



## INDEPENDENT AUDITOR'S REPORT

### Bureau of Health Information

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of the Bureau of Health Information (the Bureau), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Bureau and the consolidated entity. The consolidated entity comprises the Bureau and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Bureau and the consolidated entity as at 30 June 2020, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

#### Basis for Opinion

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

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

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

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

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

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

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

## **Emphasis of Matter – Presentation of Budget Information**

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjusted budget information detailed in Note 26. The note states that AASB 1055 'Budgetary Reporting' is not applicable to the Bureau. It also states that, unlike the requirement in AASB 1055 'Budgetary Reporting' to present original budget information, the Bureau's financial statements present adjusted budget information.

## **The Chief Executive's Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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

S Bond .

Sally Bond  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

22 September 2020  
SYDNEY



# **The Bureau of Health Information**

Annual Financial Statements  
for the year ended 30 June 2020

# The Bureau of Health Information

## Certification of the Financial Statements

for the year ended 30 June 2020



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

1. The financial statements of The Bureau of Health Information for the year ended 30 June 2020 have been prepared in accordance with:
  - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
  - b. the requirements of the *Public Finance and Audit Act 1983* (the Act), the *Public Finance and Audit Regulation 2015*; and
  - c. NSW Treasurer's Directions issued under the Act.
2. The financial statements exhibit a true and fair view of the financial position and the financial performance of The Bureau of Health Information; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read "W Clarke".

Warren Clarke  
**Chief Finance Officer**  
14 September 2020

A handwritten signature in blue ink, appearing to read "Diane Watson".

Dr Diane Watson  
**Chief Executive**  
14 September 2020

A handwritten signature in blue ink, appearing to read "Carol Pollock".

Prof Carol Pollock  
**Chair of the Board**  
14 September 2020

# The Bureau of Health Information

## Statement of Comprehensive Income for the year ended 30 June 2020

|   |           | Consolidated | Consolidated        | Consolidated | Parent       | Parent       |
|---|-----------|--------------|---------------------|--------------|--------------|--------------|
|   |           | Actual       | Budget <sup>1</sup> | Actual       | Actual       | Actual       |
|   |           | 2020         | 2020                | 2019         | 2020         | 2019         |
|   | Notes     | \$000        | \$000               | \$000        | \$000        | \$000        |
| <b>Continuing operations</b>                        |           |              |                     |              |              |              |
| <b>Expenses excluding losses</b>                    |           |              |                     |              |              |              |
| Employee related expenses                           | 2         | 6,266        | 6,150               | 5,651        | -            | -            |
| Personnel services                                  | 3         | -            | -                   | -            | 6,059        | 5,394        |
| Other expenses                                      | 4         | 2,991        | 3,670               | 3,369        | 2,991        | 3,369        |
| Depreciation and amortisation                       | 5         | 319          | 301                 | 104          | 319          | 104          |
| Finance costs                                       | 6         | (14)         | 4                   | 5            | (14)         | 5            |
| <b>Total expenses excluding losses</b>              |           | <b>9,562</b> | <b>10,125</b>       | <b>9,129</b> | <b>9,355</b> | <b>8,872</b> |
| <b>Revenue</b>                                      |           |              |                     |              |              |              |
| NSW Ministry of Health recurrent allocations        | 8         | 8,984        | 9,809               | 8,540        | 8,984        | 8,540        |
| NSW Ministry of Health capital allocations          | 8         | -            | -                   | 18           | -            | 18           |
| Acceptance by the Crown Entity of employee benefits | 11        | 207          | 206                 | 257          | -            | -            |
| Other income  | 12        | 2            | -                   | -            | 2            | -            |
| <b>Total revenue</b>                                |           | <b>9,193</b> | <b>10,015</b>       | <b>8,815</b> | <b>8,986</b> | <b>8,558</b> |
| <b>Operating result</b>                             |           | <b>(369)</b> | <b>(110)</b>        | <b>(314)</b> | <b>(369)</b> | <b>(314)</b> |
| Gains / (losses) on disposal                        | 13        | (15)         | -                   | (14)         | (15)         | (14)         |
| <b>Net result from continuing operations</b>        | <b>24</b> | <b>(384)</b> | <b>(110)</b>        | <b>(328)</b> | <b>(384)</b> | <b>(328)</b> |
| <b>TOTAL COMPREHENSIVE INCOME</b>                   |           | <b>(384)</b> | <b>(110)</b>        | <b>(328)</b> | <b>(384)</b> | <b>(328)</b> |

<sup>1</sup> Unaudited adjusted budget, see Note 26.

The accompanying notes form part of these financial statements.

**The Bureau of Health Information**  
**Statement of Financial Position as at 30 June 2020**

|                                      |       | Consolidated | Consolidated        | Consolidated | Parent       | Parent       |
|--------------------------------------|-------|--------------|---------------------|--------------|--------------|--------------|
|                                      |       | Actual       | Budget <sup>1</sup> | Actual       | Actual       | Actual       |
|                                      |       | 2020         | 2020                | 2019         | 2020         | 2019         |
|                                      | Notes | \$000        | \$000               | \$000        | \$000        | \$000        |
| <b>ASSETS</b>                        |       |              |                     |              |              |              |
| <b>Current assets</b>                |       |              |                     |              |              |              |
| Cash and cash equivalents            | 14    | 67           | 186                 | 186          | 67           | 186          |
| Receivables                          | 15    | 247          | 274                 | 274          | 247          | 274          |
| <b>Total current assets</b>          |       | <b>314</b>   | <b>460</b>          | <b>460</b>   | <b>314</b>   | <b>460</b>   |
| <b>Non-current assets</b>            |       |              |                     |              |              |              |
| Property, plant & equipment          | 16    |              |                     |              |              |              |
| - Land and buildings <sup>2</sup>    |       | -            | 11                  | 60           | -            | 60           |
| - Plant and equipment                |       | -            | 15                  | 18           | -            | 18           |
| Total property, plant & equipment    |       | -            | 26                  | 78           | -            | 78           |
| Right-of-use assets                  | 17    | 170          | 137                 | -            | 170          | -            |
| <b>Total non-current assets</b>      |       | <b>170</b>   | <b>163</b>          | <b>78</b>    | <b>170</b>   | <b>78</b>    |
| <b>Total assets</b>                  |       | <b>484</b>   | <b>623</b>          | <b>538</b>   | <b>484</b>   | <b>538</b>   |
| <b>LIABILITIES</b>                   |       |              |                     |              |              |              |
| <b>Current liabilities</b>           |       |              |                     |              |              |              |
| Payables                             | 20    | 280          | 291                 | 268          | 280          | 268          |
| Borrowings                           | 21    | 141          | 142                 | -            | 141          | -            |
| Provisions                           | 22    | 834          | 566                 | 539          | 834          | 539          |
| <b>Total current liabilities</b>     |       | <b>1,255</b> | <b>999</b>          | <b>807</b>   | <b>1,255</b> | <b>807</b>   |
| <b>Non-current liabilities</b>       |       |              |                     |              |              |              |
| Provisions                           | 22    | 9            | 129                 | 127          | 9            | 127          |
| <b>Total non-current liabilities</b> |       | <b>9</b>     | <b>129</b>          | <b>127</b>   | <b>9</b>     | <b>127</b>   |
| <b>Total liabilities</b>             |       | <b>1,264</b> | <b>1,128</b>        | <b>934</b>   | <b>1,264</b> | <b>934</b>   |
| <b>Net assets</b>                    |       | <b>(780)</b> | <b>(505)</b>        | <b>(396)</b> | <b>(780)</b> | <b>(396)</b> |
| <b>EQUITY</b>                        |       |              |                     |              |              |              |
| Accumulated funds                    |       | (780)        | (505)               | (396)        | (780)        | (396)        |
| <b>Total Equity</b>                  |       | <b>(780)</b> | <b>(505)</b>        | <b>(396)</b> | <b>(780)</b> | <b>(396)</b> |

<sup>1</sup> Unaudited adjusted budget, see Note 26.

<sup>2</sup> Leasehold Improvements are now classified as Land and Buildings. Prior year amounts have been reclassified for consistency with the current year presentation.

The accompanying notes form part of these financial statements.

# The Bureau of Health Information

## Statement of Changes in Equity for the year ended 30 June 2020

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### PARENT AND CONSOLIDATION

|   | Accumulated Funds | Total |
|---|-------------------|-------|
|   | \$000             | \$000 |
| Balance at 1 July 2019                  | (396)             | (396) |
| Net result for the year                 | (384)             | (384) |
| Total comprehensive income for the year | (384)             | (384) |
| Balance at 30 June 2020                 | (780)             | (780) |

|   | Accumulated Funds | Total |
|---|-------------------|-------|
|   | \$000             | \$000 |
| Balance at 1 July 2018                  | (68)              | (68)  |
| Net result for the year                 | (328)             | (328) |
| Total comprehensive income for the year | (328)             | (328) |
| Balance at 30 June 2019                 | (396)             | (396) |

The accompanying notes form part of these financial statements.

# The Bureau of Health Information

## Statement of Cash Flows for the year ended 30 June 2020

|   | Notes | Consolidated<br>Actual<br>2020<br>\$000 | Consolidated<br>Budget <sup>1</sup><br>2020<br>\$000 | Consolidated<br>Actual<br>2019<br>\$000 | Parent<br>Actual<br>2020<br>\$000 | Parent<br>Actual<br>2019<br>\$000 |
|---|-------|---|--|---|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |       |   |  |   |                                   |                                   |
| <b>Payments</b>   |       |   |  |   |                                   |                                   |
| Employee related  |       | (5,938)                                 | (5,896)  | (5,229)                                 | -                                 | -                                 |
| Suppliers for goods and services                              |       | (3,325)                                 | (4,040)  | (3,739)                                 | (3,325)                           | (3,739)                           |
| Finance costs   |       | 14                                      | (4)  | (5)                                     | 14                                | (5)                               |
| Personnel services  |       | -                                       | -  | -                                       | (5,938)                           | (5,229)                           |
| <b>Total payments</b>   |       | <b>(9,249)</b>                          | <b>(9,940)</b>                                       | <b>(8,973)</b>                          | <b>(9,249)</b>                    | <b>(8,973)</b>                    |
| <b>Receipts</b>   |       |   |  |   |                                   |                                   |
| NSW Ministry of Health recurrent allocations                  |       | 8,984                                   | 9,809  | 8,540                                   | 8,984                             | 8,540                             |
| NSW Ministry of Health capital allocations                    |       | -                                       | -  | 18                                      | -                                 | 18                                |
| Sale of goods and services                                    |       | 6                                       | -  | 183                                     | 6                                 | 183                               |
| Other   |       | 376                                     | 374  | 302                                     | 376                               | 302                               |
| <b>Total receipts</b>   |       | <b>9,366</b>                            | <b>10,183</b>  | <b>9,043</b>                            | <b>9,366</b>                      | <b>9,043</b>                      |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>               | 24    | <b>117</b>                              | <b>243</b>   | <b>70</b>                               | <b>117</b>                        | <b>70</b>                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |       |   |  |   |                                   |                                   |
| Purchases of property, plant and equipment                    |       | -                                       | -  | (18)                                    | -                                 | (18)                              |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>               |       | <b>-</b>                                | <b>-</b>   | <b>(18)</b>                             | <b>-</b>                          | <b>(18)</b>                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |       |   |  |   |                                   |                                   |
| Payment of principal portion of lease liabilities             |       | (236)                                   | (243)  | -                                       | (236)                             | -                                 |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>               |       | <b>(236)</b>                            | <b>(243)</b>   | <b>-</b>                                | <b>(236)</b>                      | <b>-</b>                          |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> |       | <b>(119)</b>                            | <b>-</b>   | <b>52</b>                               | <b>(119)</b>                      | <b>52</b>                         |
| Opening cash and cash equivalents                             | 14    | 186                                     | 186  | 134                                     | 186                               | 134                               |
| <b>CLOSING CASH AND CASH EQUIVALENTS</b>                      | 14    | <b>67</b>                               | <b>186</b>   | <b>186</b>                              | <b>67</b>                         | <b>186</b>                        |

<sup>1</sup> Unaudited adjusted budget, see Note 26.

The accompanying notes form part of these financial statements.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### a) Reporting entity

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

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

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

- \* The parent entity comprises all the operating activities of the functions of the Bureau including:
  - To prepare and publish regular reports on the performance of the NSW public health system, including the safety and quality, effectiveness, efficiency, and responsiveness of the system to the health needs of the people of NSW
  - To publish reports benchmarking the performance of the NSW Public Health System with comparable health system
  - To establish and maintain a website providing information and analysis on the performance of the NSW public health system; including tools for data analysis
  - To develop reports and tools to enable analysis of the performance of health services, clinical units and clinical teams across the NSW public health system
  - To undertake analysis of data at the request of the Health Secretary to: (i) support planning and oversight for effective, efficient, and safe health services in NSW; (ii) meet NSW national commitments on Health (including but not limited to commitments arising from the National Health Reform Agreement)
  - To advise the NSW Ministry of Health on the quality of existing data sets and the development of enhanced information analysis and reporting to support performance reporting to clinicians, the community and Parliament
  - To undertake and/or commission research to support the performance by the Bureau of its functions
  - To liaise with other bodies and organisations undertaking reporting on the performance of the health systems in Australia and internationally
  - To provide advice to the Minister for Health and the Secretary of the Ministry of Health on issues arising out of its functions.
- \* The Bureau of Health Information Special Purpose Service Entity, which was established as a Division of the Bureau on 1 September 2009 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the Bureau to exercise its functions.

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

These consolidated financial statements for the year ended 30 June 2020 have been authorised for issue by the Chief Executive on 11 September 2020.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### b) Basis of preparation

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

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

In alignment with the approach of other States and Territories, and following a recommendation by the National Cabinet of Commonwealth, the 2020-21 NSW Budget has been deferred until 17 November 2020. On this basis, the Secretary of NSW Health, the Chair of The Bureau of Health Information and the Chief Executive, through an interim Service Agreement, have agreed to service and funding levels for the forward financial year. The interim Service Agreement provides for 48 per cent of the Bureau's annual funding.

When the NSW Budget is handed down in November 2020-21, the interim Service Agreement and funding arrangements will be replaced with a full-year 2020-21 Service Agreement and budget. The Service Agreement sets out the level of financial resources for public health services under the Bureau's control and the source of these funds. By agreement, the Service Agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the Bureau fails to meet Service Agreement performance standards, the NSW Ministry of Health as the state manager will take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the NSW Ministry of Health.

Following the Novel Coronavirus (COVID-19) pandemic in late February 2020, the Bureau has seen a decline in normal hospital activities. Restrictions were imposed by the Australian Government resulting in the suspension of non-urgent elective surgeries to ensure increased capacity across the health system. Critical resources were reassigned to plan and prepare for possible surges as a result of the outbreak. The unprecedented measures undertaken by both the Australian and State governments to contain the spread of COVID-19, have resulted in significant impacts to the economy and within the health sector.

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

- \* Allocated funds, combined with other revenues earned, are adequate to pay debts as and when they become due and payable.
- \* The Bureau has the capacity to review the timing of NSW Ministry of Health allocation cash flows to ensure that debts can be paid when they become due and payable.
- \* The Commonwealth has entered a National Partnership Agreement, in response to the COVID-19 pandemic, with States and Territories, including NSW. The Bureau is subject to additional NSW Ministry of Health recurrent and capital allocations to provide for costs incurred related to COVID-19 activities and to ensure debts can be paid as and when they become due and payable.

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

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

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

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

### 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 Bureau as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and

- \* receivables and payables are stated with the amount of GST included.

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

### e) Comparative Information

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

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

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

#### (i) Effective for the first time in 2019-20

The accounting policies applied in 2019-20 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

The Bureau applied AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities, and AASB 16 Leases for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019-20, but do not have an impact on the financial statements of the Bureau.

#### **AASB 15 Revenue from Contracts with Customers (AASB 15)**

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which the Bureau expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Bureau to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

In accordance with the transition provisions in AASB 15, the Bureau has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, i.e. 1 July 2019. The Bureau has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all of the modifications that occur before 1 July 2018 when:

- \* identifying the satisfied and unsatisfied performance obligations;
- \* determining the transaction price; and
- \* allocating the transaction price to the satisfied and unsatisfied performance obligations.

The impact of applying the above practical expedients is not expected to significantly affect the financial statements.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

#### **AASB 1058 Income of Not-for-Profit Entities (AASB 1058)**

AASB 1058 replaces most of the existing requirements in AASB 1004 Contributions. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit entities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- \* when the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable non-financial asset that will be controlled by the Bureau.
- \* immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Bureau has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019. The Bureau has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Bureau to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash Flows for the financial year.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### AASB 16 Leases

AASB 16 supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

#### *Lessee accounting*

AASB 16 requires the Bureau to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Bureau recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Bureau has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 1.42%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

For leases previously classified as finance leases the Bureau recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date.

The Bureau elected to use the practical expedient to expense lease payments for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

In applying AASB 16 for the first time, the Bureau has used the following practical expedients permitted by the standard:

- \* not reassess whether a contract is, or contains, a lease at 1 July 2019, for those contracts previously assessed under AASB 117 and Interpretation 4;
- \* applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- \* relying on its previous assessment on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 1. Statement of Significant Accounting Policies

- \* not recognise a lease liability and right-of-use-asset for short-term leases that end within 12 months of the date of initial application;
- \* excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- \* using hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adopting AASB 16 on the Statement of Financial Position as at 1 July 2019 (increase / (decrease)) is, as follows:

#### PARENT AND CONSOLIDATED

|                               | 1 July 2019<br>\$'000 |
|-------------------------------|-----------------------|
| <b>Assets</b>                 |                       |
| Property, plant and equipment | (4)                   |
| Right-of-use assets           | 381                   |
| <b>Total assets</b>           | <u>377</u>            |
| <b>Liabilities</b>            |                       |
| Borrowings                    | 377                   |
| <b>Total liabilities</b>      | <u>377</u>            |
| <b>Equity</b>                 |                       |
| Accumulated funds             | -                     |
|                               | <u>-</u>              |

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

#### PARENT AND CONSOLIDATED

|   | 1 July 2019<br>\$'000 |
|---|-----------------------|
| Operating lease commitments as at 30 June 2019 (GST included)   | 477                   |
| (Less): GST included in operating lease commitments   | (43)                  |
| <b>Operating lease commitments as at 30 June 2019 (GST excluded)</b>  | <u>434</u>            |
| Weighted average incremental borrowing rate as at 1 July 2019   | 1.42%                 |
| <b>Discounted operating lease commitments as at 1 July 2019</b>   | <u>428</u>            |
| (Less): commitments including service charges   | (14)                  |
| Add / (Less): adjustments relating to differences in rental amounts, including changes in the index or rate affecting variable payments | (38)                  |
| Add / (Less): Other adjustments   | 1                     |
| <b>Lease liabilities as at 1 July 2019</b>  | <u>377</u>            |

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. Statement of Significant Accounting Policies

#### (ii) Issued but not yet effective

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

#### **AASB 1059 Service Concession Arrangements**

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

#### *Overview of Assessment Activities*

The Bureau has completed its impact assessment of AASB 1059 by reviewing all material arrangements where the private sector is performing any services on behalf of the Bureau. Any identified arrangements have been assessed whether it falls within the scope of AASB 1059. If it does meet the scoping guidelines of AASB 1059, financial impacts were calculated.

Upon review, the Bureau has not identified any arrangements in scope of AASB 1059.

#### *Application Date*

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 2. Employee related expenses

|   | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Salaries and wages (including annual leave and ADO) | 5,519                         | 4,911                         | -                       | -                       |
| Superannuation - defined benefit plans              | 1                             | 8                             | -                       | -                       |
| Superannuation - defined contribution plans         | 501                           | 443                           | -                       | -                       |
| Long service leave                                  | 224                           | 271                           | -                       | -                       |
| Workers' compensation insurance                     | 21                            | 18                            | -                       | -                       |
|   | <b>6,266</b>                  | <b>5,651</b>                  | <b>-</b>                | <b>-</b>                |

### 3. Personnel services

|   | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Salaries and wages (including annual leave and ADO) | -                             | -                             | 5,519                   | 4,911                   |
| Superannuation - defined contribution plans         | -                             | -                             | 501                     | 443                     |
| Long service leave                                  | -                             | -                             | 18                      | 22                      |
| Workers' compensation insurance                     | -                             | -                             | 21                      | 18                      |
|   | <b>-</b>                      | <b>-</b>                      | <b>6,059</b>            | <b>5,394</b>            |

Personnel services of The Bureau of Health Information were provided by its controlled entity, The Bureau of Health Information Special Purpose Service Entity.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 4. Other expenses

|  | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Advertising  | 1                             | 1                             | 1                       | 1                       |
| Auditor's remuneration - audit of financial statements | 28                            | 26                            | 28                      | 26                      |
| Domestic supplies and services                         | 25                            | 2                             | 25                      | 2                       |
| Food supplies  | 7                             | 5                             | 7                       | 5                       |
| Fuel, light and power                                  | 8                             | 10                            | 8                       | 10                      |
| Information management expenses                        | 532                           | 499                           | 532                     | 499                     |
| Maintenance (see Note 4(b))                            | 115                           | 114                           | 115                     | 114                     |
| Postal and telephone costs                             | 14                            | 11                            | 14                      | 11                      |
| Printing and stationery                                | 43                            | 43                            | 43                      | 43                      |
| Rental   | -                             | 270                           | -                       | 270                     |
| Staff related costs                                    | 14                            | 120                           | 14                      | 120                     |
| Travel related costs                                   | 12                            | 20                            | 12                      | 20                      |
| Other management services (includes Patient Survey)    | 1,550                         | 1,913                         | 1,550                   | 1,913                   |
| Data records storage                                   | 100                           | 29                            | 100                     | 29                      |
| Other (see Note 4(a))                                  | 542                           | 306                           | 542                     | 306                     |
|  | <b>2,991</b>                  | <b>3,369</b>                  | <b>2,991</b>            | <b>3,369</b>            |

|                              | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| <b>(a) Other</b>             |                               |                               |                         |                         |
| Corporate support services   | 106                           | 110                           | 106                     | 110                     |
| Membership/professional fees | 2                             | 2                             | 2                       | 2                       |
| Other miscellaneous          | 434                           | 194                           | 434                     | 194                     |
|                              | <b>542</b>                    | <b>306</b>                    | <b>542</b>              | <b>306</b>              |

A portion (\$276 thousand) of 'Information management expenses' and 'Intrahealth Financial Services' of \$106 thousand were paid to Health Administration Corporation, an entity controlled by the immediate parent.

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

A portion (\$379 thousand) of 'Other miscellaneous expenses' was related to Human Resource Service (2019: \$138 thousand).

### (b) Reconciliation of total maintenance

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Maintenance contracts                      | 48         | 3          | 48         | 3          |
| New / replacement equipment under \$10,000 | 62         | 109        | 62         | 109        |
| Repairs maintenance / non contract         | 5          | 2          | 5          | 2          |
|  | <b>115</b> | <b>114</b> | <b>115</b> | <b>114</b> |

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 4. Other expenses (continued)

#### Recognition and Measurement

##### **Maintenance expense**

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

##### **Operating expenses**

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Bureau. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 20.

##### **Insurance**

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

##### **Lease expense**

*Lease expense (up to 30 June 2019)*

Operating leases

Up to 30 June 2019, operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. An operating lease is a lease other than a finance lease.

*Lease expense (from 1 July 2019)*

From 1 July 2019, the Bureau recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

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

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 5. Depreciation and amortisation

|                                       | <b>Consolidated<br/>2020<br/>\$000</b> | <b>Consolidated<br/>2019<br/>\$000</b> | <b>Parent<br/>2020<br/>\$000</b> | <b>Parent<br/>2019<br/>\$000</b> |
|---------------------------------------|--|--|----------------------------------|----------------------------------|
| Depreciation - buildings <sup>1</sup> | 56                                     | 101                                    | 56                               | 101                              |
| Depreciation - plant and equipment    | 3                                      | 3                                      | 3                                | 3                                |
| Depreciation - right-of-use buildings | 260                                    | -                                      | 260                              | -                                |
|                                       | <b>319</b>                             | <b>104</b>                             | <b>319</b>                       | <b>104</b>                       |

<sup>1</sup> Amortisation of Leasehold Improvements are now classified as Depreciation - buildings. Prior year amounts have been reclassified for consistency with the current year presentation.

Refer to Note 16 Property, plant and equipment and Note 17 Leases for recognition and measurement policies on depreciation.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 6. Finance costs

|   | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Interest expense from lease liabilities | 4                             | -                             | 4                       | -                       |
| Other interest charges                  | (18)                          | 5                             | (18)                    | 5                       |
|   | (14)                          | 5                             | (14)                    | 5                       |

### Recognition and Measurement

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

Other interest charges relate to the decrease in the interest expense related to make good provision.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 7. Revenue

#### Recognition and Measurement

Until 30 June 2019, income is recognised in accordance with AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions.

From 1 July 2019, 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.

Under the GSF Act 2018, the Bureau's own source revenue (which includes but is not limited to receipts from NSW Ministry of Health recurrent and capital allocations, grants and other contributions and proceeds from the sale of property, plant and equipment) meets the definition of deemed appropriation money under the GSF Act (Section 4.7).

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

### 8. NSW Ministry of Health allocations

Payments are made by the immediate parent as per the Statement of Service to the Bureau and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Statement of Service between the immediate parent and the Bureau 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.

### 9. Sale of goods and services / Sale of goods and services from contracts with customers

#### Recognition and Measurement

##### Sale of goods (until 30 June 2019)

Revenue from the sale of goods is recognised when the Bureau transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

##### Sale of goods from contracts with customers (from 1 July 2019)

Revenue from the sale of goods is recognised when the Bureau satisfies a performance obligation by transferring the promised goods. Sale of goods comprises of pharmacy sales, sale of prosthesis and other items. The Bureau typically satisfies its performance obligations when the control of goods is transferred to the customer. The payments are typically due when invoiced.

Revenue from these sales is recognised based on the price specified in the contract, 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 the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

##### Rendering of services (until 30 June 2019)

Revenue is recognised when the service is provided or by reference to the type and stage of services provided to date.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 10. Grants and other contributions

#### Recognition and Measurement

##### *Grants and other contributions (until 30 June 2019)*

Income from grants (other than contributions by owners) is recognised when the entity obtains control over the contribution. The Bureau is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

##### *Grants and other contributions (from 1 July 2019)*

Income from grants to acquire / construct a recognisable non-financial asset to be controlled by the Bureau is recognised when the Bureau satisfies its obligations under the transfer. The Bureau satisfies the performance obligation under the transfer over time as the non-financial assets are being constructed. The percentage of cost incurred is used to recognise income, because this most closely reflects the progress to completion.

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.

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 11. Acceptance by the Crown Entity of employee benefits

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

|  | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Superannuation - defined benefit plans | 1                             | 8                             | -                       | -                       |
| Long service leave provision           | 206                           | 249                           | -                       | -                       |
|  | <b>207</b>                    | <b>257</b>                    | <b>-</b>                | <b>-</b>                |

### 12. Other income

|                                       | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Other income comprises the following: |                               |                               |                         |                         |
| Other                                 | 2                             | -                             | 2                       | -                       |
|                                       | <b>2</b>                      | <b>-</b>                      | <b>2</b>                | <b>-</b>                |

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 13. Gains / (losses) on disposal

|   | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Property, plant and equipment                                     | 18                            | 28                            | 18                      | 28                      |
| Less: accumulated depreciation                                    | 3                             | 14                            | 3                       | 14                      |
| <b>Written down value</b>   | <b>15</b>                     | <b>14</b>                     | <b>15</b>               | <b>14</b>               |
| <b>Gain / (Loss) on disposal of property, plant and equipment</b> | <b>(15)</b>                   | <b>(14)</b>                   | <b>(15)</b>             | <b>(14)</b>             |
| <b>Total gains / (losses) on disposal</b>                         | <b>(15)</b>                   | <b>(14)</b>                   | <b>(15)</b>             | <b>(14)</b>             |

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 14. Cash and cash equivalents

|                          | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|--------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Cash at bank and on hand | 67                            | 186                           | 67                      | 186                     |
|                          | <b>67</b>                     | <b>186</b>                    | <b>67</b>               | <b>186</b>              |

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

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:

|  |           |            |           |            |
|--|-----------|------------|-----------|------------|
| <b>Cash and cash equivalents (per Statement of Financial Position)</b> | 67        | 186        | 67        | 186        |
| <b>Closing cash and cash equivalents (per Statement of Cash Flows)</b> | <b>67</b> | <b>186</b> | <b>67</b> | <b>186</b> |

Refer to Note 27 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 15. Receivables

|                          | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|--------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| <b>Current</b>           |                               |                               |                         |                         |
| Intra health receivables | 5                             | 2                             | 5                       | 2                       |
| Goods and Services Tax   | 131                           | 179                           | 131                     | 179                     |
| <b>Sub total</b>         | <b>136</b>                    | <b>181</b>                    | <b>136</b>              | <b>181</b>              |
| Prepayments              | 111                           | 93                            | 111                     | 93                      |
|                          | <b>247</b>                    | <b>274</b>                    | <b>247</b>              | <b>274</b>              |

Intra Health Receivables' includes amounts receivable from entities controlled by the immediate parent. The majority of the balance at reporting date was receivable from Healthshare NSW \$2 thousand, NSW Ministry of Health \$2 thousand and Agency for Clinical Innovation \$1 thousand.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 27.

#### Recognition and Measurement

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

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

#### Subsequent measurement

##### *Financial assets at amortised cost*

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

#### Impairment

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

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

# The Bureau of Health Information

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

## 16. Property, plant and equipment

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

#### PARENT AND CONSOLIDATION

|   | Land and<br>Buildings <sup>1&amp;2</sup><br>\$000 | Plant and<br>Equipment <sup>1</sup><br>\$000 | Total<br>\$000 |
|---|---|--|----------------|
| <b>As at 30 June 2020</b>                     |   |  |                |
| Gross carrying amount                         | 470   | -  | 470            |
| Less: accumulated depreciation and impairment | 470   | -  | 470            |
| <b>Net carrying amount</b>                    | <b>-</b>  | <b>-</b>                                     | <b>-</b>       |

|   | Land and<br>Buildings <sup>1&amp;2</sup><br>\$000 | Plant and<br>Equipment <sup>1</sup><br>\$000 | Total<br>\$000 |
|---|---|--|----------------|
| <b>As at 30 June 2019</b>                     |   |  |                |
| Gross carrying amount                         | 571   | 18   | 589            |
| Less: accumulated depreciation and impairment | 511   | -  | 511            |
| <b>Net carrying amount</b>                    | <b>60</b>   | <b>18</b>                                    | <b>78</b>      |

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

<sup>2</sup> Leasehold Improvements are now classified as Land and Buildings. Prior year amounts have been reclassified for consistency with the current year presentation.

### (a) Total property, plant and equipment - reconciliation

#### PARENT AND CONSOLIDATION

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

|  | Land and Buildings<br>\$000 | Plant and<br>Equipment<br>\$000 | Total<br>\$000 |
|--|-----------------------------|---------------------------------|----------------|
| <b>Year ended 30 June 2020</b>   |                             |                                 |                |
| Net carrying amount at beginning of year                                 | 60                          | 18                              | 78             |
| Derecognition of finance lease assets on initial application of AASB 16* | (4)                         | -                               | (4)            |
| <b>Adjusted net carrying amount at beginning of year</b>                 | <b>56</b>                   | <b>18</b>                       | <b>74</b>      |
| Disposals  | -                           | (15)                            | (15)           |
| Depreciation expense   | (56)                        | (3)                             | (59)           |
| <b>Net carrying amount at end of year</b>                                | <b>-</b>                    | <b>-</b>                        | <b>-</b>       |

\* This does not include finance lease assets that relate to privately financed projects according to TPP06-08. AASB 16 does not apply to these assets in 2019-20

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 18.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 16. Property, plant and equipment (continued)

#### (a) Total property, plant and equipment - reconciliation (continued)

##### PARENT AND CONSOLIDATION

|   | Land and Buildings<br>\$000 | Plant and<br>Equipment<br>\$000 | Total<br>\$000 |
|---|-----------------------------|---------------------------------|----------------|
| <b>Year ended 30 June 2019</b>            |                             |                                 |                |
| Net carrying amount at beginning of year  | 161                         | 17                              | 178            |
| Additions                                 | -                           | 18                              | 18             |
| Disposals                                 | -                           | (14)                            | (14)           |
| Depreciation expense                      | (101)                       | (3)                             | (104)          |
| <b>Net carrying amount at end of year</b> | <b>60</b>                   | <b>18</b>                       | <b>78</b>      |

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 18.

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

##### PARENT AND CONSOLIDATION

The Bureau 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 Bureau.

### 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.

Health Administration Corporation, a controlled entity of the immediate parent, manages the approved major capital works program for the NSW Ministry of Health and its controlled entities. Health Administration Corporation receives NSW Ministry of Health Capital Allocations and grants on behalf of the Bureau and makes payments to contractors and suppliers. Health Administration Corporation initially records all costs incurred as work in progress or expenses and subsequently transfers to the Bureau. The costs are then accordingly reflected in the Bureau financial statements. The Bureau acquires most assets in this manner.

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 (see also assets transferred as a result of an equity transfer - Note ).

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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

### ***Capitalisation thresholds***

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

### ***Major inspection costs***

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

### ***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.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. Property, plant and equipment (continued)

#### **Depreciation of property, plant and equipment**

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

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

|                                    | <b>Useful lives</b> |
|------------------------------------|---------------------|
| Buildings - leasehold improvements | 3-10 years          |
| Plant and equipment                |                     |
| Computer Equipment                 | 5 years             |
| Office Equipment                   | 10 years            |
| Plant and Machinery                | 10 years            |

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

#### **Finance leases acquired by lessees (Under AASB 117 until 30 June 2019)**

Until 30 June 2019, AASB 117 Leases (AASB 117) distinguished between finance leases that effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

Property, plant and equipment at 30 June 2019 includes non-current assets acquired under finance leases only. The assets are recognised at fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. Property, plant and equipment does not include amounts in respect of operating leases.

Property, plant and equipment acquired under finance leases are depreciated over the asset's useful life. However, if there is no reasonable certainty that the lessee entity will obtain ownership at the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### **Right-of-use assets acquired by lessees (under AASB 16 from 1 July 2019)**

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

Therefore, at that date property, plant and equipment recognised under leases previously treated as finance leases under AASB 117 are derecognised. The right-of-use assets arising from these leases are recognised and included in the separate line item together with those arising from leases previously treated as operating leases under AASB 117.

Further information on leases is contained in Note 17.

Subsequent to the adoption of AASB 16, the Bureau, as a lessee, recognises a right-of-use asset at cost and a corresponding lease liability at the lease commencement date. Right-of-use assets that do not meet the definition of investment properties are included in Property, Plant and Equipment under the corresponding asset categories. Further information on right-of-use assets is contained in Note 17.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 16. 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 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 18 for further information regarding fair value.

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

For other assets valued using other valuation techniques, 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 recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### ***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 Bureau 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 Bureau 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.

### ***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.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 17. Leases

#### (a) Entity as a lessee

The Bureau leases various property. Lease contracts are typically made for fixed periods of 1 to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The Bureau does not provide residual value guarantees in relation to leases.

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

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

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

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

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

#### Right-of-use assets under leases

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

#### PARENT AND CONSOLIDATION

|                                | Land and Buildings<br>\$'000 | Total<br>\$'000 |
|--------------------------------|------------------------------|-----------------|
| <b>2020</b>                    |                              |                 |
| Balance at 1 July 2019         | 381                          | 381             |
| Additions                      | 49                           | 49              |
| Depreciation expense           | (260)                        | (260)           |
| <b>Balance at 30 June 2020</b> | <b>170</b>                   | <b>170</b>      |

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 17. Leases (continued)

#### (a) Entity as a lessee (continued)

##### Lease liabilities

The following table presents liabilities under leases.

##### PARENT AND CONSOLIDATION

|                                | Total<br>\$'000 |
|--------------------------------|-----------------|
| <b>2020</b>                    |                 |
| Balance at 1 July 2019         | 377             |
| Interest expenses              | 4               |
| Payments                       | (240)           |
| <b>Balance at 30 June 2020</b> | <b>141</b>      |

The following amounts were recognised in the Statement of Comprehensive Income for the year ended 30 June 2020 in respect of leases where the Bureau is the lessee:

##### PARENT AND CONSOLIDATION

|   | Total<br>\$'000 |
|---|-----------------|
| <b>2020</b>   |                 |
| Depreciation expense of right-of-use assets                             | 260             |
| Interest expense on lease liabilities                                   | 4               |
| <b>Total amount recognised in the statement of comprehensive income</b> | <b>264</b>      |

The Bureau had total cash outflows for leases of \$240 thousand for the year ended 30 June 2020.

# The Bureau of Health Information

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

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## 17. Leases (continued)

### (a) Entity as a lessee (continued)

Future minimum lease payments under non-cancellable leases as at 30 June 2019 are, as follows:

#### PARENT AND CONSOLIDATION

|   | Operating leases |
|---|------------------|
|   | 2019             |
|   | \$'000           |
| Within one year   | 315              |
| Later than one year and not later than five years         | 162              |
| Later than five years                                     | -                |
| <b>Total (including GST)</b>                              | <b>477</b>       |
| Less: GST recoverable from the Australian Taxation Office | 43               |
| <b>Total (excluding GST)</b>                              | <b>434</b>       |

#### Recognition and Measurement (under AASB 16 from 1 July 2019)

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

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 17. Leases (continued)

#### (a) Entity as a lessee (continued)

##### *i. Right-of-use assets*

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

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

|           | <b>Useful lives</b> |
|-----------|---------------------|
| Buildings | 1 to 5.75 years     |

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

The right-of-use assets are also subject to impairment. The Bureau 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 Bureau estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

##### *ii. Lease liabilities*

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

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

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

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 17. Leases (continued)

#### (a) Entity as a lessee (continued)

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

The Bureau's lease liabilities are included in borrowings in Note 21.

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

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

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

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

### **Recognition and measurement (under AASB 117 until 30 June 2019)**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets) is not explicitly specified in an arrangement.

Until 30 June 2019, a lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Bureau was classified as a finance lease.

Where a non-current asset was acquired by means of a finance lease, at the commencement of the lease, the asset was recognised at its fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability was established at the same amount. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the Statement of Comprehensive Income.

Property, plant and equipment acquired under finance leases was depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Bureau will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 18. Fair value measurement of non-financial assets

#### PARENT AND CONSOLIDATION

##### Fair value measurement and hierarchy

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

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

- Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

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

There were no transfers between level 1 and 2 during the year ended 30 June 2019.

# The Bureau of Health Information

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2020

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## 19. Restricted assets

### *Unclaimed monies*

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 20. Payables

|   | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| <b>Current</b>  |                               |                               |                         |                         |
| Accrued salaries, wages and on-costs                      | 128                           | 90                            | -                       | -                       |
| Taxation and payroll deductions                           | 12                            | 73                            | -                       | -                       |
| Accrued liability - purchase of personnel services        | -                             | -                             | 140                     | 163                     |
| Creditors   | 40                            | 5                             | 40                      | 5                       |
| Other creditors   |                               |                               |                         |                         |
| - Payables to entities controlled by the immediate parent | 83                            | 73                            | 83                      | 73                      |
| - Other   | 17                            | 27                            | 17                      | 27                      |
|   | <b>280</b>                    | <b>268</b>                    | <b>280</b>              | <b>268</b>              |

The Payables to Entities Controlled by the Immediate Parent relate to balances payable to the Health Administration Corporation, an entity controlled by the immediate parent, namely HealthShare NSW \$64 thousand and eHealth NSW \$13 thousand. While balance payable to NSW Ministry of Health \$6 thousand.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 27.

#### Recognition and Measurement

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

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

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Bureau. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 21. Borrowings

|                               | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|-------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------|
| <b>Current</b>                |                               |                               |                         |                         |
| Lease liability (see Note 17) | 141                           | -                             | 141                     | -                       |
|                               | <b>141</b>                    | <b>-</b>                      | <b>141</b>              | <b>-</b>                |

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

Final repayment of loan is scheduled on 31 December 2020.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 27.

#### Recognition and Measurement

##### *Financial liabilities at amortised cost*

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

Finance lease liabilities are determined in accordance with AASB 117 Leases until 30 June 2019. From 1 July 2019, lease liabilities are determined in accordance with AASB 16.

Borrowings are classified as current liabilities unless the Bureau has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 27 (b) for derecognition policy.

#### Changes in liabilities arising from financing activities

##### PARENT AND CONSOLIDATION

|                                   | Leases<br>\$000 | Total liabilities<br>from financing<br>activities<br>\$000 |
|-----------------------------------|-----------------|--|
| <b>30 June 2019</b>               | -               | -  |
| Recognised on adoption of AASB 16 | 377             | 377  |
| <b>1 July 2019</b>                | 377             | 377  |
| Cash flows                        | (236)           | (236)  |
| <b>30 June 2020</b>               | <b>141</b>      | <b>141</b>   |

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 27.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 22. Provisions

|   | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| <b>Current</b>  |                               |                               |                         |                         |
| <b>Employee benefits and related on-costs</b>                                   |                               |                               |                         |                         |
| Annual leave - short term benefit   | 413                           | 431                           | -                       | -                       |
| Annual leave - long term benefit  | 138                           | -                             | -                       | -                       |
| Long service leave consequential on-costs                                       | 100                           | 84                            | -                       | -                       |
| Provision for other employee benefits   | 32                            | 24                            | -                       | -                       |
| Provision for personnel services liability                                      | -                             | -                             | 683                     | 539                     |
|   | <b>683</b>                    | <b>539</b>                    | <b>683</b>              | <b>539</b>              |
| <b>Other Provisions</b>   |                               |                               |                         |                         |
| Make good provision   | 151                           | -                             | 151                     | -                       |
| <b>Total current provisions</b>   | <b>834</b>                    | <b>539</b>                    | <b>834</b>              | <b>539</b>              |
| <b>Non-current</b>  |                               |                               |                         |                         |
| <b>Employee benefits and related on-costs</b>                                   |                               |                               |                         |                         |
| Long service leave consequential on-costs                                       | 9                             | 7                             | -                       | -                       |
| Provision for personnel services liability                                      | -                             | -                             | 9                       | 7                       |
|   | <b>9</b>                      | <b>7</b>                      | <b>9</b>                | <b>7</b>                |
| <b>Other Provisions</b>   |                               |                               |                         |                         |
| Make good provision   | -                             | 120                           | -                       | 120                     |
| <b>Total non-current provisions</b>   | <b>9</b>                      | <b>127</b>                    | <b>9</b>                | <b>127</b>              |
| <b>Aggregate employee benefits and related on-costs</b>                         |                               |                               |                         |                         |
| Provisions - current  | 683                           | 539                           | -                       | -                       |
| Provisions - non-current  | 9                             | 7                             | -                       | -                       |
| Accrued salaries, wages and on-costs, taxation and payroll deductions (Note 20) | 140                           | 163                           | -                       | -                       |
| Liability - purchase of personnel services                                      | -                             | -                             | 832                     | 709                     |
|   | <b>832</b>                    | <b>709</b>                    | <b>832</b>              | <b>709</b>              |

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 22. Provisions (continued)

#### Movements in provisions (other than employee benefits)

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

#### Make good provisions

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Carrying amount at beginning of period  | 120        | 115        | 120        | 115        |
| - Additional provisions recognised      | 31         | 5          | 31         | 5          |
| <b>Carrying amount at end of period</b> | <b>151</b> | <b>120</b> | <b>151</b> | <b>120</b> |

#### 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 16.1% are applied to the value of leave payable at 30 June 2020 (comparable on-costs for 30 June 2019 were 16.14%). The Bureau has assessed the actuarial advice based on the Bureau's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the Bureau does not expect to settle the liability within 12 months as the Bureau does not have an unconditional right to defer settlement.

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

##### *Long service leave and superannuation*

The Bureau's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by the Crown Entity, which is a controlled entity of the ultimate parent. The Bureau accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits'.

Specific on-costs relating to long service leave assumed by the Crown Entity are borne by the Bureau.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 22. Provisions (continued)

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

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

#### ***Consequential on-costs***

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

#### ***Other provisions***

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 23. Contingent liabilities and assets

#### PARENT AND CONSOLIDATION

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

**(a)** Contingent liabilities

There are no contingent liabilities as at 30 June 2020.

**(b)** Contingent assets

There are no contingent assets as at 30 June 2020.

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 24. Reconciliation of cash flows from operating activities to net result

|  | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|--|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Net cash used on operating activities                      | 117                           | 70                            | 117                     | 70                      |
| Depreciation and amortisation expense                      | (319)                         | (104)                         | (319)                   | (104)                   |
| Decrease / (increase) in provisions                        | (177)                         | (132)                         | (177)                   | (132)                   |
| Increase / (decrease) in prepayments and other assets      | (17)                          | (141)                         | (17)                    | (141)                   |
| Decrease / (increase) in payables                          | (22)                          | (7)                           | (22)                    | (7)                     |
| Net gain / (loss) on sale of property, plant and equipment | (15)                          | (14)                          | (15)                    | (14)                    |
| Other  | 49                            | -                             | 49                      | -                       |
| <b>Net result</b>  | <b>(384)</b>                  | <b>(328)</b>                  | <b>(384)</b>            | <b>(328)</b>            |

### 25. Non-cash financing and investing activities

|   | Consolidated<br>2020<br>\$000 | Consolidated<br>2019<br>\$000 | Parent<br>2020<br>\$000 | Parent<br>2019<br>\$000 |
|---|-------------------------------|-------------------------------|-------------------------|-------------------------|
| Property, plant and equipment acquired by a lease | 49                            | -                             | 49                      | -                       |
|   | <b>49</b>                     | <b>-</b>                      | <b>49</b>               | <b>-</b>                |

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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

#### Net result

The actual Net Result was lower than adjusted budget by \$274 thousand, primarily due to:

- i) Employee related expenses are unfavourable by \$116 thousand or 2% to budget mainly due to unplanned COVID-19 expenses.
- ii) Other operating costs is favourable by \$679 thousand or 19% to budget. In principle, the majority of the favourability relates to delay in the expenditure for the Digital Strategy. The budget for the Digital Strategy was received a quarter later than expected which resulted in the delay in expenditure.
- iii) The recurrent subsidy is in a deficit of \$825 thousand, as Ministry has revised its treatment of subsidy surplus and previous practice of providing a budget reduction to match cash drawn. The Bureau's result is to be reported as subsidy cash entitlement not fully drawn.

#### Assets and liabilities

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

#### Cash flows

Employee related cash flow reflect unfavourability of \$42 thousand mainly due to unplanned COVID-19 expenses. Payments to suppliers for goods and services are favourable by \$715 thousand primarily due to delay in the expenditure for the Digital Strategy, as well as decrease in education and training expenses driven by the impact of COVID-19 pandemic and the fact that staff were not able to attend face to face trainings. In addition, the favourability is also attributed to the decrease in data records and storage expenses due to less data purchased this current financial year.

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on 01 July 2019 are as follows:

|   |              |
|---|--------------|
|   | <b>\$000</b> |
| Initial allocation, 1 July 2019                         | 9,298        |
| Other budget supplementation                            | 511          |
| <b>Balance as per Statement of Comprehensive Income</b> | <b>9,809</b> |

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 27. Financial instruments

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

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

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

#### (a) Financial instrument categories

##### PARENT AND CONSOLIDATION

| Class                               | Category   | Carrying Amount | Carrying Amount |
|-------------------------------------|--|-----------------|-----------------|
|                                     |  | 2020<br>\$000   | 2019<br>\$000   |
| <b>Financial Assets</b>             |  |                 |                 |
| Cash and cash equivalents (Note 14) | 2020: Amortised cost / 2019: N/A                 | 67              | 186             |
| Receivables (Note 15) <sup>1</sup>  | Amortised cost                                   | 5               | 2               |
| <b>Total Financial Assets</b>       |  | <b>72</b>       | <b>188</b>      |
| <b>Financial Liabilities</b>        |  |                 |                 |
| Borrowings (Note 21)                | Financial liabilities measured at amortised cost | 141             | -               |
| Payables (Note 20) <sup>2</sup>     | Financial liabilities measured at amortised cost | 268             | 195             |
| <b>Total Financial Liabilities</b>  |  | <b>409</b>      | <b>195</b>      |

##### Notes

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

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

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

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

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

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 27. Financial instruments (continued)

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

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

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

#### (c) Offsetting financial instruments

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

#### (d) Financial risk

##### i. Credit risk

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

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

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

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

#### Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0% in 2019-20 compared to 0% in the previous year. The TCorpIM Funds cash facility is discussed in market risk below.

#### Accounting policy for impairment of trade receivables and other financial assets

##### Receivables - trade receivables, other receivables and contract assets

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

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

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 27. Financial instruments (continued)

#### (d) Financial risk (continued)

##### i. Credit risk (continued)

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

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

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Bureau has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 27. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk

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

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

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

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Until the 30 June 2019, amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 5 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice or a statement is received. From 1 July 2019, amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set by the NSW Ministry of Health in accordance with NSW Treasury. For all suppliers, that has a correctly rendered invoice, that has a matched purchase order and where goods have been received, an immediate payment is made irrespective of current contract payment terms.

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

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

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 27. Financial instruments (continued)

#### (d) Financial risk (continued)

##### ii. Liquidity risk (continued)

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

*Maturity Analysis and interest rate exposure of financial liabilities*

|                          | EIR <sup>3</sup><br>% | Nominal<br>Amount <sup>1</sup><br>\$000 | Interest Rate Exposure             |                                       | Maturity Dates  |
|--------------------------|-----------------------|---|------------------------------------|---------------------------------------|-----------------|
|                          |                       |   | Fixed<br>Interest<br>Rate<br>\$000 | Non -<br>Interest<br>Bearing<br>\$000 | < 1 Yr<br>\$000 |
| <b>2020</b>              |                       |   |                                    |                                       |                 |
| Payables:                |                       |   |                                    |                                       |                 |
| - Creditors <sup>2</sup> |                       | 268                                     | -                                  | 268                                   | 268             |
| Borrowings:              |                       |   |                                    |                                       |                 |
| - Lease liabilities      | 1.42%                 | 141                                     | 141                                | -                                     | 141             |
|                          |                       | <b>409</b>                              | <b>141</b>                         | <b>268</b>                            | <b>409</b>      |
| <b>2019</b>              |                       |   |                                    |                                       |                 |
| Payables:                |                       |   |                                    |                                       |                 |
| - Creditors <sup>2</sup> |                       | 195                                     | -                                  | 195                                   | 195             |
|                          |                       | <b>195</b>                              | <b>-</b>                           | <b>195</b>                            | <b>195</b>      |

#### Notes:

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

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

<sup>3</sup> Weighted Average Effective Interest Rate (EIR).

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

### 27. 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 Bureau's exposures to market risk are primarily through interest rate risk on the Bureau's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. The Bureau has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Bureau operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2019. The analysis assumes that all other variables remain constant.

#### *Interest Rate Risk*

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

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

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

|            | 2020  |     | 2019  |    |
|------------|-------|-----|-------|----|
|            | \$000 |     | \$000 |    |
|            | -1%   | 1%  | -1%   | 1% |
| Net result | 1     | (1) | (2)   | 2  |
| Equity     | 1     | (1) | (2)   | 2  |

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 28. Related party transactions

#### PARENT AND CONSOLIDATION

##### (a) Key management personnel compensation

Key management personnel compensation is as follows:

|                              | 2020<br>\$000 | 2019<br>\$000 |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 66            | 73            |
| Post-employment benefits     | 6             | 7             |
|                              | <b>72</b>     | <b>80</b>     |

During the financial year, The Bureau of Health Information obtained key management personnel services from the immediate parent and incurred \$313 thousand (2019: \$296 thousand) for these services. This amount does not form part of the key management personnel compensation disclosed above.

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

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

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

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

There were no transactions with key management personnel and their close family members (2019: \$Nil).

##### (c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2019: \$Nil).

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

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

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

- Health Administration Corporation provides shared services for the majority of information management services and corporate support services.
- Staff related costs in relation to payroll and LSL claim

# The Bureau of Health Information

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 28. Related party transactions

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

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

- Audit of the statutory financial statements
- Rental costs for Property NSW leased properties

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

- Revenue from recurrent and capital allocations
- Revenue from entities controlled by ultimate parent
- Revenue from acceptance of LSL and Defined Benefit

*Assets and liabilities as follows:*

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

### 29. 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**