

AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

17 Financial Instruments

17A Terms, conditions and accounting policies

Financial Instruments	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash at bank and on hand	10B	Cash is recognised at nominal amounts. Interest is credited to revenue as it accrues.	Interest is earned on the daily balance, the average rate for 2004-05 was 4.39% (2003-04: 4.15%).
Deposits at call	10B	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds, mainly from cash held for long term leave provisions and contract income in advance are placed on deposit at call with the Institute's banker. Interest is earned on the daily balance, the average rate for 2004-05 was 5.46% (2003-04: 4.75%).
Receivables for goods and services	6	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (2003-04: 30 days).
Financial Liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade creditors	8B	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days (2003-04: 30 days)

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17B Interest rate risk

Financial Instrument	Notes	Floating interest rate		Non-Interest bearing		Total		Weighted Average Effective Interest Rate	
		04-05	03-04	04-05	03-04	04-05	03-04	04-05	03-04
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial assets (Recognised)									
Cash at bank and on hand	10B	2,302	507			2,302	507	4.39	4.15
Deposits at call	10B	2,053	5,168			2,053	5,168	5.46	4.75
Receivables for goods and Services	6			5,522	4,250	5,522	4,250	n/a	n/a
Total Financial Assets (Recognised)		4,355	5,675	5,522	4,250	9,877	9,925		
Total assets						12,575	12,021		

Financial Instrument	Notes	Floating interest rate		Non-Interest bearing		Total		Weighted Average Effective Interest Rate	
		04-05	03-04	04-05	03-04	04-05	03-04	04-05	03-04
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Liabilities (Recognised)									
Trade Creditors	8B			544	856	544	856	n/a	n/a
Total Financial Liabilities (Recognised)				544	856	544	856		
Total liabilities						10,906	10,348		

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For the year ended 30 June 2005

17C Net fair values of financial assets and liabilities.

The net fair value of the Institute's financial assets and financial liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the accounts.

17D Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the Institute is considered to be very low as the majority of the Institute's clients are Commonwealth Government agencies.

18 Appropriations

Particulars	Departmental Outputs		Loans		Equity		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Year ended 30 June 2005								
Balance carried forward from previous year	-	-	-	-	-	-	-	-
Appropriation Acts 1 and 3	8,408	8,556	-	-	-	-	8,408	8,556
Appropriation Acts 2 and 4	-	-	-	-	-	-	-	-
Appropriation Act 5	12	-	-	-	-	-	12	-
Available for payment of CRF	8,420	8,556	-	-	-	-	8,420	8,556
Payments made out of CRF	8,420	8,556	-	-	-	-	8,420	8,556
Balance carried forward to next year	-	-	-	-	-	-	-	-
Represented by:								
Appropriations Receivable	-	-	-	-	-	-	-	-

This table reports on appropriations made by the Parliament of the Consolidated Revenue Fund (CRF) in respect of the Institute. When received by the Institute, the payments made are legally the money of the Institute and do not represent any balance remaining in the CRF.

19 Average Staffing levels

	<u>2005</u>	<u>2004</u>
The average staffing levels for the Institute during the year were:	185	179

20 Reporting of Outcomes

20A Outcome of the Australian Institute of Health and Welfare

The Australian Institute of Health and Welfare is structured to meet one outcome:

Outcome 9: Health Investment: Knowledge, information and training for developing better strategies to improve the health of Australians. (This outcome is part of the Health and Ageing Portfolio outcomes).

The Australian Institute of Health and Welfare has three Output Groups under Outcome 9:
Output Group 1: Specific services to the Minister and Parliament, required under the AIHW Act 1987.

Output Group 2: National leadership in health-related and welfare-related information and statistics.

Output Group 3: Collection and production of health-related and welfare-related information and statistics.

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Note 20B: Net Cost of Outcome Delivery

	Outcome 9	
	2005	2004
	\$'000	\$'000
Departmental Expenses	23,677	23,076
Total expenses	23,677	23,076
<i>Costs recovered from provision of goods and services to the non-government sector</i>		
Departmental	3,681	3,311
Total costs recovered	3,681	3,311
<i>Other external revenues</i>		
Departmental		
Sales of goods and services - to related entities	11,324	10,877
Interest	254	251
Other	6	130
Total Departmental	11,584	11,258
Total other external revenues	11,584	11,258
Net cost/(contribution) of outcome	8,412	8,507

The Institute's outcomes and outputs are described at Note 20A.

The net costs shown include intra-government costs that would be eliminated in calculating the actual Budget outcome.

The Australian Institute of Health and Welfare uses an Activity Based Costing System to attribute indirect costs. The financial management information system captures direct and indirect costs.

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Note 20C: Departmental Revenues and Expenses by Output Group and Outputs

	Output Group 1		Output Group 2		Output Group 3		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Outcome 9	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating expenses								
Employees	662	830	3,117	2,996	10,945	10,310	14,724	14,136
Suppliers	279	611	1,502	1,511	6,625	6,491	8,406	8,613
Depreciation and amortisation	66	59	101	68	273	171	440	298
Write-down of assets	16	5	25	6	66	16	107	27
Value of assets sold	-	-	-	1	-	1	-	2
Total operating expenses	1,023	1,505	4,745	4,582	17,909	16,989	23,677	23,076
Funded by:								
Revenues from Government	1,263	1,568	1,937	1,681	5,220	5,307	8,420	8,556
Sales of goods and services	-	-	2,926	2,979	12,079	11,209	15,005	14,188
Interest	39	50	58	57	157	144	254	251
Revenue from sale of assets	-	-	-	-	-	-	-	-
Other	1	26	1	30	4	74	6	130
Total operating revenues	1,303	1,644	4,922	4,747	17,460	16,734	23,685	23,125

The Institute's outcomes and outputs are described at Note 20A.

The net costs shown include intra-government costs that would be eliminated in calculating the actual Budget outcome.

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20D: Administered Revenues and Expenses by Outcome

No administered revenues and expenses were incurred.

The Institute's outcomes and outputs are described at Note 20A.

