



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Bureau of Health Information and its Controlled Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Bureau of Health Information (the Bureau), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows, a summary of significant accounting policies and other explanatory notes for both the Bureau and the consolidated entity. The consolidated entity comprises the Bureau and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Bureau and the consolidated entity as at 30 June 2010, and of the financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

Chief Executive's Responsibility for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

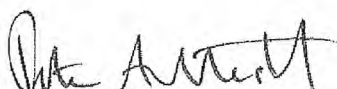
My opinion does *not* provide assurance:

- about the future viability of the Bureau or the consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial statements.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence 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 but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



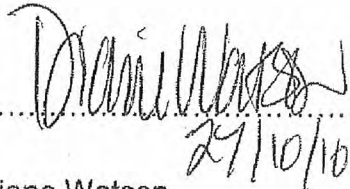
Peter Achterstraat
Auditor-General

29 October 2010
SYDNEY

**Certification of Parent/Consolidated Financial Statements
For Period Ended 30 June 2010**

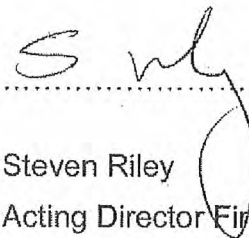
The attached financial statements of the Bureau of Health Information for the year ended 30 June 2010:

- i. Have been prepared in accordance with the requirements of applicable Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AEIFRS), the requirements of the *Public Finance and Audit Act 1983* and its regulations, the *Health Services Act 1997* and its regulations, the *Accounts and Audit Determination* and the *Accounting Manual for the Area Health Services and Public Hospitals*;
- ii. Present fairly the financial position and transactions of the Bureau of Health Information;
- iii. Have no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



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Diane Watson
Chief Executive
Bureau of Health Information
27 October 2010



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Steven Riley
Acting Director Finance
Health Support Services
27 October 2010

Statement of Comprehensive Income

for

1 September 2009 to 30 June 2010

Bureau of Health Information
Statement of Comprehensive Income for the period 1 September 2009 to 30 June 2010

PARENT			CONSOLIDATION	
Actual 2010 \$000	Budget 2010 \$000	Notes	Actual 2010 \$000	Budget 2010 \$000
		Expenses excluding losses		
		Operating Expenses		
0	0	Employee Related	515	780
515	780	Personnel Services		0
492	549	Other Operating Expenses	492	549
<u>1,007</u>	<u>1,329</u>	Total Expenses excluding losses	<u>1,007</u>	<u>1,329</u>
		Revenue		
5	0	Investment Revenue	5	0
<u>5</u>	<u>0</u>	Total Revenue	<u>5</u>	<u>0</u>
<u>1,002</u>	<u>1,329</u>	Net Cost of Services	<u>1,002</u>	<u>1,329</u>
		Government Contributions		
		NSW Department of Health		
1,329	1,329	Recurrent Allocations	1,329	1,329
0	0	Acceptance by the Crown Entity of Employee Benefits	0	0
<u>1,329</u>	<u>1,329</u>	Total Government Contributions	<u>1,329</u>	<u>1,329</u>
<u>327</u>	<u>0</u>	RESULT FOR THE YEAR	<u>327</u>	<u>0</u>
		Other Comprehensive Income		
		Other Net Increases/(Decreases) in Equity		
0	0	Other Comprehensive Income for the Year	0	0
<u>327</u>	<u>0</u>	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>327</u>	<u>0</u>

Bureau of Health Information
Statement of Changes in Equity for the period 1 September 2009 to 30 June 2010

Notes	Accumulated Funds	Asset Revaluation Surplus	Available For Sale Reserve	Total
	\$000	\$000	\$000	\$000
Result For The Year	327			327
Other Comprehensive Income:				
Net Increase/(Decrease) in Property, Plant & Equipment				0
Available for Sale Financial Assets:				
-Valuation Gains/(Losses)				0
-Transfers on Disposal				0
-Changes in Restoration Liability				0
-Other (SPECIFY)				0
Total Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income For The Year	<u>327</u>	<u>0</u>	<u>0</u>	<u>327</u>
Transactions With Owners In Their Capacity As Owners				
Increase/(Decrease) in Net Assets From Equity Transfers				
Balance at 30 June 2010	<u>327</u>	<u>0</u>	<u>0</u>	<u>327</u>

The accompanying notes form part of these financial statements.

Bureau of Health Information
Statement of Financial Position as at 30 June 2010

PARENT					CONSOLIDATION	
Actual 2010 \$000	Budget 2010 \$000		Notes	Actual 2010 \$000	Budget 2010 \$000	
ASSETS						
Current Assets						
693	0	Cash and Cash Equivalents	7	693	0	
29	0	Receivables	8	29	0	
722	0	Total Current Assets		722	0	
Non-Current Assets						
80	0	Property, Plant and Equipment - Land and Buildings	9	80	0	
80	0	Total Non-Current Assets		80	0	
802	0	Total Assets		802	0	
LIABILITIES						
Current Liabilities						
449	0	Payables	10	449	0	
26	0	Provisions	11	26	0	
475	0	Total Current Liabilities		475	0	
Non-Current Liabilities						
0	0	Provisions	11	0	0	
0	0	Total Non-Current Liabilities		0	0	
475	0	Total Liabilities		475	0	
327	0	Net Assets		327	0	
EQUITY						
327	0	Accumulated Funds		327	0	
327	0	Total Equity		327	0	

The accompanying notes form part of these Financial Statements

Bureau of Health information
Statement of Cash Flows for the period 1 September 2009 to 30 June 2010

PARENT			CONSOLIDATION	
Actual 2010 \$000	Budget 2010 \$000		Actual 2010 \$000	Budget 2010 \$000
		CASH FLOWS FROM OPERATING ACTIVITIES		
		Payments		
(469)	(763)	Employee Related	(469)	(763)
(172)	(566)	Other	(172)	(566)
<u>(641)</u>	<u>(1,329)</u>	Total Payments	<u>(641)</u>	<u>(1,329)</u>
		Receipts		
0	0	Sale of Goods and Services	0	0
5	0	Interest Received	5	0
0	0	Other	0	0
<u>5</u>	<u>0</u>	Total Receipts	<u>5</u>	<u>0</u>
		Cash Flows From Government		
1,329	1,329	NSW Health Department Recurrent Allocations	1,329	1,329
<u>1,329</u>	<u>1,329</u>	Net Cash Flows From Government	<u>1,329</u>	<u>1,329</u>
<u>693</u>	<u>0</u>	NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>693</u>	<u>0</u>
			13	
		CASH FLOWS FROM INVESTING ACTIVITIES		
0	0	Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems	0	0
<u>0</u>	<u>0</u>	NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	CASH FLOWS FROM FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
693	0	NET INCREASE / (DECREASE) IN CASH	693	0
0	0	Opening Cash and Cash Equivalents	0	0
<u>693</u>	<u>0</u>	CLOSING CASH AND CASH EQUIVALENTS	<u>693</u>	<u>0</u>
			7	

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

1 Bureau of Health Information (BHI) Reporting Entity

The Bureau of Health Information was established under the provisions of Health Services Act Amendment Order with effect from 1 September 2009.

BHI, as a reporting entity, comprises all the operating activities under its control. BHI is a not for profit entity (as profit is not its principal objective).

The BHI Special Purpose Service Entity was established as a Division of the Government Service on 1 September 2009 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. These Divisions provide personnel services to enable a Health Service to exercise its functions.

As a consequence, the values in the annual financial statements presented herein consist of BHI (as the parent entity), the financial report of the special purpose entity Division and the consolidated financial report of the economic entity. Notes capture both the parent and consolidated values with notes 3, 4, 10, 11 and 13 being especially relevant.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The reporting entity is consolidated as part of the financial statements prepared for both the NSW Department of Health and the NSW Total State Sector Accounts.

These consolidated financial statements have been authorised for issue by the Chief Executive on 26 October 2010.

2 Summary of Significant Accounting Policies

BHI's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations including observation of the Accounts and Audit Determination for Area Health Services and Public Hospitals.

Property, plant and equipment, investment property and assets held for sale and financial assets at "fair value through profit and loss" and available for sale are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

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

No comparative figures are available as this is the first year of operations.

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial report of BHI.

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

Standards/Interpretations

Accounting Standard/Interpretation

AASB 9, Financial Instruments and AASB 2009-11, Amendments to Australian Accounting Standards arising from AASB 9, have application from 1 July 2013 and focus on simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value. They also simplify the requirements for embedded derivatives and remove the tainting rules associated with held-to-maturity assets. They have been assessed as having no material impact on the Health Service.

AASB 1053, Application of tiers of Australian Accounting Standards, has application from 1 July 2013 and establishes a differential reporting framework consisting of two tiers of reporting requirements. Tier 1 entities will continue to apply existing Australian Accounting Standards. Tier 2 entities will apply the same recognition, measurement and presentation requirements but reduced disclosure requirements. Tier 2 entities include the majority of public sector entities. This standard has been assessed as having no material impact on the Health Service

AASB 2009-5, Further Amendments to Australian Accounting Standards arising from the Annual improvements Project, has application from 1 July 2010 and comprises accounting changes for presentation, recognition or measurement purposes. This standard has been assessed as having no material impact on the Health Service.

AASB 2009-8, Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions, has application from 1 July 2010 and makes amendments which clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. This standard has been assessed as having no impact on the Health Service.

AASB 2009-9, Amendments to Australian Accounting Standards- Additional Exemptions for First-time Adopters, has application from 1 July 2010 and makes amendments to ensure that entities applying Australian Accounting Standards for the first time will not face undue cost or effort in the transition process in particular situations. This standard has been assessed as having no impact on the Health Service.

AASB 2009-10, Amendments to Australian Accounting Standards- Classification of Rights Issues, has application from 1 July 2010 and provides clarification concerning equity instruments. This standard has been assessed as having no material impact on the Health Service.

AASB 124, Related Party Disclosures and AASB 2009-12, Amendments to Australian Accounting Standards, have application from 1 July 2011 and simplify the definition of a related party. They have been assessed as having no impact on the Health Service.

Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13, Amendments to Australian Accounting Standards arising from Interpretation 19, have application from 1 July 2010 and addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. They have been assessed as having no impact on the Health Service.

AASB 2009-14, Amendments to Australian Interpretation- Prepayments of a Minimum Funding Requirement, has application from 1 July 2011 and makes limited-application amendments to Interpretation 14 AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This standard has been assessed as having no impact on the Health Service.

AASB 2010-1, Amendments to Australian Accounting Standards- Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters, has application from 1 July 2010 and provides additional exemption on IFRS transition in relation to AASB 7 Financial Instruments: Disclosures, to avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS-compliant preparers. This standard has been assessed as having no impact on the Health Service.

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

AASB 2010-2, Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements, has application from 1 July 2013 and determines disclosures in Australian Accounting Standards from which Tier 2 entities are exempt. This standard has been assessed as having no material impact on the Health Service.

AASB 2010-3 and AASB 2010-4, Amendments to Australian Accounting Standards arising from the Annual Improvements Project, have application from 1 January 2011 and amend a number of different Australian Accounting Standards. These standards have been assessed as having no material impact on the Health Service.

Other significant accounting policies used in the preparation of these financial statements are as follows:

a) Employee Benefits and Other Provisions

i) Salaries & Wages, Annual Leave, Sick Leave and On-Costs

At the consolidated level of reporting, liabilities for salaries and wages (including non monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term". On costs of 17% are applied to the value of leave payable at 30 June 2010, such on-costs being consistent with actuarial assessment.

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.

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

ii) Long Service Leave and Superannuation

At the consolidated level of reporting, long service leave entitlements are dissected as "Current" if there is an unconditional right to payment and "Non-Current" if the entitlements are conditional. Current entitlements are further dissected between "Short Term" and "Long Term" on the basis of anticipated payments for the next twelve months. This in turn is based on past trends and known resignations and retirements.

BHI does not have any employees who qualify for long service leave as at 30 June 10. BHI does not have any staff who qualify for a closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme).

The superannuation expense for the financial year is determined by using the formulae specified by the NSW Department of Health. The expense for superannuation schemes (First State Super) is calculated as a percentage of the employees' salary.

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

iii) Other Provisions

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

b) Insurance

BHI's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the Fund Manager based on the past experience of similar organisation.

c) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred in accordance with Department's Mandate to not-for-profit general government sector agencies.

d) Income Recognition

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

Sale of Goods and Services

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

Rendering of Services

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

Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB139, "Financial Instruments: Recognition and Measurement". Rental revenue is recognised in accordance with AASB117 "Leases" on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB118 "Revenue" when BHI's right to receive payment is established.

Debt Forgiveness

Debts are accounted for as extinguished when and only when settlement occurs through repayment or replacement by another liability.

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

Grants and Contributions

Grants and Contributions are generally recognised as revenues when BHI obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Department of Health Allocations

Payments are made by the NSW Department of Health on the basis of the allocation for BHI as adjusted for approved supplementations mostly for salary agreements, patient flows between Health Services and approved enhancement projects. This allocation is included in the Statement of Comprehensive Income before arriving at the "Result for the Year" on the basis that the allocation is earned in return for the health services provided on behalf of the Department. Allocations are normally recognised upon the receipt of Cash.

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

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

- * the amount of GST incurred by BHI as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- * 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 is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

f) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the BHI. 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 specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition (See also assets transferred as a result of an equity transfer Note 2(s) refers).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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 at an asset-specific rate.

Land and Buildings which are owned by the Health Administration Corporation or the State and administered by BHI are deemed to be controlled by BHI and are reflected as such in the financial statements.

g) Capitalisation Threshold

Individual items of property, plant & equipment are capitalised where their cost is \$10,000 or above.

h) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to BHI. Land is not a depreciable asset.

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

Leasehold Improvement	10.0%
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Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

i) Revaluation of Non-Current Assets

Physical non-current assets are valued in accordance with the NSW Department of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, "Property, Plant & Equipment" and AASB140, "Investment Property".

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

BHI has no land and buildings and therefore there has not been any independent valuation.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the Result for the Year, the increment is recognised immediately as revenue in the Result for the Year.

Revaluation decrements are recognised immediately as expenses in the Result for the Year, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

j) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the BHI is effectively exempt from AASB 136 "Impairment of Assets" and impairment testing. This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

k) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

l) Investment Properties

Investment property is held to earn rentals or for capital appreciation, or both. However, for not-for-profit entities, property held to meet service delivery objectives rather than to earn rental or for capital appreciation does not meet the definition of investment property and is accounted for under AASB 116 Property, Plant and Equipment. BHI does not have any property that meets the definition of Investment Property.

m) Intangible Assets

BHI recognises intangible assets only if it is probable that future economic benefits will flow to BHI 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. 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. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Health Service's intangible assets, the assets are carried at cost less any accumulated amortisation. The Health Service's intangible assets are amortised using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. In general, 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.

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

n) Maintenance

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

o) Leased Assets

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

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

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

p) Inventories

Inventories are stated at cost, adjusted when applicable for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount.

Obsolete items are disposed of in accordance with instructions issued by the NSW Department of Health.

Bureau of Health Information
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

q) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

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

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Result for the Year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the Result for the Year.

Any reversals of impairment losses are reversed through the Result for the Year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

Bureau of Health Information
Notes to and forming part of the Financial Statements
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r) Payables

These amounts represent liabilities for goods and services provided to BHI and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

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

s) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB1004, Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly Owned Public Sector Entities.

Transfers arising from an administrative restructure between Health Services/Government Departments are recognised at the amount at which the asset was recognised by the transferor Health Service/Government Department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

The Statement of Recognised Income and Expense does not reflect the Net Assets or change in equity in accordance with AASB 101 Clause 97.

t) Budgeted Amounts

The budgeted amounts are drawn from the budgets agreed with the NSW Health Department at the beginning of the financial reporting period and with any adjustments for the effects of additional supplementation provided.

u) Service Group Statements Allocation Methodology

The Bureau of Health Information operates under one program being 6.1 Teaching and Research (see below). A separate Service Group Statement is therefore not required.

Program 6.1 Teaching and Research

This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

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PARENT		CONSOLIDATION
2010 \$000		2010 \$000
	3. Employee Related	
	Employee related expenses comprise the following:	
0	Salaries and Wages	472
	Awards	
0	Superannuation - Defined Contributions Plans	14
0	Long Service Leave	0
0	Annual Leave	26
0	Sick Leave and Other Leave	3
<u>0</u>		<u>515</u>
	4. Personnel Services	
	Personnel Services comprise the purchase of the following:	
472	Salaries and Wages	0
	Awards	
14	Superannuation - Defined Benefit Plans	0
0	Long Service Leave	0
26	Annual Leave	0
3	Sick Leave and Other Leave	0
<u>515</u>		<u>0</u>
	5. Other Operating Expenses	
2	Domestic Supplies and Services	2
0	Food Supplies	0
1	Fuel, Light and Power	1
134	General Expenses (See (a) below)	134
18	Information Management Expenses	18
0	Insurance	
0	Maintenance (See (c) below)	
13	Maintenance Contracts	13
23	New/Replacement Equipment under \$10,000	23
19	Repairs	19
5	Postal and Telephone Costs	5
8	Printing and Stationery	8
40	Rental	40
34	Special Service Departments	34
189	Staff Related Costs	189
6	Travel Related Costs	6
<u>492</u>		<u>492</u>

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PARENT		CONSOLIDATION
2010		2010
\$000		\$000
	(a) General Expenses include:-	
9	Advertising	9
0	Books, Magazines and Journals	0
1	Courier and Freight	1
20	Auditor's Remuneration - Audit of Financial Statements	20
7	Data Recording and Storage	7
2	Membership/Professional Fees	2
95	Miscellaneous Expenses	95
134		134

Staff related costs includes contract and seconded personnel and recruitment activity during the establishment of BHI.

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2010
\$000

2010
\$000

6. Investment Revenue

Interest
- Other

5

5

5

5

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PARENT		CONSOLIDATION
2010 \$000		2010 \$000
	7. Cash and Cash Equivalents	
<u>693</u>	Cash at Bank and On Hand	<u>693</u>
<u>693</u>		<u>693</u>
	Cash & 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:	
<u>693</u>	Cash and Cash Equivalents (per Statement of Financial Position)	<u>693</u>
<u>693</u>	Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>693</u>

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

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PARENT		CONSOLIDATION
2010 \$000		2010 \$000
	8. Receivables	
	Current	
	(a) Sale of Goods and Services	
0	Leave Mobility	0
29	Goods and Services Tax	29
29		29
29		29

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 16.

Bureau of Health Informatin
Notes to and forming part of the Financial Statements
for the Period 1 September 2009 to 30 June 2010

PARENT		CONSOLIDATION
2010 \$000		2010 \$000
	9. Property, Plant and Equipment	
	Land and Buildings - Fair Value	
80	Gross Carrying Amount	80
	Less Accumulated Depreciation and impairment	
<u>80</u>	Net Carrying Amount	<u>80</u>

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PARENT AND CONSOLIDATION

9. Property, Plant and Equipment - Reconciliations

	Buildings	Leased Buildings	Total
	\$000	\$000	\$000
2010			
Net Carrying Amount at Start of Year			0
Additions		80	80
Depreciation Expense			0
Reclassifications			0
Net Carrying amount at end of year	0	80	80

(i) Land and Buildings include land owned by the Health Administration Corporation and administered by the BHI [see note 2(f)].

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PARENT		CONSOLIDATION
	10. Payables	
2010 \$000		2010 \$000
	Current	
	Accrued Salaries and Wages	13
	Taxation and Payroll Deductions	4
17	Accrued Liability - Purchase of Personnel Services	
0	Creditors	0
	Other Creditors	
353	- Intra Health Liability	353
79	- Other	79
449		449
449		449

Bureau of Health Information
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PARENT		CONSOLIDATION
2010 \$000		2010 \$000
	11. Provisions	
	Current Employee benefits and related on-costs	
	Annual Leave - Short Term Benefit	26
26	Annual Leave - Long Term Benefit	0
	Provision for Personnel Services Liability	0
<u>26</u>	Total Current Provisions	<u>26</u>
	Non Current Employee benefits and related on-costs	
	Long Service Leave - Conditional	0
0	Provision for Personnel Services Liability	0
<u>0</u>	Total Non Current Provisions	<u>0</u>
	Aggregate Employee Benefits and Related On-costs	
26	Provisions - current	26
	Provisions - non-current	0
	Accrued Salaries and Wages and on costs (Note 10)	17
17	Accrued Liability - Purchase of Personnel Services (Note 10)	0
<u>43</u>		<u>43</u>

Bureau of Health Information
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12 Contingent Liabilities

a) Claims on Managed Fund

Since 1 September 2009, BHI has been a member of the NSW Treasury Managed Fund. The Fund will pay to or on behalf of BHI all sums which it shall become legally liable to pay by way of compensation or legal liability if sued except for employment related, discrimination and harassment claims that do not have statewide implications. The costs relating to such exceptions are to be absorbed by BHI. As such, since 1 January 2005, apart from the exceptions noted above no contingent liabilities exist in respect of liability claims against BHI. A Solvency Fund (now called Pre-Managed Fund Reserve) was established to deal with the insurance matters incurred before 1 July 1989 that were above the limit of insurance held or for matters that were incurred prior to 1 July 1989 that would have become verdicts against the State. That Solvency Fund will likewise respond to all claims against BHI.

b) Workers Compensation Hindsight Adjustment

Treasury Managed Fund normally calculates hindsight premiums each year.

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PARENT		CONSOLIDATION
2010		2010
\$000		\$000
13. Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services		
693	Net Cash Used on Operating Activities	693
(26)	(Increase)/ Decrease in Provisions	(26)
29	Increase / (Decrease) in Prepayments and Other Assets	29
(369)	(Increase)/ Decrease in Creditors	(369)
0	Net Gain/ (Loss) on Sale of Property, Plant and Equipment	0
(1,329)	NSW Health Department Recurrent Allocations	(1,329)
<hr style="border: 0.5px solid black;"/>		
<u>(1,002)</u>	Net Cost of Services	<u>(1,002)</u>

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14 Unclaimed Moneys

Unclaimed salaries and wages are paid to the credit of the Department of Industrial Relations and Employment in accordance with the provisions of the Industrial Arbitration Act, 1940, as amended.

15 Budget Review - Parent and Consolidated

Net Cost of Services

The actual Net Cost of Services was lower than budget by \$327,116. This was primarily due to the timing of staff recruitment during this first year of inception. BHI intends to rollover the favourability into 2010/11 for works around website development and data quality audit.

Assets and Liabilities

The variances between budget and actual Net Assets result principally through an increase in cash reserves, which has arisen through the favourable operating result.

Cash Flows

The variances between budget and actual Cash Flows result principally through a favourable result in operating activities.

BHI received an initial allocation on **1 February 2010** of **\$1,329,000**.

Bureau of Health Information
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Note 16 Financial Instruments

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

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

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

a) Financial Instrument Categories

PARENT AND CONSOLIDATION

		Total carrying amounts as per the Balance Sheet
		2010 \$000
Financial Assets		
Class:	Category	
Cash and Cash Equivalents (note 7)		693
Receivables at Amortised Cost (note 8) ¹		0
Total Financial Assets		<u>693</u>
 Financial Liabilities		
Payables (Note 10) ²		449
Total Financial Liabilities		<u>449</u>

Notes

¹ Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

² Excludes unearned revenue (ie not within scope of AASB 7)

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b) Credit Risk

Credit risk arises when there is the possibility of the Health Service's debtors defaulting on their contractual obligations, resulting in a financial loss to the Entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

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

Cash

Cash comprises cash on hand and bank balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 3.39% in 2009/10.

Receivables - trade debtors

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

BHI is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Of the total trade debtors balance at year end, \$0 (2009: \$0) related to debtors that were not past due and not considered impaired. Together these represent 100% (2009: 100%) of the total trade debtors.

2010	Total	\$000	\$000
		Past due but not impaired	Considered impaired
<3 months overdue	0	0	
3 months - 6 months overdue			
> 6 months overdue			

Each column in the table reports "gross receivables".

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

c) Liquidity risk

Liquidity risk is the risk that BHI will be unable to meet its payment obligations when they fall due. BHI 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, investments and liquid assets and liabilities.

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BHI has negotiated no loan outside of arrangements with the NSW Department of Health or the Sustainable Energy Development Authority.

During the current and prior year, there were no loans payable. No assets have been pledged as collateral. BHI's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Department of Health. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

In those instances where settlement cannot be effected in accordance with the above, eg due to short term liquidity constraints, terms of payment are negotiated with creditors.

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

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure		Maturity Dates			Weighted Average Effective int rate
	Fixed Interest Rate	Variable Interest Rate	< 1 Yr	1-5 Yr	> 5Yr	
2010	%	%	\$	\$000	\$000	%
Payables:						
Accrued salaries			13	13	13	
Wages and payroll deductions			4	4	4	
Creditors			79	79	79	
Intra Health Liability			353	353	353	
			449	449	449	

Notes:

¹The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Health Service 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.

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PARENT		CONSOLIDATION
2010 \$000	17. Commitments for Expenditure	2010 \$000
	(a) Operating Lease Commitments	
	Commitments in relation to non-cancellable operating leases are payable as follows:	
0	Not later than one year	0
0	Later than one year and not later than five years	0
0	Later than five years	0
0	Total Operating Lease Commitments (including GST)	0

BHI does not have any operating lease commitments.

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Note 18 Post Balance Date Events

There were no events subsequent to balance date which would have a material effect on the financial statements.

END OF AUDITED FINANCIAL STATEMENTS

