Other Financial Assets

ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are based on default events possible within the next 12-months (i.e. a 12-month ECL). If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (i.e. a lifetime ECL). In addition, the Bureau considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Bureau term deposits are issued by financial institutions that have strong credit ratings and therefore considered to be low credit risk investments. Hence the Bureau measures the loss allowance for term deposits at an amount equal to 12-month ECL. However, when there is a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Bureau uses the ratings from external credit rating agencies both to determine whether there has been a significant increase in credit risk on the deposits and to estimate ECLs. These estimates are performed at every reporting date.

Impairment of financial assets under AASB 139 (for the comparative period ended 30 June 2018)

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Bureau will not be able to collect all amounts due, as a result of one or more events that occurred after the initial recognition of the asset, the estimated cash flows have been affected.

For certain categories of financial assets, such as trade receivables, the Bureau first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

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

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

t) De-recognition of Financial Assets and Financial Liabilities

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

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

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

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

u) Payables

These amounts represent liabilities for goods and services provided to the Bureau and other amounts. Payables are recognised initially at fair value, net of directly attributable transaction costs.

Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Bureau.

v) Fair Value Hierarchy

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

- * Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- * Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

The Bureau of Health Information
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1. Statement of Significant Accounting Policies

* Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

w) Equity and Reserves

(i) Accumulated Funds

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

x) Adjusted Budget Amounts

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

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 18.

y) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2018-19

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The Bureau has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The Bureau applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

The effect of adopting AASB 9 on the Statement of Financial Position (increase / (decrease)) as at 1 July 2018 is set out below:

	Notes	1 July 2018 \$'000
Assets		
Receivables	10	-
Total Adjustment on equity		-
Accumulated funds		-

a) Classification and measurement of financial instruments

On 1 July 2018 (the date of initial application of AASB 9), the Bureau's management has assessed which business models apply to the financial assets by the Bureau and has classified its financial instruments into the appropriate AASB 9 categories. The classification and measurement requirements of AASB 9 did not have a material impact to the Bureau.

The impact of transition to AASB 9 on reserves and accumulated funds is, as follows:

	Notes	Accumulated funds \$'000	Total change in equity \$'000
Closing balance 30 June 2018 - AASB 139		(68)	(68)
Recognition of AASB 9 expected credit losses	10	-	-
Total impact		(68)	(68)
Opening balance 1 July 2018 - AASB 9		(68)	(68)

The Bureau continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the Bureau's financial assets:

- Trade receivables and other financial assets (i.e., term deposits) classified as 'Loans and receivables' (L&R) under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.

- The Bureau has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the Bureau's financial liabilities.

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1. Statement of Significant Accounting Policies

In summary, upon the adoption of AASB 9, the Bureau had the following required or elected reclassifications as at 1 July 2018:

AASB 139 measurement category	Measurement category		Carrying amount		Difference \$'000
	AASB 139	AASB 9	Original \$'000	New \$'000	
Receivables	L&R	Amortised cost	397	397	-

b) Impairment

The adoption of AASB 9 has changed the Bureau's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Bureau to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss.

Set out below is the reconciliation of the closing impairment allowances under AASB 139 to the opening loss allowances determined under AASB 9:

	Allowance for impairment under AASB 139 as at 30 June 2018	Re-measurement	ECL under AASB 9 as at 1 July 2018
	\$'000	\$'000	\$'000
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	-	-	-

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Australian Accounting Standards, excluding standards not considered applicable or material to the Bureau have not been applied and are not yet effective. The possible impact of these Accounting Standards in the period of initial application includes:

AASB 16 Leases replaces all existing lease requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, AASB 16 Leases will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below \$10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset rather than operating lease expense.

The new standard will gross up the Statement of Financial Position and change Statement of Comprehensive Income and cash flow presentation. Rent and lease expense will be replaced by depreciation and interest expense in Statement of Comprehensive Income. This results in a front-loaded lease expense, decreasing the net result and equity position. The Statement of Cash Flows for lessees will also be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting is substantially unchanged from today's accounting under AASB 117 Leases. Lessors will continue to classify all leases using the same classification as in AASB 117 Leases and distinguish between two types of leases: operating and finance leases.

The standard permits two methods of adoption: full retrospective – by retrospectively adjusting each prior reporting period presented and recognising the cumulative effect of initially applying the new requirements at the start of the earliest period, which would be 1 July 2018; or modified retrospective – by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019. NSW Treasury has mandated a modified retrospective application of this accounting standard.

AASB 15 Revenue from Contracts with Customers (and associated amending standards AASB 2014-5, AASB 2015-8, AASB 2016-3, AASB 2016-7 and AASB 2016-8) applies to annual periods beginning on or after 1 January 2019 for not-for-profit entities. AASB 15 Revenue from Contracts with Customers establishes a contract-based five-step analysis of transactions to determine the nature, amount and timing of revenue arising from contracts with customers. This new standard requires revenue to be recognised when control of the goods or services are transferred to the customer at the transaction price. This may impact the timing of recognising certain revenue currently recognised by reference to the stage of completion of the transaction.

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. AASB 1058 Income of Not-for-Profit Entities also requires government agencies to recognise income for volunteer services received if the fair value of those services can be measured reliably and the services would have been purchased if they had not been donated. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements.

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1. Statement of Significant Accounting Policies

AASB 1059 Service Concession Arrangements is applicable to public sector entities only and is effective for annual periods beginning on or after 1 January 2020. This standard requires the grantor to recognise a service concession asset in a service concession arrangement where it controls the asset. A corresponding financial liability and/or grant of right liability is also recognised depending on the nature of the consideration exchanged. Service concession assets (including those provided by the operator, an upgrade to or a major component replacement of an existing asset of the grantor; and existing assets of the grantor – also applicable to previously unrecognised intangible assets except goodwill) are initially measured at current replacement cost based on AASB 13 Fair Value Measurement principles. They are subsequently accounted for under AASB 116 Property, Plant & Equipment or AASB 138 Intangible Assets. Service concession liabilities are initially measured at the same amount as the service concession asset and subsequently measured using either the 'financial liability' model applying AASB 9 Financial Instruments or, the 'grant of right' model under AASB 1059 Service Concession Arrangements. AASB 1059 Service Concession Arrangements requires retrospective application.

Overview of Assessment Activities

The Ministry of Health has formed a project team to lead the implementation of the new accounting standards. The objective of the project is to continuously analyse and assess the impact of the new accounting standards. This includes changes to our accounting policies, internal and external reporting requirements, IT systems, business processes and associated internal controls with the objectives of quantifying the expected first time adoption impacts as well as supporting ongoing compliance with the new accounting requirements.

The project team has conducted various data gathering tasks with health entities around leases and certain revenue streams.

Work currently underway includes:

- * implementation of an IT solution for lease management and accounting
- * comprehensive review and capture of lease information
- * review of accounting policies and processes surrounding leases and revenue.

Potential Impact on the Bureau's Financial Report

While the consolidated entity, controlled by the ultimate parent, is yet to complete full implementation and adoption of the new accounting standards, the following summaries work undertaken by the Bureau so far and the known and expected impacts:

Leases

The Bureau has compiled a lease register and calculated the likely impact of the new leasing standards, to be as follows.

- * The total assets and liabilities on the Statement of Financial Position will increase by approximately \$404 thousand on the date of transition (on 1 July 2019). In subsequent years, total equity is expected to decrease due to a reduction in capitalised assets being on a straight line basis whilst the liability reduces the principal amount of repayments.
- * Interest expenses will increase by approximately \$7 thousand in the 2019-2020 financial year due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater earlier in a lease life due to the higher principal value causing profit variability over the course of the leases life. This effect may be partially mitigated due to the number of leases held by the Bureau at different stages of their lease terms.
- * Depreciation expense will be booked on right of use assets, which will be on a straight line basis. For 2019-2020 financial year, depreciation expense is expected to be higher by approximately \$269 thousand.
- * Operating lease expense recognised under AASB 17 Leases will decrease by approximately \$315 thousand in the 2019-2020 financial year.
- * Operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.
- * The assessment outcomes are based on certain assumptions and are indicative only. There are likely to be variances with the actual impacts to be reported in 2019-2020 financial year and onwards.

Revenue and Income of Not-for-Profit Entities

Bureau in consultation with the NSW Ministry of Health has performed a preliminary impact assessment by the major revenue lines. The review has not indicated any material impact arising from the adoption of the new revenue accounting standard. The likely impacts are:

- * Deferral of 'Grants and Other Contributions' revenue. The impacts are not expected to be material as most funds received correlates to the level of activities performed during the year and most contracts are short to medium term only. Some timing differences is expected between inflow of funds and the level of activity, which may require some deferral or accrual of grant and other contribution revenue.
- * Specific quantitative and qualitative disclosures will be required under AASB 15 Revenue from Contracts with Customers.

Service Concession Arrangements

The work on Service Concession Arrangements is in progress. The Bureau expects the following impacts from the preliminary work performed so far:

- * No significant impact expected on the Bureau.

Application Date

The Bureau plans to adopt the new accounting standards on the required effective date in line with the NSW Treasury's instructions.

The Bureau of Health Information
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		2. Employee Related Expenses		
-	-	Salaries and Wages (including Annual Leave and ADO)	4,911	4,747
-	-	Superannuation - Defined Benefit Plans	8	20
-	-	Superannuation - Defined Contribution Plans	443	427
-	-	Long Service Leave	271	283
-	-	Workers' Compensation Insurance	18	16
<u>-</u>	<u>-</u>		<u>5,651</u>	<u>5,493</u>
		3. Personnel Services		
4,911	4,747	Salaries and Wages (including Annual Leave and ADO)	-	-
443	427	Superannuation - Defined Contribution Plans	-	-
22	24	Long Service Leave	-	-
18	16	Workers' Compensation Insurance	-	-
<u>5,394</u>	<u>5,214</u>		<u>-</u>	<u>-</u>
		Personnel services of The Bureau of Health Information were provided by its controlled entity, The Bureau of Health Information Special Purpose Service Entity.		
		4. Other Expenses		
1	5	Advertising	1	5
26	30	Auditor's Remuneration - Audit of Financial Statements	26	30
2	2	Domestic Supplies and Services	2	2
5	6	Food Supplies	5	6
10	11	Fuel, Light and Power	10	11
499	640	Information Management Expenses	499	640
114	45	Maintenance (See Note 4(b))	114	45
11	23	Postal and Telephone Costs	11	23
43	46	Printing and Stationery	43	46
270	262	Rental	270	262
-	14	Hosted Services Purchased from Entities Controlled by the Immediate Parent	-	14
120	174	Staff Related Costs	120	174
20	25	Travel Related Costs	20	25
306	378	Other (See Note 4(a))	306	378
1,913	1,526	Other Management Services (includes Patient Survey)	1,913	1,526
29	75	Data Records Storage	29	75
<u>3,369</u>	<u>3,262</u>		<u>3,369</u>	<u>3,262</u>

The Bureau of Health Information
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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		4. Other Expenses		
		a) Other Includes:		
110	98	Corporate Support Services	110	98
-	1	Courier and Freight	-	1
2	24	Membership/Professional Fees	2	24
194	255	Other Miscellaneous	194	255
306	378		306	378
		b) Reconciliation of Total Maintenance		
3	3	Maintenance Contracts	3	3
109	38	New/Replacement Equipment under \$10,000	109	38
2	4	Repairs Maintenance/Non Contract	2	4
114	45	Maintenance Expense - Contracted Labour and Other (Non-Employee Related in Note 4)	114	45
114	45		114	45

A portion (\$138 thousand) of 'Other Miscellaneous Expenses' was related to Human Resource Service (2018: \$167 thousand)

'Auditor's Remuneration' was paid to The Audit Office of New South Wales, an entity controlled by the ultimate parent.

A portion (\$266 thousand) of 'Information Management Expenses' and 'Intrahealth Financial Services' of \$112 thousand was paid to Health Administration Corporation, an entity controlled by the immediate parent.

Some 'Rental' and 'Staff Related Costs' were paid to entities controlled by the immediate parent.

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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		5. Depreciation and Amortisation		
3	3	Depreciation - Plant and Equipment	3	3
101	114	Amortisation - Leasehold Improvements	101	114
<u>104</u>	<u>117</u>		<u>104</u>	<u>117</u>
		6. Finance Costs		
5	5	Other Interest Charges	5	5
<u>5</u>	<u>5</u>		<u>5</u>	<u>5</u>

The Bureau of Health Information
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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		7. Acceptance by the Crown Entity of Employee Benefits		
		The following liabilities and expenses have been assumed by the Crown Entity:		
-	-	Superannuation - Defined Benefit Plans	8	20
-	-	Long Service Leave Provision	249	259
-	-		257	279
		8. Gains / (Losses) on Disposal		
28	-	Property, Plant and Equipment	28	-
(14)	-	Less: Accumulated Depreciation	(14)	-
14	-	Written Down Value	14	-
(14)	-	Gain / (Loss) on Disposal of Property, Plant and Equipment	(14)	-
(14)	-	Total Gains / (Losses) on Disposal	(14)	-

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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
9. Cash and Cash Equivalents				
186	134	Cash at Bank and On Hand	186	134
<u>186</u>	<u>134</u>		<u>186</u>	<u>134</u>
<p>For the purposes of the Statement of Cash Flows, 'Cash and Cash Equivalents' includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.</p> <p>Cash and Cash Equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:</p>				
186	134	Cash and Cash Equivalents (per Statement of Financial Position)	186	134
<u>186</u>	<u>134</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>186</u>	<u>134</u>

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

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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		10. Receivables		
		Current		
2	202	Intra Health Receivables	2	202
179	124	Goods and Services Tax	179	124
181	326	Sub Total	181	326
93	71	Prepayments	93	71
274	397		274	397

'Intra Health Receivables' includes amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from NSW Ministry of Health-\$2 thousand

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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		11. Property, Plant and Equipment		
		Plant and Equipment - Fair Value*		
18	28	Gross Carrying Amount	18	28
-	11	Less: Accumulated Depreciation and Impairment	-	11
<u>18</u>	<u>17</u>	Net Carrying Amount	<u>18</u>	<u>17</u>
		Leasehold Improvements - Fair Value*		
571	571	Gross Carrying Amount	571	571
511	410	Less: Accumulated Depreciation and Impairment	511	410
<u>60</u>	<u>161</u>	Net Carrying Amount	<u>60</u>	<u>161</u>
<u>78</u>	<u>178</u>	Total Property, Plant and Equipment at Net Carrying Amount	<u>78</u>	<u>178</u>

* For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

The Bureau of Health Information
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PARENT AND CONSOLIDATION

11. Property, Plant and Equipment - Reconciliation

A reconciliation of the carrying amount for each class of property, plant and equipment is set out below:

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2019			
Net Carrying Amount at Beginning of Year	17	161	178
Additions	18	-	18
Disposals	(14)	-	(14)
Depreciation Expense	(3)	(101)	(104)
Net Carrying Amount at End of Year	18	60	78

	Plant and Equipment \$000	Leasehold Improvements \$000	Total \$000
2018			
Net Carrying Amount at Beginning of Year	20	260	280
Additions	-	15	15
Depreciation Expense	(3)	(114)	(117)
Net Carrying Amount at End of Year	17	161	178

The Bureau of Health Information
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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		12. Payables		
		Current		
-	-	Accrued Salaries, Wages and On-Costs	90	61
-	-	Taxation and Payroll Deductions	73	61
163	122	Accrued Liability - Purchase of Personnel Services	-	-
5	11	Creditors	5	11
73	81	- Payables to Entities Controlled by the Immediate Parent	73	81
27	29	- Other	27	29
268	243		268	243

'Creditors' include some amounts owing to entities controlled by the ultimate parent.

The majority of 'Payables to Entities Controlled by the Immediate Parent' relate to balances payable to the Health Administration Corporation, an entity controlled by the immediate parent, namely eHealth NSW-\$31 thousand, NSW Ministry of Health-\$29 thousand and HealthShare NSW-\$13 thousand.

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

The Bureau of Health Information
Notes to and forming part of the Financial Statements
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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		13. Provisions		
		Current		
-	-	Annual Leave - Short Term Benefit	431	329
-	-	Long Service Leave Consequential On-Costs	84	63
-	-	Provision for Other Employee Benefits	24	22
539	414	Provision for Personnel Services Liability	-	-
539	414		539	414
		Non-Current		
-	-	Long Service Leave Consequential On-Costs	7	5
7	5	Provision for Personnel Services Liability	-	-
120	115	Other	120	115
127	120		127	120
		Aggregate Employee Benefits and Related On-Costs		
-	-	Provisions - Current	539	414
-	-	Provisions - Non-Current	7	5
-	-	Accrued Salaries, Wages and On-Costs, Taxation and Payroll Deductions (Note 12)	163	122
709	541	Liability - Purchase of Personnel Services	-	-
709	541		709	541
		Movements in provisions (other than employee benefits)		
		Movements in 'Other' provisions during the financial year, are set below:		
115	-	Carrying Amount at 1 July	115	-
5	115	- Additional Provisions Recognised	5	115
120	115	Carrying Amount at 30 June	120	115

The Bureau of Health Information
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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
		14. Commitments		
		a) Operating Lease Commitments		
		<i>Entity as Lessee</i>		
		Future minimum rentals payable under non-cancellable operating leases at balance date are, as follows:		
315	303	Within one year	315	303
162	156	Later than one year and not later than five years	162	156
<u>477</u>	<u>459</u>	Total (Including GST)	<u>477</u>	<u>459</u>

The 'Operating Lease Commitments' above is for leased buildings.
Amount includes 10% GST.

The Bureau committed to a lease term of 5 years and 9 months, which commenced 1 April 2014 and terminates on 31 December 2019. Property NSW has approved and actioned the request from the Bureau to exercise its option to extend the lease for another year which expires on 31 December 2020.

b) Input Tax Receivable Related to Commitments for Expenditure

The total 'Capital Expenditure Commitments' and 'Operating Lease Commitments (Entity as Lessee)' of \$0.477 million as at 30 June 2019 includes input tax credits of \$0.048 million that are expected to be recoverable from the Australian Taxation Office (2018: \$0.042 million).

**The Bureau of Health Information
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PARENT AND CONSOLIDATION

15. Contingent Liabilities and Assets

There are no contingent assets or liabilities as at 30 June 2019.

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PARENT			CONSOLIDATION	
2019	2018		2019	2018
\$000	\$000		\$000	\$000
16. Reconciliation of Cash Flows from Operating Activities to Net Result				
70	47	Net Cash Used on Operating Activities	70	47
(104)	(116)	Depreciation and Amortisation Expense	(104)	(116)
(132)	(57)	Decrease / (Increase) in Provisions	(132)	(57)
(141)	(24)	Increase / (Decrease) in Prepayments and Other Assets	(141)	(24)
(7)	23	Decrease / (Increase) in Payables	(7)	23
(14)	-	Net Gain / (Loss) on Sale of Property, Plant and Equipment	(14)	-
(328)	(127)	Net Result	(328)	(127)

**The Bureau of Health Information
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PARENT AND CONSOLIDATION

17. Unclaimed Monies

Unclaimed salaries and wages are paid to the credit of the NSW Treasury in accordance with the provisions of the Industrial Relations Act, 1996.

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PARENT AND CONSOLIDATION

18. Adjusted Budget Review

Net Result

The actual Net Result was higher than adjusted budget by \$439 thousand, primarily due to:

- i) Employee related expenses that are favourable by \$105 thousand or 2% to budget. The favourability is due to delays in filling vacancies throughout the year.
- ii) Other Expenses are favourable by \$351 thousand or 9% to budget. The favourability is due to differences between planned and actual survey mailings and data analyses for the NSW Patient Survey Program, to enable more extensive stakeholder engagement in early 2019 to finalise new survey questionnaires. It also relates to repairs, renewals and maintenance due to differences planned and actual expenditures for office equipment, as a consequence of competitive pricing purchase arrangements in the final quarter of the fiscal year.

Assets and Liabilities

The impact of Ministry of Health withholding subsidy as per NSW Treasury arrangement and direction on Cash Buffer (TC15-01) has resulted in negative net assets.

Cash Flows

Employee related cash flow reflect favourability of \$243 thousand due to delays in recruitment process. Payments to suppliers for goods and services are also favourable by \$280 thousand due to decrease in operating expenditure related to patient survey contract. This decrease is a result of the differences between planned and actual survey mailings and the associated data analyses.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 01 July 2018 are as follows:

	\$000
Initial Allocation, 1 July 2018	8,948
Other budget adjustments including reduction to subsidy entitlement	(408)
Balance as per Statement of Comprehensive Income	<u>8,540</u>

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19. Financial Instruments

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

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

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

a) Financial Instrument Categories

i. As at 30 June 2019 under AASB 9

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2019 \$000
Cash and Cash Equivalents (Note 9)	N/A	186
Receivables (Note 10) ¹	Amortised cost	2
Total Financial Assets		188
Financial Liabilities		
Payables (Note 12) ²	Financial liabilities measured at amortised cost	195
Total Financial Liabilities		195

Notes

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

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

ii. As at 30 June 2018 under AASB 139 (comparative period)

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2018 \$000
Cash and Cash Equivalents (Note 9)	N/A	134
Receivables (Note 10) ¹	Loans and receivables (at amortised cost)	202
Total Financial Assets		336
Financial Liabilities		
Payables (Note 12) ²	Financial liabilities measured at amortised cost	182
Total Financial Liabilities		182

Notes

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

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

b) Financial Risk

i. Credit Risk

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

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

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

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

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19. Financial Instruments

Cash and Cash Equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.00% in 2018/19 compared to 2.35% in the previous year.

Accounting policy for impairment of Trade Debtors and Other Financial Assets under AASB 9

Receivables - Trade Debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Bureau applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

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

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Bureau has not identified any relevant factors, and accordingly not adjusted the historical loss rates based on no expected changes in these factors.

The Bureau is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.

Accounting policy for impairment of Trade Debtors and Other Financial Assets under AASB 139 (comparative period only)

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Ministry of Health Accounting Manual for Public Health Organisations and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Bureau will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Bureau is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due are not considered impaired.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

	2018
	\$000
Neither past due nor impaired	202
Total ^{1,2}	202

Notes

1 The table reports 'gross receivables'.

2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosures. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statement of Financial Position.

ii. Liquidity Risk

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

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

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral.

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

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

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19. Financial Instruments

The table below summarises the maturity profile of the Bureau's financial liabilities together with *Maturity Analysis and interest rate exposure of financial liabilities*

	Interest Rate Exposure		Maturity Dates
	Weighted Average Effective Interest Rate	Nominal Amount ¹	Non - Interest Bearing
		\$000	\$000
2019			
Payables:			
- Creditors ²		195	195
		195	195
2018			
Payables:			
- Creditors ²		182	182
		182	182

Notes:

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

2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

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19. Financial Instruments

iii. Market Risk

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

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Bureau operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Bureau's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The Bureau does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income or available for sale (until 30 June 2018). Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

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

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

		-1%		+1%	
	Carrying Amount \$000	Net Result \$000	Equity \$000	Net Result \$000	Equity \$000
2019					
Financial Assets					
Cash and Cash Equivalents	186	(2)	(2)	2	2
Receivables	2	-	-	-	-
Financial Liabilities					
Payables ¹	195	-	-	-	-
2018					
Financial Assets					
Cash and Cash Equivalents	134	(1)	(1)	1	1
Receivables	202	-	-	-	-
Financial Liabilities					
Payables ¹	182	-	-	-	-

¹ Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

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20. Related Party Transactions

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Key management personnel compensation is as follows:

	2019	2018
	\$000	\$000
Short-Term Employee Benefits	73	233
Post-Employment Benefits	7	23
	<u>80</u>	<u>256</u>

During the financial year, The Bureau of Health Information obtained key management personnel services from the immediate parent and incurred \$0.296 million (2018: \$0.135 million) for these services.

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

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

Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members (2018: \$Nil).

Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2018: \$Nil).

21. Events After the Reporting Period

There are no events after the reporting period that require amendments to the Financial Statements.

END OF AUDITED FINANCIAL STATEMENTS

