



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 comprises the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, 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' 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).

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

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 26. 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.

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 Regulation 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 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 Branch

Delegate of the Auditor-General for New South Wales

18 September 2023
SYDNEY

Cancer Institute NSW

Statement by the Accountable Authority

for the year ended 30 June 2023



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

1. The financial statements of the Cancer Institute NSW for the year ended 30 June 2023 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2018*; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Cancer Institute NSW's financial position as at 30 June 2023 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 that reads 'Tracey O'Brien'.

Prof. Tracey O'Brien
Chief Cancer Officer NSW and Chief Executive Officer
15 September 2023

A handwritten signature in black ink that reads 'Michael Still'.

Mr. Michael Still
On Behalf of the Board
15 September 2023

Cancer Institute NSW

Statement of Comprehensive Income for the year ended 30 June 2023

		Consolidated Actual 2023 \$000	Consolidated Budget ¹ 2023 \$000	Consolidated Actual Restated 2022 \$000	Parent Actual 2023 \$000	Parent Actual Restated 2022 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	39,769	39,046	35,942	-	-
Personnel services	3	-	-	-	38,186	36,150
Visiting medical officers	4	7	100	32	7	32
Operating expenses	5	47,205	49,905	43,799	47,205	43,799
Depreciation and amortisation	6	935	936	1,425	935	1,425
Grants and subsidies	7	97,699	97,713	90,645	97,699	90,645
Total expenses excluding losses		185,615	187,700	171,843	184,032	172,051
Revenue						
Ministry of Health recurrent allocations	10	181,645	181,974	170,198	181,645	170,198
Ministry of Health capital allocations	10	1,984	1,988	-	1,984	-
Acceptance by the Crown ² of employee benefits	13	1,583	1,583	(208)	-	-
Sale of goods and services from contracts with customers	11	902	1,023	800	902	800
Grants and other contributions	12	732	487	1,144	732	1,144
Other income	14	176	245	343	176	343
Total revenue		187,022	187,300	172,277	185,439	172,485
Operating result		1,407	(400)	434	1,407	434
Net result from continuing operations	27	1,407	(400)	434	1,407	434
Net result		1,407	(400)	434	1,407	434
Other comprehensive income						
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		1,407	(400)	434	1,407	434

¹ Unaudited adjusted budget, see Note 26.

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

See Note 16 for details regarding restated prior year balances for the Cancer Institute NSW.

The accompanying notes form part of these financial statements.

Cancer Institute NSW

Statement of Financial Position as at 30 June 2023

		Consolidated	Consolidated	Consolidated	Consolidated	Parent	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual	Actual	Actual
		2023	2023	Restated	Restated	2023	Restated	Restated
Notes		\$000	\$000	\$000	1 July 2021	\$000	\$000	1 July 2021
					\$000			\$000
ASSETS								
Current assets								
Cash and cash equivalents	17	75	-	-	500	75	-	500
Receivables	18	4,064	2,785	2,730	3,434	4,064	2,730	3,434
Total current assets		4,139	2,785	2,730	3,934	4,139	2,730	3,934
Non-current assets								
Property, plant & equipment	19				-			-
- Plant and equipment		412	317	1,740	41	412	1,740	41
Total property, plant & equipment		412	317	1,740	41	412	1,740	41
Intangible assets	20	5,716	5,892	5,272	6,674	5,716	5,272	6,674
Total non-current assets		6,128	6,209	7,012	6,715	6,128	7,012	6,715
Total assets		10,267	8,994	9,742	10,649	10,267	9,742	10,649
LIABILITIES								
Current liabilities								
Payables	21	9,214	9,986	9,859	12,339	9,214	9,859	12,339
Contract liabilities	22	339	261	261	287	339	261	287
Provisions	23	5,901	5,741	6,230	5,059	5,901	6,230	5,059
Total current liabilities		15,454	15,988	16,350	17,685	15,454	16,350	17,685
Non-current liabilities								
Provisions	23	83	83	69	75	83	69	75
Total non-current liabilities		83	83	69	75	83	69	75
Total liabilities		15,537	16,071	16,419	17,760	15,537	16,419	17,760
Net assets		(5,270)	(7,077)	(6,677)	(7,111)	(5,270)	(6,677)	(7,111)
EQUITY								
Accumulated funds		(5,270)	(7,077)	(6,677)	(7,111)	(5,270)	(6,677)	(7,111)
Total Equity		(5,270)	(7,077)	(6,677)	(7,111)	(5,270)	(6,677)	(7,111)

¹ Unaudited adjusted budget, see Note 26.

See Note 16 for details regarding restated prior year balances for the Cancer Institute NSW.

The accompanying notes form part of these financial statements.

Cancer Institute NSW

Statement of Changes in Equity for the year ended 30 June 2023

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2022		(6,644)	(6,644)
Correction of error - long service leave calculations	16	(33)	(33)
Balance at 1 July 2022		(6,677)	(6,677)
Net result for the year		1,407	1,407
Total comprehensive income for the year		1,407	1,407
Balance at 30 June 2023		(5,270)	(5,270)

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2021		(7,076)	(7,076)
Correction of error - long service leave calculations	16	(35)	(35)
Balance at 1 July 2021		(7,111)	(7,111)
Restated net result for the year		434	434
Restated total comprehensive income for the year		434	434
Restated balance at 30 June 2022		(6,677)	(6,677)

The accompanying notes form part of these financial statements.

Cancer Institute NSW

Statement of Cash Flows for the year ended 30 June 2023

	Notes	Consolidated Actual 2023 \$000	Consolidated Budget ¹ 2023 \$000	Consolidated Actual 2022 \$000	Parent Actual 2023 \$000	Parent Actual 2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(38,959)	(38,227)	(35,079)	-	-
Suppliers for goods and services		(53,346)	(54,492)	(49,833)	(53,346)	(49,833)
Grants and subsidies		(94,306)	(94,320)	(91,616)	(94,306)	(91,616)
Personnel services		-	-	-	(38,959)	(35,079)
Total payments		(186,611)	(187,039)	(176,528)	(186,611)	(176,528)
Receipts						
Ministry of Health recurrent allocations		181,645	181,974	170,198	181,645	170,198
Ministry of Health capital allocations		1,984	1,988	-	1,984	-
Reimbursements from the Crown ²		393	393	257	393	257
Sale of goods and services		1,043	1,105	939	1,043	939
Grants and other contributions		616	563	1,307	616	1,307
Other		6,774	6,866	6,373	6,774	6,373
Total receipts		192,455	192,889	179,074	192,455	179,074
NET CASH FLOWS FROM OPERATING ACTIVITIES	27	5,844	5,850	2,546	5,844	2,546
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment and intangibles		(5,769)	(5,850)	(3,046)	(5,769)	(3,046)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(5,769)	(5,850)	(3,046)	(5,769)	(3,046)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
		75	-	(500)	75	(500)
Opening cash and cash equivalents	17	-	-	500	-	500
CLOSING CASH AND CASH EQUIVALENTS	17	75	-	-	75	-

¹ Unaudited adjusted budget, see Note 26.

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 2023

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 Ministry of Health, which is the immediate parent. The Ministry of Health is 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 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 is also a parent entity in its own right, as it controls the operations of the:

- * 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.

The consolidated entity includes the Cancer Institute NSW as a parent entity and the Cancer Institute NSW Special Purpose Service Entity. The consolidated financial statements disclose balances for the parent entity and the consolidated entity.

In preparing the consolidated financial statements, 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 2023 have been authorised for issue by the Chief Cancer Officer NSW and Chief Executive Officer on 15 September 2023.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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 requirements of the *Government Sector Finance Act 2018* ('GSF Act'); and
- * Treasurer's Directions issued under the GSF Act.

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

Each year the Secretary of NSW Health, the Chair of the Cancer Institute NSW Board and the Chief Executive, through the Performance Agreement agree 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 Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction. The deferral of the NSW 2023-24 Budget until 19 September 2023 has necessitated a staged approach to performance agreements and budget allocation for the financial year 2023-24. The Cancer Institute NSW has received, from the Ministry of Health, interim funding allocation for the first quarter of 2023-24, initial full year activity targets, key performance indicators and performance deliverables for the year and a commitment to receive and execute the final 2023-24 Performance Agreement in September 2023.

Other circumstances why the going concern assumption is appropriate 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 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 Ministry of Health throughout the financial year.

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

The Cancer Institute NSW has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: *Finance Sector Union of Australia v Commonwealth Bank of Australia* [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future periods as new information comes to light on this matter.

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 2023

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.

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

(i) Effective for the first time in 2022-23

Several amendments and interpretations apply for the first time in 2022-23. The Cancer Institute NSW has assessed the new and amended standards and interpretations that are effective for the first time and have determined they are unlikely to have a material impact on the financial statements of the 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.

h) Impact of COVID-19 on Financial Reporting for 2022-23

The COVID-19 pandemic resulted in no changes in the Cancer Institute NSW activity and in the way the services are being delivered.

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

2. Employee related expenses

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Salaries and wages (including annual leave and allocated days off)	34,210	32,763	-	-
Superannuation - defined contribution plans	3,583	3,167	-	-
Long service leave	1,735	(276)	-	-
Redundancies	-	63	-	-
Workers' compensation insurance	231	229	-	-
Fringe benefits tax	10	(4)	-	-
	39,769	35,942	-	-

¹ 'Long service leave' costs has been restated to be lower by \$22 thousand in the prior year for the consolidated entity. Refer to Note 16 for further details regarding restatement as a result of an error.

Refer to Note 23 for further details on recognition and measurement of employee related expenses.

The long service leave in 2022 was impacted by significant changes in actuarial factors decreasing the employee benefit liabilities assumed by the Crown.

3. Personnel services

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Salaries and wages (including annual leave and allocated days off)	-	-	34,210	32,763
Superannuation - defined contribution plans	-	-	3,583	3,167
Long service leave	-	-	152	(68)
Redundancies	-	-	-	63
Workers' compensation insurance	-	-	231	229
Fringe benefits tax	-	-	10	(4)
	-	-	38,186	36,150

¹ 'Long service leave' costs has been restated to be lower by \$2 thousand in the prior year for the parent entity. Refer to Note 16 for further details regarding restatement as a result of an error.

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

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 \$7 thousand (2022: \$32 thousand) were expensed as incurred.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

5. Operating expenses

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Advertising	10,689	10,763	10,689	10,763
Auditor's remuneration - audit of financial statements	55	53	55	53
Consultancies	518	453	518	453
Contractors	21,882	18,730	21,882	18,730
Drug supplies	-	1	-	1
Food supplies	1	4	1	4
Information management expenses	7,080	6,560	7,080	6,560
Maintenance (see Note 5 (b))	499	561	499	561
Motor vehicle expenses	2	-	2	-
Postal and telephone costs	52	253	52	253
Printing and stationery	283	147	283	147
Staff related costs	1,205	1,432	1,205	1,432
Travel related costs	292	78	292	78
Other (see Note 5 (a))	4,647	4,764	4,647	4,764
	47,205	43,799	47,205	43,799

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

5. Operating expenses (continued)

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
(a) Other				
Corporate support services	521	518	521	518
Courier and freight	8	4	8	4
Legal services	117	57	117	57
Membership/professional fees	83	250	83	250
Quality assurance / accreditation	12	8	12	8
Expenses relating to short-term leases	2,052	2,138	2,052	2,138
Other miscellaneous	1,854	1,789	1,854	1,789
	4,647	4,764	4,647	4,764
(b) Reconciliation of total maintenance expense				
Maintenance contracts	73	(85)	73	(85)
New / replacement equipment under \$10,000	416	552	416	552
Repairs maintenance / non contract	10	94	10	94
Maintenance expense - contracted labour and other (non-employee related) in Note 5	499	561	499	561

Recognition and Measurement

Operating expenses includes non-employee costs incurred in delivering the services provided by the Cancer Institute NSW. These expenses are recognised in the reporting period in which they are incurred.

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.

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 2023

6. Depreciation and amortisation

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Depreciation - plant and equipment	12	23	12	23
Amortisation - intangible assets	923	1,402	923	1,402
	935	1,425	935	1,425

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

7. Grants and subsidies

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Non-government organisations	1,037	1,109	1,037	1,109
Grants to research organisations	19,754	19,496	19,754	19,496
Grants to entities controlled by the ultimate parent	-	15	-	15
Grants to entities controlled by the immediate parent	76,867	70,011	76,867	70,011
Other grants	41	14	41	14
	97,699	90,645	97,699	90,645

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 2023

8. Revenue

Recognition and Measurement

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

Under the GSF Act 2018, the 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

9. Summary of compliance

The Appropriation Act 2022 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$18.7 billion to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2022-23. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including the Cancer Institute NSW.

The Treasury and Energy Legislation Amendment Act 2022 made some amendments to sections 4.7 and 4.9 of the Government Sector Finance Act 2018 (the GSF Act). These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Minister for the Cancer Institute NSW, being the Minister for Health, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time the Cancer Institute NSW receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the Cancer Institute NSW. These deemed appropriations are taken to have been given for the services of the Ministry of Health.

In addition, government money that the Cancer Institute NSW receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is now capable of giving rise to deemed appropriations where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

On 16 June 2023, the GSF Amendment (Deemed Appropriations) Regulation 2023 was approved to bring the GSF regulations in line with the above deemed appropriation amendments to the GSF Act.

A summary of compliance is disclosed in the financial statements of the Annual Report of the Ministry of Health. It has been prepared by aggregating the spending authorities of the Minister for Health for the services of the Ministry of Health. It reflects the status at the point in time this disclosure statement is being made. The Cancer Institute NSW's spending authority and expenditure is included in the summary of compliance.

The delegation / sub-delegations for 2023 and 2022, authorising officers of the Cancer Institute NSW to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the Cancer Institute NSW. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the NSW Ministry of Health to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the Ministry of Health.

The State Budget and related Appropriation Bill for year commencing 1 July 2023 has been delayed and is anticipated to be tabled in September 2023. Pursuant to section 4.10 of the GSF Act, the Treasurer has authorised the payment of specified sums out of the Consolidated Fund to meet the requirements of this period. The authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2022-23 annual Appropriation Act.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

10. 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 Ministry of Health recurrent allocations (2022: \$0.41 million) for COVID-19 related activities.

11. Sale of goods and services from contracts with customers

(a) Sale of goods comprise the following:

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
(a) Rendering of services comprise the following:				
<i>Entities controlled by the immediate parent</i>				
Shared corporate service revenues	272	250	272	250
<i>Other</i>				
Recoveries	630	550	630	550
	902	800	902	800
	902	800	902	800

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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 22 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 2023

12. Grants and other contributions

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Other grants with sufficiently specific performance obligations				
Commonwealth government grants other	-	318	-	318
Other grants	598	686	598	686
Donations				
Donations	134	140	134	140
	732	1,144	732	1,144

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 an agreed timetable or on achievement of different milestones 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 22 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
- Community Organisations
- Health Education

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 2023

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 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Long service leave provision	1,583	(208)	-	-
	1,583	(208)	-	-

¹ 'Long service leave provision' revenue has been restated to be lower by \$20 thousand in the prior year for the consolidated and parent entity. Refer to Note 16 for further details regarding restatement as a result of an error.

14. Other income

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Other income comprises the following:				
Insurance refunds	175	243	175	243
Other	1	100	1	100
	176	343	176	343

Recognition and Measurement

Insurance refunds

Insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self insurance for Government entities. Insurance refunds are recognised when TMF accepts the insurance claim.

Other income

Other income includes cost recovery income. Income is generally recognised on an accrual basis and/or when the right to receive the income has been established in accordance with the substance of the relevant agreement.

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 2023

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

The Cancer Institute NSW receives various types of grants and donations from different grantors / donors, some of which may not have enforceable performance obligations. The Cancer Institute NSW determines the grantor / donor expectations in determining the externally imposed restrictions and discloses them in accordance with different types of restrictions. The Cancer Institute NSW did not receive donations with enforceable performance obligations.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

16. Prior period error

During the year it was identified that the long service leave entitlement for certain employees had not been correctly calculated and recognised. The issue only impacted employees who had a period of part time service under certain awards during their employment. It was identified that the accrual for enhanced entitlement did not start on the completion of first 10 years of service by the employee, rather it started upon the completion of full-time equivalency of 10 years of service. This has resulted in an under accrual and / or underpayment of long service leave entitlements for such employees in current and prior years.

The Cancer Institute NSW's liability for long service leave is 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.

The incorrect calculation of long service leave entitlements has resulted in lower 'Employee related expenses' and lower 'Acceptance by the Crown of employee benefits' revenue in the Statement of Comprehensive Income in prior years. Any consequential on-costs has resulted in lower 'Provisions' liability in the Statement of Financial Position and lower 'Employee related expenses' in the Statement of Comprehensive Income. The error has been corrected during the year, with retrospective adjustments made in the prior periods.

The impact to the Statement of Comprehensive Income and Statement of Financial Position from restating the balances in the prior year due to above matter is shown below.

Statement of Comprehensive Income for the year ended 30 June 2022 (extract)

		Consolidated Actual 2022 \$000	Consolidated Adjustment 2022 \$000	Consolidated Restated 2022 \$000	Parent Actual 2022 \$000	Parent Adjustment 2022 \$000	Parent Restated 2022 \$000
	Notes						
Continuing operations							
Expenses excluding losses							
Employee related expenses							
	2	35,964	(22)	35,942	-	-	-
Personnel services	3	-	-	-	36,152	(2)	36,150
Total expenses excluding losses		171,865	(22)	171,843	172,053	(2)	172,051
Revenue							
Acceptance by the Crown of employee benefits	13	(188)	(20)	(208)	-	-	-
Total revenue		172,297	(20)	172,277	172,485	-	172,485
Operating result		432	2	434	432	2	434
Net result from continuing operations		432	2	434	432	2	434
Net result		432	2	434	432	2	434
TOTAL COMPREHENSIVE INCOME		432	2	434	432	2	434

Note: The above table is an extract only, showing only those financial statement line items affected by the correction of error.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

16. Prior period error (continued)

Statement of Financial Position as at 1 July 2021 (extract)

	Notes	Consolidated Actual 1 July 2021 \$000	Consolidated Adjustment 1 July 2021 \$000	Consolidated Restated 1 July 2021 \$000	Parent Actual 1 July 2021 \$000	Parent Adjustment 1 July 2021 \$000	Parent Restated 1 July 2021 \$000
LIABILITIES							
Current liabilities							
Provisions	23	5,027	32	5,059	5,027	32	5,059
Total current liabilities		17,653	32	17,685	17,653	32	17,685
Non-current liabilities							
Provisions	23	72	3	75	72	3	75
Total non-current liabilities		72	3	75	72	3	75
Total liabilities		17,725	35	17,760	17,725	35	17,760
Net assets		(7,076)	(35)	(7,111)	(7,076)	(35)	(7,111)
EQUITY							
Accumulated funds		(7,076)	(35)	(7,111)	(7,076)	(35)	(7,111)
Total Equity		(7,076)	(35)	(7,111)	(7,076)	(35)	(7,111)

Note: The above table is an extract only, showing only those financial statement line items affected by the correction of error.

Statement of Financial Position as at 30 June 2022 (extract)

	Notes	Consolidated Actual 2022 \$000	Consolidated Adjustment 2022 \$000	Consolidated Restated 2022 \$000	Parent Actual 2022 \$000	Parent Adjustment 2022 \$000	Parent Restated 2022 \$000
LIABILITIES							
Current liabilities							
Provisions	23	6,200	30	6,230	6,200	30	6,230
Total current liabilities		16,320	30	16,350	16,320	30	16,350
Non-current liabilities							
Provisions	23	66	3	69	66	3	69
Total non-current liabilities		66	3	69	66	3	69
Total liabilities		16,386	33	16,419	16,386	33	16,419
Net assets		(6,644)	(33)	(6,677)	(6,644)	(33)	(6,677)
EQUITY							
Accumulated funds		(6,644)	(33)	(6,677)	(6,644)	(33)	(6,677)
Total Equity		(6,644)	(33)	(6,677)	(6,644)	(33)	(6,677)

Note: The above table is an extract only, showing only those financial statement line items affected by the correction of error.

There is no impact on the total operating, investing or financing cash flows for the year ended 30 June 2022.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

17. Cash and cash equivalents

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Cash at bank and on hand	75	-	75	-
	75	-	75	-

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

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)	75	-	75	-
	75	-	75	-

Refer to Note 30 for details regarding credit risk and market risk arising from financial instruments.

HealthShare NSW, a controlled entity of the immediate parent manages accounts payable and employee related payments on behalf of the Cancer Institute NSW for payments to suppliers and employees. HealthShare NSW makes payments after the Cancer Institute NSW has reviewed and approved the invoices and employee rosters. The Cancer Institute NSW's approval of invoices and employee rosters provides authority to HealthShare NSW to make payments. These payments are reported as expenditures and cash outflows in the financial statements of the Cancer Institute NSW.

HealthShare NSW receives payments directly from the Ministry of Health on behalf of the Cancer Institute NSW to fund these payments. Upon payment, they are reported as revenue (Ministry of Health recurrent and capital allocations) and cash inflows in the financial statements of the Cancer Institute NSW.

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

18. Receivables

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Trade receivables from contracts with customers	720	347	720	347
Intra health receivables	650	101	650	101
Goods and Services Tax	1,562	1,662	1,562	1,662
Other receivables	36	2	36	2
Sub total	2,968	2,112	2,968	2,112
<i>Less: Allowance for expected credit losses*</i>				
- Trade receivables from contracts with customers	-	-	-	-
- Other receivables	-	-	-	-
Sub total	2,968	2,112	2,968	2,112
Prepayments	1,096	618	1,096	618
	4,064	2,730	4,064	2,730

Details regarding credit risk of receivables that are neither past due nor impaired, are disclosed in Note 30.

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Contract receivables (included in Note 18)	1,370	448	1,370	448
Total contract receivables	1,370	448	1,370	448

18. Receivables (continued)

Recognition and Measurement

The Cancer Institute NSW recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the agency becomes a party to the contractual provisions of the instrument, the Cancer Institute NSW considers:

- Whether the Cancer Institute NSW has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

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

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

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 2023

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 2021 - fair value			
Gross carrying amount	-	143	143
Less: accumulated depreciation and impairment	-	102	102
Net carrying amount	-	41	41

	Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2022			
Net carrying amount at beginning of year	-	41	41
Additions	-	3,046	3,046
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(1,324)	(1,324)
Depreciation expense	-	(23)	(23)
Net carrying amount at end of year	-	1,740	1,740

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 21-09.

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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 2022 - fair value			
Gross carrying amount	-	1,865	1,865
Less: accumulated depreciation and impairment	-	125	125
Net carrying amount	-	1,740	1,740

	Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2023			
Net carrying amount at beginning of year	-	1,740	1,740
Additions	180	4,222	4,402
Transfers within NSW Health entities through Statement of Comprehensive Income	(180)	(5,538)	(5,718)
Depreciation expense	-	(12)	(12)
Net carrying amount at end of year	-	412	412

	Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
At 30 June 2023 - fair value			
Gross carrying amount	-	528	528
Less: accumulated depreciation and impairment	-	116	116
Net carrying amount	-	412	412

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 21-09.

Movement in the value of buildings relate to site preparation costs reimbursed by the Cancer Institute NSW as part of assets donated (Note 28).

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

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.

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

	Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2022			
Net carrying amount at beginning of year	-	41	41
Additions	-	3,046	3,046
Transfers within NSW Health entities through Statement of Comprehensive Income	-	(1,324)	(1,324)
Depreciation expense	-	(23)	(23)
Net carrying amount at end of year	-	1,740	1,740

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

19. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the Cancer Institute NSW (continued)

PARENT AND CONSOLIDATION

	Buildings \$000	Plant and Equipment \$000	Total \$000
At 1 July 2022 - fair value			
Gross carrying amount	-	1,865	1,865
Less: accumulated depreciation and impairment	-	125	125
Net carrying amount	-	1,740	1,740

	Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2023			
Net carrying amount at beginning of year	-	1,740	1,740
Additions	180	4,222	4,402
Transfers within NSW Health entities through Statement of Comprehensive Income	(180)	(5,538)	(5,718)
Depreciation expense	-	(12)	(12)
Net carrying amount at end of year	-	412	412

	Buildings \$000	Plant and Equipment \$000	Total \$000
At 30 June 2023 - fair value			
Gross carrying amount	-	528	528
Less: accumulated depreciation and impairment	-	116	116
Net carrying amount	-	412	412

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

19. Property, plant and equipment (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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.

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 2023	Useful lives 2022
Plant and equipment	4-7 years	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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

19. Property, plant and equipment (continued)

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 21-09) and Treasurer's Direction, 'Valuation of Physical Non-Current Assets at Fair Value' (TD 21-05). TPP 21-09 and TD 21-05 adopt 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.

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 2023

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 for 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. The reversal is recognised in other comprehensive income and is treated as a revaluation increase, except to the extent that an impairment loss on the same class of asset was previously recognised in net result, where 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 2023

20. Intangible assets

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 1 July 2021		
Cost (gross carrying amount)	18,399	18,399
Less: accumulated amortisation and impairment	11,725	11,725
Net carrying amount	6,674	6,674

	Software \$000	Total \$000
Year ended 30 June 2022		
Net carrying amount at beginning of year	6,674	6,674
Additions - internally developed	-	-
Amortisation (recognised in depreciation and amortisation)	(1,402)	(1,402)
Net carrying amount at end of year	5,272	5,272

	Software \$000	Total \$000
At 1 July 2022		
Cost (gross carrying amount)	18,149	18,149
Less: accumulated amortisation and impairment	12,877	12,877
Net carrying amount	5,272	5,272

	Software \$000	Total \$000
Year ended 30 June 2023		
Net carrying amount at beginning of year	5,272	5,272
Additions - internally developed	1,367	1,367
Amortisation (recognised in depreciation and amortisation)	(923)	(923)
Net carrying amount at end of year	5,716	5,716

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

20. Intangible assets (continued)

PARENT AND CONSOLIDATION

	Software \$000	Total \$000
At 30 June 2023		
Cost (gross carrying amount)	18,896	18,896
Less: accumulated amortisation and impairment	13,180	13,180
Net carrying amount	5,716	5,716

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 2023

21. Payables

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Accrued salaries, wages and on-costs	1,132	943	-	-
Salaries and wages deductions	11	21	-	-
Payroll and fringe benefits tax	-	2	-	-
Accrued liability - purchase of personnel services	-	-	1,143	966
Creditors ^{1*}	6,419	8,412	6,419	8,412
Other creditors				
- Payables to entities controlled by the immediate parent	1,652	481	1,652	481
	9,214	9,859	9,214	9,859

¹ Manual creditors has been reclassified from 'Other creditors - other' to 'Creditors' in the current year. The prior period 'Other creditors - other' has been restated lower by \$4.475 million and 'Creditors' has been restated higher by \$4.475 million to reflect this change.

* Creditors in 2022 included a one-off payment to affiliated health organisations of \$0.70 million for the recognition of service during the COVID-19 pandemic.

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 30.

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 2023

22. Contract liabilities

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Current				
Contract liabilities	339	261	339	261
	339	261	339	261
Non-current				
Contract liabilities	-	-	-	-
	-	-	-	-

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2023 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 2023. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

The contract liability balance has not changed significantly during the year.

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Revenue recognised that was included in the contract liability balance at the beginning of the year	261	287	261	287
Revenue recognised from performance obligations satisfied in previous periods	-	-	-	-
Transaction price allocated to the remaining performance obligations from contracts with customers	339	261	339	261

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	2024 \$'000	2025 \$'000	2026 \$'000	≥ 2027 \$'000
Grants and other contributions	339	-	-	-
	339	-	-	-

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

23. Provisions

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Current				
Employee benefits and related on-costs				
Annual leave - obligations expected to be settled within 12 months	3,342	2,793	-	-
Annual leave - obligations expected to be settled after 12 months	1,400	1,746	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	51	43	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	788	657	-	-
Provision for other employee benefits*	320	991	-	-
Provision for personnel services liability	-	-	5,901	6,230
Total current provisions	5,901	6,230	5,901	6,230
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	83	69	-	-
Provision for personnel services liability	-	-	83	69
Total non-current provisions	83	69	83	69
Aggregate employee benefits and related on-costs				
Provisions - current	5,901	6,230	-	-
Provisions - non-current	83	69	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 21)	1,143	964	-	-
Liability - purchase of personnel services	-	-	7,127	7,263
	7,127	7,263	7,127	7,263

¹ Long service leave consequential on-costs has been restated to be higher by \$33 thousand in the prior year for the consolidated entity. Provision for personnel services liability has been restated to be higher by \$33 thousand in the prior year for the parent entity. Refer to Note 16 for further details regarding restatement as a result of an error.

* Provision for other employee benefits in 2022 included a one-off payment to employees of \$0.70 million for the recognition of service during the COVID-19 pandemic.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

23. Provisions (continued)

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 18.9% are applied to the value of leave payable at 30 June 2023 (comparable on-costs for 30 June 2022 were 18.6%). 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

23. Provisions (continued)

Recognition and Measurement (continued)

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.

Long service leave and superannuation

The Cancer Institute NSW's liability for long service leave is 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

24. Equity

Accumulated funds

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

Increase / (decrease) in net assets from equity transfers

Equity transfers effected in the 2022/23 year were:

(a) Nil

Equity transfers effected in the 2021/22 year were:

(b) Nil

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

25. Commitments

(a) Capital commitments

Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure systems, and intangible assets, contracted for at balance date and not provided for:

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Within one year	-	828	-	828
Total (including GST)	-	828	-	828

(b) Contingent asset related to commitments for expenditure

The total 'Capital expenditure commitments' of \$Nil as at 30 June 2023 includes input tax credits of \$Nil that are expected to be recoverable from the Australian Taxation Office (2022: \$0.08 million).

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

26. 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 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.

PARENT AND CONSOLIDATION

Net result

The actual Net Result was higher than adjusted budget by \$1.81 million, primarily due to:

Underspending in contracted services as a result of delays in the delivery of programs of works.

Assets and liabilities

Actual net assets as at 30 June 2023 were higher than budget by \$1.81 million due to the net result variance.

Cash flows

Actual cash balance at 30 June 2023 was \$0.07 million due to timing of cash receipts.

Movements in the level of the Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 22 June 2022 are as follows:

	\$000
Initial allocation, 1 July 2022	171,164
e-Cigarette social marketing campaign	3,816
Additional allocation for short-term lease of office premises	2,769
Additional allocation for National Bowel Cancer Screening Program	2,494
Others	1,731
Balance as per Statement of Comprehensive Income	181,974

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

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

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

	Consolidated 2023 \$000	Consolidated ¹ 2022 \$000	Parent 2023 \$000	Parent ¹ 2022 \$000
Net cash used on operating activities	5,844	2,546	5,844	2,546
Depreciation and amortisation expense	(935)	(1,425)	(935)	(1,425)
Decrease / (increase) in provisions	315	(1,163)	315	(1,163)
Increase / (decrease) in prepayments and other assets	749	(751)	749	(751)
Decrease / (increase) in payables	1,230	2,525	1,230	2,525
Decrease / (increase) in contract liabilities	(78)	26	(78)	26
Assets donated (Note 28)	(5,718)	(1,324)	(5,718)	(1,324)
Net result	1,407	434	1,407	434

¹ 'Decrease / (increase) in provisions' has been restated to be lower by \$2 thousand in the prior year for the consolidated and parent entity. Refer to Note 16 for further details regarding restatement as a result of an error.

28. Non-cash financing and investing activities

	Consolidated 2023 \$000	Consolidated 2022 \$000	Parent 2023 \$000	Parent 2022 \$000
Assets donated to Local Health Districts	(5,718)	(1,324)	(5,718)	(1,324)
	(5,718)	(1,324)	(5,718)	(1,324)

Cancer Institute NSW

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

29. 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

30. 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 Chief Cancer Officer NSW and 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 Amount	Carrying Amount
		2023	2022
		\$000	\$000
Financial assets			
Cash and cash equivalents (Note 17)	Amortised cost	75	-
Receivables (Note 18) ¹	Amortised cost	1,406	450
Total financial assets		1,481	450
Financial liabilities			
Payables (Note 21) ²	Financial liabilities measured at amortised cost	9,214	9,857
Total financial liabilities		9,214	9,857

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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

30. Financial instruments (continued)

(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.

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 Cancer Institute NSW 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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

30. Financial instruments (continued)

(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 120 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 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 and other receivables

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.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

30. 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 and other receivables (continued)

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.

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 2023 and 30 June 2022 was determined as follows:

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	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2023						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount ¹	732	21	-	-	3	756
Expected credit loss	-	-	-	-	-	-
30 June 2022						
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount ¹	349	-	-	-	-	349
Expected credit loss	-	-	-	-	-	-

Notes

¹ The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7 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 2023 and 30 June 2022.

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

30. 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 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 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 of Health 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 have a correctly rendered invoice, 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 2023

30. 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

	Interest Rate Exposure		Maturity Dates
	Nominal Amount ¹ \$000	Non - Interest Bearing \$000	< 1 Yr \$000
2023			
Payables:			
- Creditors ²	9,214	9,214	9,214
	9,214	9,214	9,214
2022			
Payables:			
- Creditors ²	9,857	9,857	9,857
	9,857	9,857	9,857

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 AASB 7 Financial Instruments: Disclosures).

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

30. 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 2022. 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.

However, the Cancer Institute NSW is not permitted to borrow external to the Ministry of Health. Both NSW Treasury and the Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates.

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

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	2023		2022	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(1)	1	-	-
Equity	(1)	1	-	-

Cancer Institute NSW

Notes to and forming part of the Financial Statements

for the year ended 30 June 2023

30. Financial instruments (continued)

iii. Market risk (continued)

Foreign exchange risk

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions denominated in a foreign currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Cancer Institute NSW is exposed to foreign exchange risks associated with commercial contracts payments denominated in foreign currency. The Cancer Institute NSW's risk management strategy is to follow internal policies and guidelines set out under NSW Health's Procurement Policy and broader framework under NSW Foreign Exchange Risk Policy (TPP18-03).

(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 2023

31. Related party disclosures

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(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2023	2022
	\$000	\$000
Short-term employee benefits	121	116
Post-employment benefits	13	11
Other long-term benefits	17	14
	151	141

During the financial year, Cancer Institute NSW obtained key management personnel services from the immediate parent and incurred \$0.47 million (2022: \$0.43 million) 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 Ministry of Health and its controlled entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

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

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

There were no transactions with key management personnel and their close family members (2022: \$Nil).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2022: \$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 Ministry of Health (the immediate parent) and the NSW Total State Sector (the ultimate parent) within the normal course of business.

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

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of information management services and corporate support 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, maintenance and personnel expenses paid to health entities
- Patient survey expenses paid to Bureau of Health Information
- Printing expenses paid to Justice Health and Forensic Mental Health Network

Cancer Institute NSW

Notes to and forming part of the Financial Statements
for the year ended 30 June 2023

31. Related party disclosures (continued)

(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
- Insurance costs

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

- 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

32. Events after the reporting period

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

END OF AUDITED FINANCIAL STATEMENTS