



INDEPENDENT AUDITOR'S REPORT

Agency for Clinical Innovation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Agency for Clinical Innovation (the Agency), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

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

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

Basis for Opinion

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

I am independent of the Agency in accordance with the requirements of the:

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

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 adjustment budget information detailed in Note 28. The note states that AASB1055 'Budgetary Reporting' is not applicable to the Agency. It also states that unlike the requirement in AASB1055 'Budgetary Reporting' to present original budget information, the Agency's financial statements present adjusted budget information.

Chief Executive's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive is responsible for assessing the Agency's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are 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/ar6.pdf . The description forms part of my auditor's report.

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

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



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 October 2021
SYDNEY

Agency for Clinical Innovation

Statement by the Accountable Authority

for the year ended 30 June 2021



We state, pursuant to Part 7.6(4) of the Government Sector Finance Act 2018 ('the Act'):

1. The financial statements of the Agency for Clinical Innovation for the year ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the Act, the *Government Sector Finance Regulation 2018*; and
 - c. Treasurer's Directions issued under the Act.
2. The financial statements present fairly the Agency for Clinical Innovation's financial position as at 30 June 2021 and the financial performance and the cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Handwritten signature of Jean-Frederic Levesque in black ink.

Jean-Frederic Levesque

Chief Executive

30 September 2021

Handwritten signature of Brian McCaughan in black ink.

Associate Professor Brian McCaughan

Board Chair

30 September 2021

Agency for Clinical Innovation

Statement of Comprehensive Income for the year ended 30 June 2021

		Consolidated Actual 2021 \$000	Consolidated Budget ¹ 2021 \$000	Consolidated Actual 2020 \$000	Parent Actual 2021 \$000	Parent Actual 2020 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	27,895	28,297	26,343	-	-
Personnel services	3	-	-	-	27,506	24,764
Other expenses	4	8,063	6,889	7,098	8,063	7,098
Depreciation and amortisation	5	64	68	615	64	615
Grants and subsidies	6	2,530	2,800	3,326	2,530	3,326
Finance costs	7	1	1	1	1	1
Total expenses excluding losses		38,553	38,055	37,383	38,164	35,804
Revenue						
NSW Ministry of Health recurrent allocations	9	33,192	33,734	33,910	33,192	33,910
Acceptance by the Crown ² of employee benefits	13	388	382	1,579	-	-
Sale of goods and services from contracts with customers	10	13	53	26	13	26
Investment revenue	11	8	-	18	8	18
Grants and other contributions	12	1,623	3,480	1,288	1,623	1,288
Other income	14	1,987	3	100	1,987	100
Total revenue		37,211	37,652	36,921	36,823	35,342
Operating result		(1,342)	(403)	(462)	(1,341)	(462)
Gains / (losses) on disposal	15	16	-	2	16	2
Impairment losses on financial assets	18	(3)	-	(4)	(3)	(4)
Net result from continuing operations	27	(1,329)	(403)	(464)	(1,328)	(464)
TOTAL COMPREHENSIVE INCOME		(1,329)	(403)	(464)	(1,328)	(464)

¹ Unaudited adjusted budget, see Note 28.

² Crown represents "The Crown in right of the State of New South Wales"

The accompanying notes form part of these financial statements.

Agency for Clinical Innovation

Statement of Financial Position as at 30 June 2021

	Notes	Consolidated Actual 2021 \$000	Consolidated Budget ¹ 2021 \$000	Consolidated Actual 2020 \$000	Parent Actual 2021 \$000	Parent Actual 2020 \$000
ASSETS						
Current assets						
Cash and cash equivalents	17	965	1,479	1,480	965	1,480
Receivables	18	871	1,346	1,347	871	1,347
Total current assets		1,836	2,825	2,827	1,836	2,827
Non-current assets						
Property, plant & equipment	19					
- Land and buildings		16	33	33	16	33
- Plant and equipment		24	35	62	24	62
Total property, plant & equipment		40	68	95	40	95
Right-of-use assets	20	19	15	55	19	55
Total non-current assets		59	83	150	59	150
Total assets		1,895	2,908	2,977	1,895	2,977
LIABILITIES						
Current liabilities						
Payables	22	2,130	1,544	1,496	2,130	1,496
Contract liabilities	23	654	1,212	1,212	654	1,212
Borrowings	24	29	16	29	29	29
Provisions	25	4,150	4,280	3,981	4,150	3,981
Total current liabilities		6,963	7,052	6,718	6,963	6,718
Non-current liabilities						
Borrowings	24	-	-	27	-	27
Provisions	25	84	84	55	84	55
Total non-current liabilities		84	84	82	84	82
Total liabilities		7,047	7,136	6,800	7,047	6,800
Net assets		(5,152)	(4,228)	(3,823)	(5,152)	(3,823)
EQUITY						
Accumulated funds		(5,152)	(4,228)	(3,823)	(5,152)	(3,823)
Total Equity		(5,152)	(4,228)	(3,823)	(5,152)	(3,823)

¹ Unaudited adjusted budget, see Note 28.

The accompanying notes form part of these financial statements.

Agency for Clinical Innovation

Statement of Changes in Equity for the year ended 30 June 2021

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2020		(3,823)	(3,823)
Total comprehensive income for the year		(1,329)	(1,329)
Balance at 30 June 2021		(5,152)	(5,152)

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2019		(3,359)	(3,359)
Total Comprehensive Income for the Year		(464)	(464)
Balance at 30 June 2020		(3,823)	(3,823)

The accompanying notes form part of these financial statements.

Agency for Clinical Innovation

Statement of Cash Flows for the year ended 30 June 2021

	Notes	Consolidated Actual 2021 \$000	Consolidated Budget ¹ 2021 \$000	Consolidated Actual 2020 \$000	Parent Actual 2021 \$000	Parent Actual 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(27,099)	(27,816)	(24,631)	-	-
Suppliers for goods and services		(8,826)	(7,633)	(8,451)	(8,826)	(8,451)
Grants and subsidies		(2,803)	(3,074)	(3,657)	(2,803)	(3,657)
Finance costs		(1)	(1)	(1)	(1)	(1)
Personnel services		-	-	-	(27,099)	(24,631)
Total payments		(38,729)	(38,524)	(36,740)	(38,729)	(36,740)
Receipts						
NSW Ministry of Health recurrent allocations		33,191	33,734	33,910	33,191	33,910
Reimbursements from the Crown ²		150	150	407	150	407
Sale of goods and services		618	54	(620)	618	(620)
Interest received		8	-	18	8	18
Grants and other contributions		1,263	3,677	1,869	1,263	1,869
Other		2,968	949	1,048	2,968	1,048
Total receipts		38,198	38,564	36,632	38,198	36,632
NET CASH FLOWS FROM OPERATING ACTIVITIES	27	(531)	40	(108)	(531)	(108)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		45	-	52	45	52
Purchases of property, plant and equipment		-	(11)	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		45	(11)	52	45	52
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of principal portion of lease liabilities		(29)	(30)	(28)	(29)	(28)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(29)	(30)	(28)	(29)	(28)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(515)	(1)	(84)	(515)	(84)
Opening cash and cash equivalents	17	1,480	1,480	1,564	1,480	1,564
CLOSING CASH AND CASH EQUIVALENTS	17	965	1,479	1,480	965	1,480

¹ Unaudited adjusted budget, see Note 28.

² Crown represents "The Crown in right of the State of New South Wales"

The accompanying notes form part of these financial statements.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

(a) Reporting entity

The Agency for Clinical Innovation (the ACI) was established under the provisions of the Health Services Act 1997 with effect from 11 January 2010.

The ACI 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) and it has no cash generating units.

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

- * The parent entity comprises all the operating activities of the Agency for Clinical Innovation.
- * The Agency for Clinical Innovation Special Purpose Service Entity, which was established as a Division of the ACI on 11 January 2010 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the ACI 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 2021 have been authorised for issue by the Chief Executive on 10 September 2021.

(b) Basis of preparation

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

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

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

The Secretary of NSW Health, the Chair of the Agency for Clinical Innovation 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 ACI'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 ACI 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.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

Under the current cash reforms, ACI draws the subsidy from the Ministry as liabilities are settled through cash payment. The negative Net Result position has mainly resulted from expenses for which the recurrent subsidy remains undrawn due to unsettled liabilities. This arrangement has also negatively impacted the Statement of Changes in Equity. However, this treatment, which aligns with NSW Treasury arrangement and directions on Cash buffers, does not impact the ACI as a going concern.

Since March 2020, the NSW Government has committed more than \$4.0 billion to support NSW Health to increase its capacity and to manage the ongoing impacts of COVID-19. The 2021-22 NSW Budget included over \$30 billion for the NSW Health Cluster. This was enshrined in legislation on 28 June 2021 in Division 3 of the Appropriation Act 2021 No 18.

The ACI has received an additional \$0.42 million (2020: \$0.26 million) through NSW Ministry of Health allocations as financial support for COVID-19 activity, see Note 9.

Despite the impact of COVID-19, the going concern assumption remains appropriate. Reasons for this include:

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

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

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

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

(c) Statement of Compliance

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

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

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

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

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

(e) 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.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies

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

(i) Effective for the first time in 2020-21

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059)

The adoption of AASB 1059 and the withdrawal of TPP 06-8 did not have an impact on the financial statements of the ACI.

(g) Impact of COVID-19 on Financial Reporting for 2020-21

The COVID-19 pandemic has resulted in significant changes in the ACI activity and in the way the services are being delivered. The pandemic has also impacted financial reporting in 2020-21 and increased disclosures are presented in the following notes:

- * Note 1b) Basis of preparation
- * Note 9 NSW Ministry of Health allocations

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

2. Employee related expenses

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Salaries and wages (including annual leave and allocated days off)	25,050	22,615	-	-
Superannuation - defined benefit plans	115	122	-	-
Superannuation - defined contribution plans	2,068	1,887	-	-
Long service leave	517	1,540	-	-
Redundancies	69	98	-	-
Workers' compensation insurance	74	73	-	-
Fringe benefits tax	2	8	-	-
	27,895	26,343	-	-

3. Personnel services

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Salaries and wages (including annual leave and allocated days off)	-	-	25,050	22,615
Superannuation - defined contribution plans	-	-	2,068	1,887
Long service leave	-	-	243	83
Redundancies	-	-	69	98
Workers' compensation insurance	-	-	74	73
Fringe benefits tax	-	-	2	8
	-	-	27,506	24,764

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Other expenses

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Advertising	6	2	6	2
Auditor's remuneration - audit of financial statements	53	43	53	43
Contractors	-	10	-	10
Domestic supplies and services	1	39	1	39
Food supplies	13	89	13	89
Fuel, light and power	6	28	6	28
Information management expenses	1,131	629	1,131	629
Insurance	7	7	7	7
Maintenance (see Note 4 (b))	243	109	243	109
Medical and surgical supplies	-	1	-	1
Motor vehicle expenses	10	23	10	23
Postal and telephone costs	73	147	73	147
Printing and stationery	136	178	136	178
Specialised services (dental, radiology, pathology and allied health)	7	-	7	-
Staff related costs	277	120	277	120
Travel related costs	229	738	229	738
Other (see Note 4 (a))	5,871	4,935	5,871	4,935
	8,063	7,098	8,063	7,098

4. Other expenses (continued)

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
(a) Other				
Corporate support services	399	359	399	359
Courier and freight	1	4	1	4
Legal services	-	3	-	3
Membership/professional fees	6	19	6	19
Security services	-	1	-	1
Expenses relating to short-term leases	1,160	1,104	1,160	1,104
Expenses relating to leases of low-value assets	5	2	5	2
Other Management Services	3,605	2,890	3,605	2,890
Other miscellaneous	695	553	695	553
	5,871	4,935	5,871	4,935
(b) Reconciliation of total maintenance				
Maintenance contracts	-	18	-	18
New / replacement equipment under \$10,000	242	90	242	90
Repairs maintenance / non contract	1	1	1	1
Maintenance expense - contracted labour and other (non-employee related) in Note 4	243	109	243	109
	243	109	243	109

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

4. Other expenses (continued)

Recognition and Measurement

Maintenance expense

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

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the ACI. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 22.

Insurance

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

Lease expense

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

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

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

Management Services

Other Management Services' expenses relate to a range of service ACI receives from various providers. Some of these services relate to external evaluation, training and accreditation of AIM certification, specialist clinical advisory services, review of clinical guidelines, development and implementation of clinical registries. It also includes services such as editing, graphic designing, survey tools for feedback and development of webpages and applications.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5. Depreciation and amortisation

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Depreciation - buildings	17	445	17	445
Depreciation - plant and equipment	9	141	9	141
Depreciation - right-of-use buildings	38	29	38	29
	64	615	64	615

Refer to Note 19 Property, plant and equipment and Note 20 Leases for recognition and measurement policies on depreciation.

6. Grants and subsidies

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Grants to research organisations	-	30	-	30
Grants paid to entities controlled by the immediate parent	2,346	3,054	2,346	3,054
Other grants	184	242	184	242
	2,530	3,326	2,530	3,326

Recognition and Measurement

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

Majority of the grants expenses relate to funding provided to health entities for National Surgical Quality Improvement Program, TeleStroke, ICU Exit Block programs.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

7. Finance costs

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Interest expense from lease liabilities	1	1	1	1
	1	1	1	1

* Of the interest expense from financial liabilities at amortised cost, \$Nil (2020: \$Nil) related to financial liabilities relating to service concession arrangements. Refer to Note 24 for further details on service concession arrangements.

Recognition and Measurement

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.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Revenue

Recognition and Measurement

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

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

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

Movement of Section 4.7 GSF Act - Deemed Appropriations

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Opening balance	1,479	-	1,479	-
Add: Appropriations deemed on 1 July 2019	-	1,564	-	1,564
Add: additions of deemed appropriations	5,053	2,773	5,053	2,773
Less: expenditure charged against deemed appropriations	5,567	2,858	5,567	2,858
	965	1,479	965	1,479

Notes

¹ 'Expenditure' refers to cash payments. The term 'expenditure' has been used for payments for consistency with AASB 1058 Income of Not-for-Profit Entities.

² Deemed appropriations is a legal concept under the GSF Act, that does not have a corresponding financial statement line item. Instead, deemed appropriations may come from various sources, such as sale of goods and services, and the corresponding revenue is disclosed in the relevant sections of these items in the financial statements.

9. NSW Ministry of Health allocations

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

The ACI recognised additional NSW Ministry of Health recurrent allocations of \$0.42 million (2020: \$0.26 million) and NSW Ministry of Health capital allocations of \$Nil (2020: Nil) to cover costs incurred for the preparation, diagnosis, treatment and vaccination of COVID-19 patients.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. Sale of goods and services from contracts with customers

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
(a) Rendering of services comprise the following:				
Private use of motor vehicles	5	5	5	5
Salary packaging fee	8	8	8	8
Fees for conferences and training	-	12	-	12
Other	-	1	-	1
	13	26	13	26

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

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

Recognition and Measurement (continued)

Rendering of services

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

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

Refer to Note 23 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when the ACI expects to recognise the unsatisfied portion as revenue.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

11. Investment revenue

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Interest income from financial assets at amortised cost	8	18	8	18
	8	18	8	18

Recognition and Measurement

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

12. Grants and other contributions

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Other grants with sufficiently specific performance obligations				
Commonwealth government grants other	54	127	54	127
Grants from entities controlled by the ultimate parent	131	1,042	131	1,042
Other grants	1,404	99	1,404	99
Grants without specific performance obligations				
Commonwealth government grants other	34	-	34	-
Other grants from entities controlled by the immediate parent	-	20	-	20
	1,623	1,288	1,623	1,288

Recognition and Measurement

Grants and other contributions

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

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

Refer to Note 23 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

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

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

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

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

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Superannuation - defined benefit plans	115	122	-	-
Long service leave provision	273	1,457	-	-
	388	1,579	-	-

14. Other income

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Rental income				
- other rental income	-	2	-	2
Other	1,987	98	1,987	98
	1,987	100	1,987	100

Recognition and Measurement

Other Income

The majority of other income includes Intra Health revenue for Virtual Care Projects.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

15. Gains / (losses) on disposal

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	29	50	29	50
Less: proceeds from disposal	45	52	45	52
Total gains / (losses) on disposal	16	2	16	2

16. Conditions and restrictions on income of not-for-profit entities

The ACI receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The ACI determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The types of restrictions and income earned with restrictions are detailed in Note 21 Restricted assets.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

17. Cash and cash equivalents

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Cash at bank and on hand	965	1,480	965	1,480
	965	1,480	965	1,480

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

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

Cash and cash equivalents (per Statement of Financial Position)	965	1,480	965	1,480
	965	1,480	965	1,480

Refer to Note 29 for details regarding credit risk and market risk arising from financial instruments.

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

HealthShare NSW, a controlled entity of the immediate parent makes all payments to employees and most payments to suppliers of goods and services and grants and subsidies on behalf of the ACI. These payments are reported as expenses and operating cash outflows in the financial statements of the ACI.

HealthShare NSW receives payments directly from the NSW Ministry of Health on behalf of the ACI to fund these payments. These payments are reported as revenue (NSW Ministry of Health recurrent allocations) and operating cash inflows in the financial statements of the ACI when HealthShare NSW makes these payments on behalf of the ACI.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18. Receivables

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Trade receivables from contracts with customers	37	50	37	50
Intra health receivables	35	664	35	664
Goods and Services Tax	252	185	252	185
Other receivables	2	26	2	26
Sub total	326	925	326	925
<i>Less: Allowance for expected credit losses*</i>				
- Other receivables	-	3	-	3
Sub total	326	928	326	928
Prepayments	545	419	545	419
	871	1,347	871	1,347

(a) * Movement in the allowance for expected credit losses

Other receivables				
Balance at the beginning of the year	3	-	3	-
Amounts written off during the year	-	7	-	7
(Increase) / decrease in allowance recognised in the net result	(3)	(4)	(3)	(4)
Balance at the end of the year	-	3	-	3

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

18. Receivables (continued)

(b) The current and non-current trade receivables from contracts with customers balances above include the following receivables:

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Contract receivables (included in Note 18)	72	714	72	714
Total contract receivables	72	714	72	714

Recognition and Measurement

All 'regular way' purchases or sales of receivables are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of receivables 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.

Impairment

The ACI 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 ACI expects to receive, discounted at the original effective interest rate.

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

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
At 1 July 2019 - fair value			
Gross carrying amount	1,541	641	2,182
Less: accumulated depreciation and impairment	1,063	388	1,451
Net carrying amount	478	253	731
Year ended 30 June 2020			
Net carrying amount at beginning of year	478	253	731
Adjusted net carrying amount at beginning of year	478	253	731
Disposals	-	(50)	(50)
Depreciation expense	(445)	(141)	(586)
Net carrying amount at end of year	33	62	95

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Property, plant and equipment (continued)

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

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
At 1 July 2020 - fair value			
Gross carrying amount	1,541	551	2,092
Less: accumulated depreciation and impairment	1,508	489	1,997
Net carrying amount	33	62	95

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2021			
Net carrying amount at beginning of year	33	62	95
Disposals	-	(29)	(29)
Depreciation expense	(17)	(9)	(26)
Net carrying amount at end of year	16	24	40

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
At 30 June 2021 - fair value			
Gross carrying amount	120	46	166
Less: accumulated depreciation and impairment	104	22	126
Net carrying amount	16	24	40

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

The net carrying amount of service concession assets included in each class of property, plant and equipment as at 30 June 2021:

- land and buildings \$Nil (2020: \$Nil)
- plant and equipment \$Nil (2020: \$Nil)
- infrastructure systems \$Nil (2020: \$Nil)

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

PARENT AND CONSOLIDATION

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

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

19. Property, plant and equipment (continued)

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

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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

Capitalisation thresholds

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

Restoration costs

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

Depreciation of property, plant and equipment

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

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

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

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

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

'Plant and equipment' comprises, among others, medical, computer and office equipment, motor vehicles, furniture and fittings and PODS (a detachable or self-contained unit on ambulances used for patient treatment).

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

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The ACI has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 20.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Leases

(a) Entity as a lessee

The ACI leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 4 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The ACI does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the ACI and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$NIL have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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

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

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

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	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2020	55	-	55
Reassessments	2	-	2
Depreciation expense	(38)	-	(38)
Balance at 30 June 2021	19	-	19

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2019	84	-	84
Depreciation expense	(29)	-	(29)
Balance at 30 June 2020	55	-	55

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for the year ended 30 June 2021

20. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

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	2021	2020
	\$000	\$000
Balance at 1 July	56	84
Interest expenses	1	1
Payments	(30)	(29)
Other adjustments	2	-
Balance at 30 June	29	56

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

PARENT AND CONSOLIDATION

	2021	2020
	\$000	\$000
Depreciation expense of right-of-use assets	38	29
Interest expense on lease liabilities	1	1
Expenses relating to short-term leases	1,160	1,104
Expenses relating to leases of low-value assets	5	2
Total amount recognised in the statement of comprehensive income	1,204	1,136

The ACI had total cash outflows for leases of \$1.19 million for the year ended 30 June 2021 (2020: \$1.14 million).

Recognition and Measurement

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

The ACI recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Leases (continued)

(a) Entity as a lessee (continued)

i. Right-of-use assets

The ACI recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	1 to 5 years

If ownership of the leased asset transfers to the ACI at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The ACI assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the ACI estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the ACI recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the ACI; and
- payments of penalties for terminating the lease, if the lease term reflects the ACI exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The ACI does not borrow funds in the market. Instead they receive an allocation of the appropriations from the Crown and where the Crown needs additional funding, Treasury Corporation (TCorp) goes to the market to obtain these funds. As a result, the ACI is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Leases (continued)

(a) Entity as a lessee (continued)

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The ACI's lease liabilities are included in borrowings in Note 24.

iii. *Short-term leases and leases of low-value assets*

The ACI applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

iv. *Leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives*

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the ACI to further its objectives is the same as normal right-of-use assets. They are measured at cost, subject to impairment.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Restricted assets

PARENT AND CONSOLIDATION

The ACI's financial statements include the following assets which are restricted for stipulated purposes and / or by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions. They consist of cash assets and rights and obligations to receive and make payments as at 30 June 2021.

Category	1 July 2020 Opening \$000	Revenue \$000	Expense \$000	2021 Closing \$000
Community welfare	-	1,482	1,482	-
Training and education including conferences	115	8	-	123
	115	1,490	1,482	123

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

Category	Purpose
Community welfare	Improvements to service access, health literacy, public and preventative health care.
Training and education including conferences	Professional training, education and conferences.

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22. Payables

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Accrued salaries, wages and on-costs	648	516	-	-
Salaries and wages deductions	6	-	-	-
Payroll and fringe benefits tax	-	8	-	-
Accrued liability - purchase of personnel services	-	-	654	524
Creditors	507	221	507	221
- Payables to entities controlled by the immediate parent	658	493	658	493
- Other	311	258	311	258
	2,130	1,496	2,130	1,496

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 29.

Recognition and Measurement

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

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

Agency for Clinical Innovation

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for the year ended 30 June 2021

23. Contract liabilities

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Contract liabilities	654	1,212	654	1,212
	654	1,212	654	1,212

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2021 was impacted by the timing of payments received for grants and other contributions. The satisfaction of the specific performance obligations within the contract had not been met at the 30 June 2021. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

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

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,212	-	1,212	-
Revenue recognised from performance obligations satisfied in previous periods	1,212	870	1,212	870
Transaction price allocated to the remaining performance obligations from contracts with customers	1,863	3,775	1,863	3,775

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

	2022 \$'000	2023 \$'000	2024 \$'000	≥ 2025 \$'000
Specific revenue class				
Grants and other contributions	531	815	517	-
	531	815	517	-

Agency for Clinical Innovation

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for the year ended 30 June 2021

24. Borrowings

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Lease liabilities (see Note 20)	29	29	29	29
	29	29	29	29
Non-current				
Lease liabilities (see Note 20)	-	27	-	27
	-	27	-	27

No assets have been pledged as security / collateral for liabilities and there are no restrictions on any title to property.

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 29.

Recognition and Measurement

Borrowings represents interest bearing liabilities mainly raised through NSW Treasury Corporation, lease liabilities, service concession arrangement liabilities and other interest bearing liabilities.

Financial liabilities at amortised cost

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

Borrowings are classified as current liabilities unless the ACI has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 29 (b) for derecognition policy.

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Service concession arrangements \$000	Other loans and deposits \$000	Leases \$000	Total liabilities from financing activities \$000
1 July 2019	-	-	-	-
Recognised on adoption of AASB 16	-	-	84	84
Adjusted 1 July 2019	-	-	84	84
Cash flows	-	-	(28)	(28)
1 July 2020	-	-	56	56
Cash flows	-	-	(29)	(29)
Lease reassessments	-	-	2	2
30 June 2021	-	-	29	29

Agency for Clinical Innovation

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25. Provisions

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Employee benefits and related on-costs				
Annual leave - obligations expected to be settled within 12 months	2,025	1,900	-	-
Annual leave - obligations expected to be settled after 12 months	1,012	820	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	74	83	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	771	547	-	-
Provision for other employee benefits	217	218	-	-
Provision for personnel services liability	-	-	4,099	3,568
	4,099	3,568	4,099	3,568
Other Provisions				
Restoration costs	51	413	51	413
	51	413	51	413
Total current provisions	4,150	3,981	4,150	3,981
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	84	55	-	-
Provision for personnel services liability	-	-	84	55
Total non-current provisions	84	55	84	55
Aggregate employee benefits and related on-costs				
Provisions - current	4,099	3,568	-	-
Provisions - non-current	84	55	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 22)	654	516	-	-
Liability - purchase of personnel services	-	-	4,837	4,139
	4,837	4,139	4,837	4,139

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

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25. Provisions (continued)

Movements in provisions (other than employee benefits)

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

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Restoration costs				
Carrying amount at beginning of period	413	494	413	494
- Amounts used	(362)	(81)	(362)	(81)
Carrying amount at end of period	51	413	51	413

Recognition and Measurement

Employee benefits and other provisions

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

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

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

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 17.7% are applied to the value of leave payable at 30 June 2021 (comparable on-costs for 30 June 2020 were 16.1%). The ACI has assessed the actuarial advice based on the ACI'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 ACI does not expect to settle the liability within 12 months as the ACI 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.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Provisions (continued)

Recognition and Measurement (continued)

Long service leave and superannuation

The ACI's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by The Crown, which is a controlled entity of the ultimate parent. The ACI 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 in right of the state of New South Wales are borne by the ACI.

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

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

Consequential on-costs

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

Other provisions

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

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

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

26. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

The ACI is not aware of any contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

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

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

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Net cash used on operating activities	(531)	(108)	(531)	(108)
Depreciation and amortisation expense	(64)	(615)	(64)	(615)
Allowance for impairment	(3)	(4)	(3)	(4)
Decrease / (increase) in provisions	(197)	(650)	(197)	(650)
Increase / (decrease) in prepayments and other assets	(496)	725	(496)	725
Decrease / (increase) in payables	(612)	528	(612)	528
Decrease / (increase) in contract liabilities	558	(342)	558	(342)
Net gain / (loss) on sale of property, plant and equipment	16	2	16	2
Net result	(1,329)	(464)	(1,329)	(464)

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

28. Adjusted budget review

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The ACI'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 ACI's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the ACI 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 budget entries in the financial statements are unaudited.

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Net result

The actual Net Result was lower than adjusted budget by \$926 thousand, primarily due to:

Expenditure unfavourability of (\$500K)
Underdrawn Government Subsidy of (\$537K)
Own source revenue favourability \$96K

Total expenses variance of (\$500K) is the result of unmet efficiency savings and externally funded projects coming in higher than budgeted.

Total revenue variance (\$446K) is the combination of underdrawn Government subsidy, due to change to final subsidy adjustment process, and own source revenue associated with externally funded projects being higher than budgeted.

Assets and liabilities

Decrease in current assets is mainly driven by reduction in cash at bank (due to grant funds) and lower than anticipated intrahealth receivables. Non current assets remain broadly the same as budget.

Decrease in contract liabilities relate to unspent grant funds received from iCare and SIRA which are lower than budget (with budget based on prior year actuals).

Cash flows

As at 30 June 2020, ACI had a cash balance of \$0.97m in bank which mainly relates to SPT bank account for grants received from iCare and SIRA. ACI has internal processes to monitor the cash position and to draw cash from the allocated subsidy.

In FY20, Ministry centralised banking activities which has reduced the cash dependency of each entity.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on November 2021 are as follows:

	\$000
Initial allocation	32,622
Add: Budget Supplementations:	
Palliative Care Models	71
Pregnancy and Newborn services	509
Patient Reported Measures IT Solution	762
Suicide Prevention Pathway (ZSiC)	125
Voluntary Redundancy Reimbursement	76
COVID Cost	418
Gathering patient experience of peritonectomy	30
Less: Budget Retraction	
NSW TeleStroke Services (adjustment, \$2m included in the Initial allocation)	(671)
Bio Stat Trainee (adjustment, was included in the Initial allocation)	(68)
Relocation to 1RR (Net Impact of adjustment)	(140)
Balance as per Statement of Comprehensive Income	33,734

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

29. Financial instruments

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

The ACI's main risks arising from financial instruments are outlined below, together with the ACI'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 ACI, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

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Class	Category	Carrying	Carrying
		Amount	Amount
		2021	2020
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 17)	Amortised cost	965	1,480
Receivables (Note 18) ¹	Amortised cost	74	743
Total financial assets		1,039	2,223
Financial liabilities			
Borrowings (Note 24)	Financial liabilities measured at amortised cost	29	56
Payables (Note 22) ²	Financial liabilities measured at amortised cost	2,130	1,488
Total financial liabilities		2,159	1,544

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) Derecognition of financial assets and financial liabilities

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

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

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

29. Financial instruments (continued)

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

When the ACI 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 ACI 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 ACI's continuing involvement in the asset. In that case, the ACI 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.

(c) 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 ACI. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

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

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

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% (Restricted Funds Bank balance: 0.95%) in 2020-21 compared to 0.00% (Restricted Funds Bank balance: 1.34%) in the previous year. The TCorpIM Cash Fund is discussed in market risk below.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

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

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

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

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

29. Financial instruments (continued)

(c) Financial risk (continued)

i. Credit risk (continued)

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

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

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 ACI has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

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

The loss allowance for trade receivables, other receivables and contract assets as at 30 June 2021 and 30 June 2020 was determined as follows:

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount ¹	39	-	-	-	-	39
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	-21.43%	-3.95%
Estimated total gross carrying amount ¹	62	-	-	-	14	76
Expected credit loss	-	-	-	-	(3)	(3)

Notes

¹ The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB7 Financial Instruments: Disclosures. Therefore the 'total' will not reconcile to the receivables total in Note 18 and the contract assets total in Note .

The ACI is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

29. Financial instruments (continued)

(c) Financial risk (continued)

ii. Liquidity risk

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

The ACI 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 ACI's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The ACI 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 ACI 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. For all suppliers, that has a correctly rendered invoice, that has a matched purchase order and where goods have been received, an immediate payment is made irrespective of current contract payment terms.

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

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

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

29. Financial instruments (continued)

(c) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity Analysis and interest rate exposure of financial liabilities

	EIR ³ %	Nominal Amount ¹ \$000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2021								
Payables:								
- Creditors ²		2,130	-	-	2,130	2,130	-	-
- Lease liabilities	1.42	28	28	-	-	28	-	-
		2,158	28	-	2,130	2,158	-	-
2020								
Payables:								
- Creditors ²		1,488	-	-	1,488	1,488	-	-
- Lease liabilities	1.42	56	56	-	-	29	27	-
		1,544	56	-	1,488	1,517	27	-

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 ACI 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).

³ Weighted Average Effective Interest Rate (EIR).

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

29. Financial instruments (continued)

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The ACI's exposures to market risk are primarily through interest rate risk on the ACI's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. The ACI 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 ACI 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 2020. 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 ACI's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The ACI does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

However, the ACI 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:

PARENT AND CONSOLIDATION

	2021		2020	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(9)	9	(14)	14
Equity	(9)	9	(14)	14

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

30. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2021	2020
	\$000	\$000
Short-term employee benefits	82	80
Post-employment benefits	7	6
	89	86

During the financial year, Agency for Clinical Innovation obtained key management personnel services from the immediate parent and incurred \$0.466 million (2020: \$0.443 million) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

There were no transactions with key management personnel and their close family members (2020: \$Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2020: \$Nil).

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

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

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

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of patient transport services, information management services, and corporate support services.
- Rental for ACI staff working from facility of another health entity
- Staff related costs for secondments, executive salaries and TESL allowance
- Various grants and subsidies towards research and other projects

Agency for Clinical Innovation

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

30. Related party disclosures (continued)

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

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

- Payroll and fringe benefits taxes
- Audit of the statutory financial statements
- Legal and consultancy services
- Motor vehicle toll expenses
- Insurance costs
- Rental costs for Property NSW leased properties
- Various grants and subsidies towards research and other projects

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

- Revenue from recurrent and capital allocations
- Various grants and contributions towards research and other projects

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

- Various grants and other contributions towards research and other projects
- Revenue from acceptance of long service leave liabilities and defined benefit

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions
- Some terms deposits are invested with TCorpIM Funds Investment facilities

31. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS