



INDEPENDENT AUDITOR'S REPORT

Cancer Institute NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Cancer Institute NSW (the Institute), 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 Institute'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 Financial Report' section of my report.

I am independent of the Institute 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 adjusted budget information detailed in Note 30. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Institute. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Institute's financial statements present adjusted budget information.

The Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer 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 Officer's responsibility also includes such internal control as the Chief Executive Officer 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 Officer is responsible for assessing the Institute'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/ar4.pdf. The description forms part of my auditor's report.

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

- that the Institute 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.



Lisa Berwick
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

1 October 2021
SYDNEY

Cancer Institute NSW

Statement by the Accountable Authority

for the year ended 30 June 2021



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

1. The financial statements of the Cancer Institute NSW 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 Cancer Institute NSW's financial position as at 30 June 2021 and the financial performance and 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.

A handwritten signature in black ink, appearing to read 'Sarah McGill'.

Sarah McGill
Acting Chief Executive Officer
1 October 2021

A handwritten signature in black ink, appearing to read 'Morris Iemma'.

The Hon. Morris Iemma
Chairperson
1 October 2021

Cancer Institute NSW

Statement of Comprehensive Income for the year ended 30 June 2021

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2021	2021	2020	2021	2020
	Notes	\$000	\$000	\$000	\$000	\$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	34,168	34,125	33,673	-	-
Personnel services	3	-	-	-	33,785	32,467
Visiting medical officers	4	161	250	54	161	54
Other expenses	5	43,416	48,503	43,346	43,416	43,346
Depreciation and amortisation	6	2,364	3,433	3,858	2,364	3,858
Grants and subsidies	7	93,283	90,516	95,994	93,283	95,994
Finance costs	8	41	30	90	41	90
Total expenses excluding losses		173,433	176,857	177,015	173,050	175,809
Revenue						
NSW Ministry of Health recurrent allocations	10	167,149	170,146	175,630	167,149	175,630
NSW Ministry of Health capital allocations	10	964	975	975	964	975
Acceptance by the Crown ² of employee benefits	13	383	383	1,206	-	-
Sale of goods and services from contracts with customers	11	795	787	792	795	792
Grants and other contributions	12	976	724	1,079	976	1,079
Other income	14	402	-	844	402	844
Total revenue		170,669	173,015	180,526	170,286	179,320
Operating result		(2,764)	(3,842)	3,511	(2,764)	3,511
Gains / (losses) on disposal	15	(351)	-	-	(351)	-
Other gains / (losses)	16	-	-	(2,898)	-	(2,898)
Net result from continuing operations	28	(3,115)	(3,842)	613	(3,115)	613
Net result		(3,115)	(3,842)	613	(3,115)	613
Other comprehensive income						
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		(3,115)	(3,842)	613	(3,115)	613

¹ Unaudited adjusted budget, see Note 30.

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

The accompanying notes form part of these financial statements.

Cancer Institute NSW

Statement of Financial Position as at 30 June 2021

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
	Notes	2021	2021	2020	2021	2020
		\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Cash and cash equivalents	17	500	504	504	500	504
Receivables	18	3,434	3,050	3,050	3,434	3,050
Total current assets		3,934	3,554	3,554	3,934	3,554
Non-current assets						
Property, plant & equipment	19					
- Plant and equipment		41	237	253	41	253
Total property, plant & equipment		41	237	253	41	253
Right-of-use assets	20	-	489	2,179	-	2,179
Intangible assets	21	6,674	6,674	8,363	6,674	8,363
Total non-current assets		6,715	7,400	10,795	6,715	10,795
Total assets		10,649	10,954	14,349	10,649	14,349
LIABILITIES						
Current liabilities						
Payables	23	12,339	7,717	7,647	12,339	7,647
Contract liabilities	24	287	289	289	287	289
Borrowings	25	-	2,165	2,165	-	2,165
Provisions	26	5,027	5,302	4,981	5,027	4,981
Total current liabilities		17,653	15,473	15,082	17,653	15,082
Non-current liabilities						
Borrowings	25	-	2,931	2,930	-	2,930
Provisions	26	72	353	298	72	298
Total non-current liabilities		72	3,284	3,228	72	3,228
Total liabilities		17,725	18,757	18,310	17,725	18,310
Net assets		(7,076)	(7,803)	(3,961)	(7,076)	(3,961)
EQUITY						
Accumulated funds		(7,076)	(7,803)	(3,961)	(7,076)	(3,961)
Total Equity		(7,076)	(7,803)	(3,961)	(7,076)	(3,961)

¹ Unaudited adjusted budget, see Note 30.

The accompanying notes form part of these financial statements.

Cancer Institute NSW

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

PARENT AND CONSOLIDATION

	Accumulated Funds \$000	Total \$000
Balance at 1 July 2020	(3,961)	(3,961)
Net result for the year	(3,115)	(3,115)
Total comprehensive income for the year	(3,115)	(3,115)
Balance at 30 June 2021	(7,076)	(7,076)

	Accumulated Funds \$000	Total \$000
Balance at 1 July 2019	(4,574)	(4,574)
Net result for the year	613	613
Total Comprehensive Income for the Year	613	613
Balance at 30 June 2020	(3,961)	(3,961)

The accompanying notes form part of these financial statements.

Cancer Institute NSW

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		(33,259)	(33,545)	(32,280)	-	-
Suppliers for goods and services		(41,692)	(50,301)	(53,199)	(41,692)	(53,199)
Grants and subsidies		(94,211)	(91,443)	(99,575)	(94,211)	(99,575)
Personnel services		-	-	-	(33,259)	(32,280)
Total payments		(169,162)	(175,289)	(185,054)	(169,162)	(185,054)
Receipts						
NSW Ministry of Health recurrent allocations		167,149	170,146	175,630	167,149	175,630
NSW Ministry of Health capital allocations		964	975	975	964	975
Reimbursements from the Crown ²		207	207	328	207	328
Sale of goods and services		931	868	177	931	177
Grants and other contributions		1,050	807	1,401	1,050	1,401
Other		5,029	4,765	9,207	5,029	9,207
Total receipts		175,330	177,768	187,718	175,330	187,718
NET CASH FLOWS FROM OPERATING ACTIVITIES	28	6,168	2,479	2,664	6,168	2,664
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment and intangibles		(2,442)	(449)	(2,392)	(2,442)	(2,392)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2,442)	(449)	(2,392)	(2,442)	(2,392)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of principal portion of lease liabilities		(3,730)	(2,030)	(2,030)	(3,730)	(2,030)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(3,730)	(2,030)	(2,030)	(3,730)	(2,030)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents	17	504	504	2,262	504	2,262
CLOSING CASH AND CASH EQUIVALENTS	17	500	504	504	500	504

¹ Unaudited adjusted budget, see Note 30.

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

The accompanying notes form part of these financial statements.

Cancer Institute NSW

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 Cancer Institute NSW was established under the Cancer Institute NSW Act 2003 to address the increasing incidence of cancer and the unacceptable rate of cancer deaths, to relieve suffering and to improve the quality of life of cancer patients and to provide key information to the government and the community thus accelerating the control and cure of cancer.

Following the assenting of the Cancer Institute Amendment Act 2012, the Cancer Institute NSW became subject to the administration of the public health system under the Health Services Act 1997 effective from the 1st of April 2013.

The Cancer Institute NSW 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 Cancer Institute NSW, as a reporting entity, comprises all the entities under its control, namely:

- * The parent entity comprises all the operating activities of the Cancer Institute NSW. The Institute works in partnership with all involved in the cancer community to:
 - reduce the incidence of cancer in the community
 - increase the survival rate for cancer patients
 - improve the quality of life of cancer patients and their carers
 - provide a source of expertise on cancer control.

Underpinning the Institute's work are initiatives to improve cancer outcomes across diverse cultural communities, report on the performance of cancer services, engage with primary care and enhance research capabilities across NSW.

- * The Cancer Institute NSW Special Purpose Service Entity which was established as a Division of the Cancer Institute NSW on 17 March 2006 in accordance with the Public Sector Employment and Management Act 2002. As a result of the Cancer Institute (NSW) Amendment Act 2012, the Division was abolished as a Division of the Government Service from 1 July 2013 and re-established as a Division of the NSW Health Service under the Health Services Act 1997. The Division provides personnel services to enable the Cancer Institute NSW 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 Acting Chief Executive Officer on 1 October 2021.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies (continued)

b) Basis of preparation

The Cancer Institute NSW'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 applicable requirements of the Government Sector Finance Act 2018 ('the Act'); and
- * Treasurer's Directions issued under the Act.

The financial statements of the Cancer Institute NSW have been prepared on a going concern basis.

The Secretary of NSW Health, the Chair of the Cancer Institute NSW Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The Performance Agreement sets out the level of financial resources for public health services under the Cancer Institute NSW's control and the source of these funds. By agreement, the Performance Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Cancer Institute NSW fails to meet Performance Agreement 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.

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 Cancer Institute NSW 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 Cancer Institute NSW has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the Cancer Institute NSW and assist in meeting its overall budget target. The EIP is monitored and evaluated by the NSW Ministry of Health throughout the financial year.
- * The Commonwealth has entered a National Partnership Agreement, in response to the COVID-19 pandemic, with States and Territories, including NSW. The Agreement delivers funding to public hospitals and provides stability and certainty of funding while ensuring access to new life saving therapies in public hospitals. The Cancer Institute NSW is subject to additional NSW Ministry of Health recurrent allocations (see Note 10) to provide for costs incurred related to COVID-19 activities and to ensure debts can be paid as and when they become due and payable.

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 Cancer Institute NSW's presentation and functional currency.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies (continued)

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 Cancer Institute NSW 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) Foreign currency translation

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date.

Differences arising on settlement or translation of monetary items are recognised in net result.

f) 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

1. Statement of Significant Accounting Policies (continued)

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

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

The accounting policies applied in 2020-21 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 Cancer Institute NSW applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Cancer Institute NSW.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059)

AASB 1059 is effective for the Cancer Institute NSW from 1 July 2020. At the same time NSW Treasury Policy and Guideline Paper TPP 06-8: Accounting for Privately Financed Projects (TPP 06-8) was withdrawn effective from 1 July 2020.

Service Concession Arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Where AASB 1059 applies, the grantor recognises the service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

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

(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 Cancer Institute NSW, has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the Cancer Institute NSW.

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

The COVID-19 pandemic has resulted in some changes in the Cancer Institute NSW 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 10 NSW Ministry of Health allocations

Cancer Institute NSW

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)	30,602	29,607	-	-
Superannuation - defined benefit plans	-	11	-	-
Superannuation - defined contribution plans	2,767	2,629	-	-
Long service leave	596	1,274	-	-
Workers' compensation insurance	193	101	-	-
Fringe benefits tax	10	51	-	-
	34,168	33,673	-	-

Employee related costs of \$Nil (2020: \$132 thousand) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above.

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)	-	-	30,602	29,607
Superannuation - defined contribution plans	-	-	2,767	2,629
Long service leave	-	-	213	79
Workers' compensation insurance	-	-	193	101
Fringe benefits tax	-	-	10	51
	-	-	33,785	32,467

Personnel services of Cancer Institute NSW were provided by its controlled entity, Cancer Institute NSW Special Purpose Service Entity.

Personnel services of \$Nil (2020: \$132 thousand) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

4. Visiting medical officers

Visiting Medical Officers (VMOs) provide expert advice on enhancements to the clinical workflow and coordinate consultation with clinicians for changes to the BreastScreen Information System. VMO expenses of \$161 thousand (2020: \$54 thousand) was expensed as incurred.

Cancer Institute NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

5. Other expenses

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Advertising	8,845	11,734	8,845	11,734
Auditor's remuneration - audit of financial statements	52	52	52	52
Consultancies	444	781	444	781
Contractors	19,436	19,886	19,436	19,886
Domestic supplies and services	10	58	10	58
Food supplies	1	43	1	43
Fuel, light and power	12	50	12	50
Information management expenses	7,220	6,119	7,220	6,119
Maintenance (see Note 5 (b))	936	405	936	405
Postal and telephone costs	413	388	413	388
Printing and stationery	179	161	179	161
Specialised services (radiology)	10	17	10	17
Staff related costs	1,795	423	1,795	423
Travel related costs	39	367	39	367
Other (see Note 5 (a))	4,024	2,862	4,024	2,862
	43,416	43,346	43,416	43,346

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

5. Other expenses (continued)

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
(a) Other				
Corporate support services	502	448	502	448
Courier and freight	3	9	3	9
Legal services	34	20	34	20
Membership/professional fees	233	192	233	192
Quality assurance / accreditation	8	18	8	18
Expenses relating to short-term leases	1,835	18	1,835	18
Other miscellaneous	1,409	2,157	1,409	2,157
	4,024	2,862	4,024	2,862
(b) Reconciliation of total maintenance				
Maintenance contracts	140	136	140	136
New / replacement equipment under \$10,000	624	198	624	198
Repairs maintenance / non contract	154	71	154	71
Other	18	-	18	-
Maintenance expense - contracted labour and other (non-employee related) in Note 5	936	405	936	405
Total maintenance expenses	936	405	936	405

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 Cancer Institute NSW. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 23.

Insurance

The Cancer Institute NSW'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 Cancer Institute NSW 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

6. Depreciation and amortisation

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Depreciation - plant and equipment	52	230	52	230
Depreciation - right-of-use buildings	623	2,138	623	2,138
Amortisation - intangible assets	1,689	1,490	1,689	1,490
	2,364	3,858	2,364	3,858

Refer to Note 19 Property, plant and equipment, Note 20 Leases, and Note 21 Intangible assets for recognition and measurement policies on depreciation and amortisation.

7. Grants and subsidies

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Non-government organisations	1,155	-	1,155	-
Grants to research organisations	19,802	23,135	19,802	23,135
Grants paid to entities controlled by the immediate parent	72,271	72,831	72,271	72,831
Other grants	55	28	55	28
	93,283	95,994	93,283	95,994

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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

8. Finance costs

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Interest expense from lease liabilities	41	86	41	86
Unwinding of present value discount	-	4	-	4
	41	90	41	90

Recognition and Measurement

Finance costs consist of interest and unwinding of present value on the restoration provision and other costs incurred in connection with the lease of building. Finance 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

9. 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 Cancer Institute NSW's own source revenue (which includes but is not limited to receipts from operating activities and other grants and contributions) meets the definition of deemed appropriation money under the GSF Act.

Deemed appropriation money is money received directly by the Cancer Institute NSW which forms part of the consolidated fund and is not appropriated to the Cancer Institute NSW 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	504	-	504	-
Add: Appropriations deemed on 1 July 2019	-	2,262	-	2,262
Add: additions of deemed appropriations	7,217	11,113	7,217	11,113
Less: expenditure charged against deemed appropriations	7,221	12,871	7,221	12,871
	500	504	500	504

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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

10. NSW Ministry of Health allocations

Payments are made by the immediate parent as per the Performance Agreement to the Cancer Institute NSW and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Performance Agreement between the immediate parent and the Cancer Institute NSW 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 Cancer Institute NSW has not recognised additional NSW Ministry of Health recurrent allocations or NSW Ministry of Health capital allocations.

11. Sale of goods and services from contracts with customers

(a) Rendering of services comprise the following:

Shared corporate service revenues	130	155	130	155
Recoveries	665	637	665	637
	795	792	795	792
	795	792	795	792

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

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

Recognition and Measurement

Rendering of services

Revenue from rendering of services is recognised when the Cancer Institute NSW 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 the General community, Non-NSW Health entities and Entities controlled by the immediate parent	Various non-patient related services are provided to the 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 24 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 Cancer Institute NSW expects to recognise the unsatisfied portion as revenue.

Cancer Institute NSW

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	312	316	312	316
Other grants	500	658	500	658
Grants without specific performance obligations				
Other grants from entities controlled by the immediate parent	159	105	159	105
Donations	5	-	5	-
	976	1,079	976	1,079

Recognition and Measurement

Grants and other contributions

Revenue from grants with sufficiently specific performance obligations are recognised when the Cancer Institute NSW satisfies a performance obligation by transferring the promised services. The Cancer Institute NSW typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. The Cancer Institute NSW 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 24 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 Cancer Institute NSW obtains control over the granted assets (e.g. cash).

Volunteer services

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services recognised are measured at fair value. The Cancer Institute NSW receives volunteer services for the below activities:

- Participation in committees

- Participation in working groups

Receipt of these services, while important, is not recognised because typically such services would not have been purchased if not donated.

Cancer Institute NSW

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	-	11	-	-
Long service leave provision	383	1,195	-	-
	383	1,206	-	-

14. Other income

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Other income comprises the following:				
Insurance refunds	142	48	142	48
Other	260	796	260	796
	402	844	402	844

Recognition and Measurement

Other Income

Other income includes cost recovery income which is recognised when promised services are delivered.

Forgiveness of liabilities

The gross amount of a liability forgiven by a credit provider is recognised by the borrower as other income.

Cancer Institute NSW

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	160	-	160	-
Net gains / (losses) on disposal	(160)	-	(160)	-
Right-of-use assets				
Written down value of assets disposed	1,556	-	1,556	-
Less: lease liabilities extinguished	1,365	-	1,365	-
Net gains / (losses) on disposal	(191)	-	(191)	-
Total gains / (losses) on disposal	(351)	-	(351)	-

16. Other gains / (losses)

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Impairment losses on right-of-use assets	-	(2,898)	-	(2,898)
	-	(2,898)	-	(2,898)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in the following notes:

- Note 18 Receivables
- Note 19 Property, plant and equipment
- Note 20 Leases
- Note 21 Intangible assets

Cancer Institute NSW

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	500	504	500	504
	500	504	500	504

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and on hand.

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)	500	504	500	504
	500	504	500	504

Refer to Note 32 for details regarding credit risk and market risk arising from financial instruments.

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 Cancer Institute NSW. These payments are reported as expenses and operating cash outflows in the financial statements of the Cancer Institute NSW.

HealthShare NSW receives payments directly from the NSW Ministry of Health on behalf of the Cancer Institute NSW 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 Cancer Institute NSW when HealthShare NSW makes these payments on behalf of the Cancer Institute NSW.

Cancer Institute NSW

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	375	218	375	218
Intra health receivables	165	188	165	188
Goods and Services Tax	1,941	1,627	1,941	1,627
Other receivables	20	29	20	29
Sub total	2,501	2,062	2,501	2,062
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	-	-	-	-
Sub total	2,501	2,062	2,501	2,062
Prepayments	933	988	933	988
Current receivables	3,434	3,050	3,434	3,050

* Expected credit losses were assessed to be \$Nil based on historical receivable balances.

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 32.

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Contract receivables (included in Note 18)	539	406	539	406
Total contract receivables	539	406	539	406

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.

Subsequent measurement

The Cancer Institute NSW 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.

Impairment

The Cancer Institute NSW 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 Cancer Institute NSW expects to receive, discounted at the original effective interest rate.

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

Cancer Institute NSW

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

	Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
At 1 July 2019 - fair value			
Gross carrying amount	3,832	3,525	7,357
Less: accumulated depreciation and impairment	3,832	2,074	5,906
Net carrying amount	-	1,451	1,451

	Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2020			
Net carrying amount at beginning of year	-	1,451	1,451
Adjusted net carrying amount at beginning of year	-	1,451	1,451
Additions	-	1,774	1,774
Reclassification to intangibles	-	(975)	(975)
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(1,767)	(1,767)
Depreciation expense	-	(230)	(230)
Net carrying amount at end of year	-	253	253

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.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 22.

Cancer Institute NSW

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

	Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
At 1 July 2020 - fair value			
Gross carrying amount	3,431	2,549	5,980
Less: accumulated depreciation and impairment	3,431	2,296	5,727
Net carrying amount	-	253	253

	Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2021			
Net carrying amount at beginning of year	-	253	253
Adjusted net carrying amount at beginning of year	-	253	253
Disposals	-	(160)	(160)
Depreciation expense	-	(52)	(52)
Net carrying amount at end of year	-	41	41

	Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
At 30 June 2021 - fair value			
Gross carrying amount	-	143	143
Less: accumulated depreciation and impairment	-	102	102
Net carrying amount	-	41	41

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.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 22.

Cancer Institute NSW

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 Cancer Institute NSW

PARENT AND CONSOLIDATION

The Cancer Institute NSW 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 Cancer Institute NSW.

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.

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

Capitalisation thresholds

Property, plant and equipment and intangible 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

19. Property, plant and equipment (continued)

Depreciation of property, plant and equipment

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 Cancer Institute NSW.

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

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

	Useful lives
Buildings - leasehold improvements	8 years
Plant and equipment	4-7 years

'Plant and equipment' comprises, among others, medical, computer and office equipment.

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 Cancer Institute NSW has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 20.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 22 for further information regarding fair value.

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

Cancer Institute NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

19. Property, plant and equipment (continued)

Revaluation of property, plant and equipment (continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted if appropriate.

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.

The Cancer Institute NSW 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 Cancer Institute NSW 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.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the carrying value of the class of asset.

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 net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

20. Leases

(a) Entity as a lessee

The Cancer Institute NSW leases office premises. Lease contract is typically made for fixed periods of 8 years, with the option taken to extend for another 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement does not impose any covenants but leased assets may not be used as security for borrowing purposes. The Cancer Institute NSW does not provide residual value guarantees in relation to leases. The right-of-use asset and the lease liability relate to former office premises leased by the Cancer Institute NSW until February 2021.

Extension and termination options are included in the lease. 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 Cancer Institute NSW 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).

The lease was terminated in February 2021. There are no potential future cash outflows.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was \$Nil in recognised lease liabilities and right-of-use assets.

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

The Cancer Institute NSW 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.

Cancer Institute NSW

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)

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.

PARENT AND CONSOLIDATION

	Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2020	2,179	-	2,179
Disposals	(1,556)	-	(1,556)
Depreciation expense	(623)	-	(623)
Balance at 30 June 2021	-	-	-

PARENT AND CONSOLIDATION

	Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2019	7,125	-	7,125
Additions	90	-	90
Depreciation expense	(2,138)	-	(2,138)
Impairment losses (recognised in 'Other gains / (losses)')	(2,898)	-	(2,898)
Balance at 30 June 2020	2,179	-	2,179

Cancer Institute NSW

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)

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2021 \$000	2020 \$000
Balance at 1 July	5,095	7,125
Interest expenses	41	86
Payments	(3,771)	(2,116)
Terminations	(1,365)	-
Balance at 30 June	-	5,095

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

PARENT AND CONSOLIDATION

	2021 \$000	2020 \$000
Depreciation expense of right-of-use assets	623	2,138
Interest expense on lease liabilities	41	86
Expenses relating to short-term leases	1,835	18
(Gains) / losses on disposal	192	-
Other adjustments	-	2,898
Total amount recognised in the statement of comprehensive income	2,691	5,140

The Cancer Institute NSW had total cash outflows for leases of \$6,970 thousand for the year ended 30 June 2021 (2020: \$2,134 thousand) including termination.

Cancer Institute NSW

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)

Recognition and Measurement

The Cancer Institute NSW 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 Cancer Institute NSW 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.

i. Right-of-use assets

The Cancer Institute NSW 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 life
Buildings	4 years

The right-of-use assets are also subject to impairment. The Cancer Institute NSW 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 Cancer Institute NSW 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.

Cancer Institute NSW

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)

ii. Lease liabilities

At the commencement date of the lease, the Cancer Institute NSW 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;
- payments of penalties for terminating the lease, if the lease term reflects the Cancer Institute NSW exercising the option to terminate.

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 Cancer Institute NSW 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 Cancer Institute NSW is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

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 Cancer Institute NSW's lease liabilities are included in borrowings in Note 25.

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

The Cancer Institute NSW 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Intangible assets

PARENT AND CONSOLIDATION

	Total \$000
At 1 July 2019	
Cost (gross carrying amount)	16,873
Less: accumulated amortisation and impairment	8,613
Net carrying amount	8,260

	Total \$000
Year ended 30 June 2020	
Net carrying amount at beginning of year	8,260
Additions - acquired separately	618
Reclassifications from plant and equipment	975
Amortisation (recognised in depreciation and amortisation)	(1,490)
Net carrying amount at end of year	8,363

	Total \$000
At 1 July 2020	
Cost (gross carrying amount)	18,445
Less: accumulated amortisation and impairment	10,082
Net carrying amount	8,363

	Total \$000
Year ended 30 June 2021	
Net carrying amount at beginning of year	8,363
Additions - acquired separately	-
Reclassifications from plant and equipment	-
Amortisation (recognised in depreciation and amortisation)	(1,689)
Net carrying amount at end of year	6,674

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

21. Intangible assets (continued)

PARENT AND CONSOLIDATION

	Total \$000
At 30 June 2021	
Cost (gross carrying amount)	18,399
Less: accumulated amortisation and impairment	11,725
Net carrying amount	6,674

Recognition and Measurement

The Cancer Institute NSW recognises intangible assets only if it is probable that future economic benefits will flow to the Cancer Institute NSW and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Cancer Institute NSW's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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

The useful lives of intangible assets are assessed to be finite.

The Cancer Institute NSW's intangible assets are amortised using the straight-line method over a period of four or ten years.

Computer software developed or acquired by the Cancer Institute NSW are recognised as intangible assets. Some computer software is acquired from eHealth NSW, a controlled entity of the immediate parent. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

22. Fair value measurement of non-financial assets

PARENT AND CONSOLIDATION

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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 Cancer Institute NSW 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.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

(a) Fair value hierarchy

	Level 3	Total Fair Value
2021	\$000	\$000
Property, plant and equipment (Note 19)		
- Buildings	-	-
	-	-

There were no transfers between level 1 and 2 during the year ended 30 June 2021.

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 19.

	Level 3	Total Fair Value
2020	\$000	\$000
Property, plant and equipment (Note 19)		
- Buildings	4,227	4,227
	4,227	4,227

There were no transfers between level 1 and 2 during the year ended 30 June 2020.

The above figures exclude leasehold improvements, work in progress and newly completed projects which are carried at cost, and as a result they will not agree to Note 19.

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

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

(b) Valuation techniques, inputs and processes

At the end of each reporting period a fair value assessment is made on any movements, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices (refer Note 19 reconciliation).

The non-current assets categorised in (a) above have been measured as level 3 based on the following valuation techniques and inputs:

- For buildings, many assets are of a specialised nature or use, and thus the most appropriate valuation method is depreciated replacement cost. These assets are included as level 3 as these assets have a high level of unobservable inputs.

(c) Reconciliation of recurring Level 3 fair value measurements

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	Buildings	Other	Total Level 3
	\$000	Assets	Recurring
2021	\$000	\$000	\$000
Fair value as at 1 July 2020	4,227	-	4,227
Adjusted fair value as at 1 July 2020	4,227	-	4,227
Disposals	(3,604)	-	(3,604)
Depreciation expense	(623)	-	(623)
Fair value as at 30 June 2021	-	-	-

There were no transfers between level 1 or 2 during the year ended 30 June 2021.

Buildings relate to the right-of-use asset. The lease on the asset was terminated in February 2021.

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	Buildings	Other	Total Level 3
	\$000	Assets	Recurring
2020	\$000	\$000	\$000
Fair value as at 1 July 2019	-	-	-
Adjusted fair value as at 1 July 2019	-	-	-
Additions	7,125	-	7,125
Impairment	(2,898)	-	(2,898)
Fair value as at 30 June 2020	4,227	-	4,227

There were no transfers between level 1 or 2 during the year ended 30 June 2020.

Cancer Institute NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

23. Payables

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Accrued salaries, wages and on-costs	777	701	-	-
Salaries and wages deductions	2	11	-	-
Payroll and fringe benefits tax	19	49	-	-
Accrued liability - purchase of personnel services	-	-	798	761
Creditors	6,856	1,321	6,856	1,321
Other creditors				
- Payables to entities controlled by the immediate parent	1,766	1,945	1,766	1,945
- Other	2,919	3,620	2,919	3,620
	12,339	7,647	12,339	7,647

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 32.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Cancer Institute NSW 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

24. Contract liabilities

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Contract liabilities	287	289	287	289
	287	289	287	289
Non-current				
Contract liabilities	-	-	-	-
	-	-	-	-

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at the 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 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	289	71	289	71
Revenue recognised from performance obligations satisfied in previous periods	(289)	(71)	(289)	(71)
Transaction price allocated to the remaining performance obligations from contracts with customers	287	289	287	289

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

Specific revenue class	2022 \$'000	2023 \$'000	2024 \$'000	≥ 2025 \$'000
Sales of goods and services from contracts with customers	7	-	-	-
Grants and other contributions	280	-	-	-
	287	-	-	-

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

25. Borrowings

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Lease liabilities (see Note 20)	-	2,165	-	2,165
	-	2,165	-	2,165
Non-current				
Lease liabilities (see Note 20)	-	2,930	-	2,930
	-	2,930	-	2,930

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

The lease liability relates to former office premises leased by the Cancer Institute NSW. The lease liability was extinguished in February 2021.

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 32.

Recognition and Measurement

Borrowings represents lease 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 Cancer Institute NSW has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 32 (b) for derecognition policy.

Changes in liabilities arising from financing activities

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	Leases \$000	Total liabilities from financing activities \$000
1 July 2019	-	-
Recognised on adoption of AASB 16	7,125	7,125
Adjusted 1 July 2019	7,125	7,125
Cash flows	(2,030)	(2,030)
Lease terminations	-	-
30 June 2020	5,095	5,095
Recognised on adoption of AASB 1059	-	-
1 July 2020	5,095	5,095
Cash flows	(3,730)	(3,730)
Lease terminations	(1,365)	(1,365)
30 June 2021	-	-

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 32.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. 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	2,737	2,634	-	-
Annual leave - obligations expected to be settled after 12 months	1,303	891	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	48	49	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	682	493	-	-
Provision for other employee benefits	257	289	-	-
Provision for personnel services liability	-	-	5,027	4,356
	5,027	4,356	5,027	4,356
Other Provisions				
Restoration costs	-	625	-	625
	-	625	-	625
Total current provisions	5,027	4,981	5,027	4,981
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	72	47	-	-
Provision for personnel services liability	-	-	72	47
	72	47	72	47
Other Provisions				
Restoration costs	-	251	-	251
	-	251	-	251
Total non-current provisions	72	298	72	298
Aggregate employee benefits and related on-costs				
Provisions - current	5,027	4,356	-	-
Provisions - non-current	72	47	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 23)	779	712	-	-
Liability - purchase of personnel services	-	-	5,878	5,115
	5,878	5,115	5,878	5,115

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. 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	876	592	876	592
- Additional provisions recognised	-	872	-	872
- Amounts used	(616)	-	(616)	-
- Unused amounts reversed	(260)	(592)	(260)	(592)
- Unwinding / change in the discount rate	-	4	-	4
Carrying amount at end of period	-	876	-	876

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 18% are applied to the value of leave payable at 30 June 2021 (comparable on-costs for 30 June 2020 were 16%). The Cancer Institute NSW has assessed the actuarial advice based on the Cancer Institute NSW'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 Cancer Institute NSW does not expect to settle the liability within 12 months as the Cancer Institute NSW 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

26. Provisions (continued)

Recognition and Measurement (continued)

Long service leave and superannuation

The Cancer Institute NSW's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by The Crown in right of the State of New South Wales. The Cancer Institute NSW 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 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 Cancer Institute NSW.

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 Cancer Institute NSW 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 Cancer Institute NSW 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.

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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

27. Joint arrangements

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses and the share of movements in reserves is recognised in reserves in the Statement of Comprehensive Income and the Statement of Changes in Equity.

The Cancer Institute NSW has not entered into Joint Arrangements.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

28. 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	6,168	2,664	6,168	2,664
Depreciation and amortisation expense	(2,364)	(3,858)	(2,364)	(3,858)
Decrease / (increase) in provisions	179	(992)	179	(992)
Increase / (decrease) in prepayments and other assets	424	(389)	424	(389)
Decrease / (increase) in payables	(4,730)	7,974	(4,730)	7,974
Decrease / (increase) in contract liabilities	2	(211)	2	(211)
Impairment losses on right-of-use assets recognised in 'other gains / (losses)'	-	(2,898)	-	(2,898)
Net gain / (loss) on sale of property, plant and equipment	(160)	-	(160)	-
Net gain / (loss) on disposal of right-of-use assets	(192)	-	(192)	-
Assets donated or brought to account (Note 29)	(2,442)	(1,767)	(2,442)	(1,767)
Property, plant and equipment acquired by a lease	-	90	-	90
Net result	(3,115)	613	(3,115)	613

29. Non-cash financing and investing activities

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Assets contributed to other health entities	(2,442)	(1,767)	(2,442)	(1,767)
Property, plant and equipment acquired by a lease	-	90	-	90
	(2,442)	(1,677)	(2,442)	(1,677)

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

30. 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 Cancer Institute NSW'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 Cancer Institute NSW's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Performance Agreement between the Cancer Institute NSW 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 higher than adjusted budget by \$727 thousand, primarily due to:

* Reduced budget requirements for contracted services due to programs of work being deferred across Cancer Institute NSW, some attributable to COVID-19.

Assets and liabilities

Actual net assets as at 30 June 2021 were higher than adjusted budget by \$727 thousand primarily due to the early termination of the lease, partially offset by higher creditor and accrual balances at 30 June 2021.

Cash flows

Actual cash balance of \$500 thousand equals the cash holding requirement as per Ministry of Health guidelines.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation in November 2020 are as follows:

	\$000
Initial Allocation, November 2020	170,374
Other	(228)
Balance as per Statement of Comprehensive Income	170,146

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

31. Equity

Accumulated funds

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

Equity transfers effected in the 2020/21 year were:

(a) Nil

Equity transfers effected in the 2019/20 year were:

(b) Nil

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

32. Financial instruments

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

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

The Acting Chief Executive Officer 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 Cancer Institute NSW, 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)	N/A	500	504
Receivables (Note 18) ¹	Amortised cost	560	435
Total financial assets		1,060	939
Financial liabilities			
Borrowings (Note 25)	Financial liabilities measured at amortised cost	-	5,095
Payables (Note 23) ²	Financial liabilities measured at amortised cost	12,320	7,598
Total financial liabilities		12,320	12,693

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).

The Cancer Institute NSW determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

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

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

32. Financial instruments (continued)

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

When the Cancer Institute NSW 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 Cancer Institute NSW 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 Cancer Institute NSW's continuing involvement in the asset. In that case, the Cancer Institute NSW 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) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) 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 Cancer Institute NSW. 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 Cancer Institute NSW, including cash and receivables. No collateral is held by the Cancer Institute NSW. The Cancer Institute NSW has not granted any financial guarantees.

Credit risk associated with the Cancer Institute NSW's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

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

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. No interest is earned on daily bank balances.

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 Cancer Institute NSW applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables.

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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

32. Financial instruments (continued)

(d) 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

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

Trade receivables and other receivables 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 120 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:

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	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	329	4	46	-	16	395
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%	0.00%	0.00%
Estimated total gross carrying amount ¹	120	97	4	2	24	247
Expected credit loss	-	-	-	-	-	-

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.

The Cancer Institute NSW 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

32. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Cancer Institute NSW will be unable to meet its payment obligations when they fall due. The Cancer Institute NSW 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 effective management of cash, and, liquid assets and liabilities.

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

The Cancer Institute NSW has exposure to liquidity risk. However, the risk is minimised by the Performance Agreement with the NSW Ministry of Health, as the annual Performance Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Cancer Institute NSW fails to meet Performance 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

32. Financial instruments (continued)

(d) Financial risk (continued)

ii. Liquidity risk (continued)

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

Maturity analysis and interest rate exposure of financial liabilities

	EIR ³ %	Interest Rate Exposure			Maturity Dates	
		Nominal Amount ¹ \$000	Fixed Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000
2021						
Payables:						
- Creditors ²		12,320	-	12,320	12,320	-
Borrowings:						
- Lease liabilities		-	-	-	-	-
		12,320	-	12,320	12,320	-
2020						
Payables:						
- Creditors ²		7,598	-	7,598	7,598	-
Borrowings:						
- Lease liabilities	1.42%	5,178	5,178	-	2,178	3,000
		12,776	5,178	7,598	9,776	3,000

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 Cancer Institute NSW 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).

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

32. 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 Cancer Institute NSW's exposures to market risk are primarily through interest rate risk on the Cancer Institute NSW's borrowings. The Cancer Institute NSW 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 Cancer Institute NSW 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 Cancer Institute NSW's interest bearing liabilities. The Cancer Institute NSW 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.

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	(5)	5	46	(46)
Equity	(5)	5	46	(46)

(e) Fair value measurement

i. Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short term nature of many of the financial instruments.

Therefore the fair value of the financial instruments does not differ from the carrying amount.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2021

33. 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	116	106
Post-employment benefits	11	10
Other long-term benefits	24	22
	151	138

During the financial year, Cancer Institute NSW obtained key management personnel services from the immediate parent and incurred \$604 thousand (2020: \$491 thousand) for these services. This amount does not form part of the key management personnel compensation disclosed above.

The Cancer Institute NSW'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 (2020: \$Nil).

(d) Transactions the Cancer Institute NSW had with government related entities during the financial year

During the financial year and comparative year, the Cancer Institute NSW 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 eHealth NSW, Health System Support Group and HealthShare NSW) provides shared services in corporate support, procurement, office administration and information management services
- Visiting Medical Officers' expenses paid to local health districts
- Rental for office premises and facilities fees paid to the immediate parent
- Senior staff related costs paid to the immediate parent
- Cancer grants and personnel expenses paid to health entities
- Patient survey expenses paid to Bureau of Health Information, an entity controlled by the immediate parent

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

33. Related party disclosures

(d) Transactions the Cancer Institute NSW had with government related entities during the financial year (continued)

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

- Fringe benefits tax
- Audit of the statutory financial statements
- Rental for office premises paid to Property NSW
- Insurance costs
- Sponsorship paid to Department of Communities and Justice

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

- Grants and contributions towards research and other projects
- Information management services provided to Health Administration Corporation

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

- Insurance refunds
- Revenue from acceptance of long service leave liabilities

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions

34. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS