Appendix 1

Financial statements

Australian National Audit Office

INDEPENDENT AUDIT REPORT

To the Minister for Health and Ageing

Scope

The financial statements and directors' responsibility

The financial statements comprise:

- Statement by Directors;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the Australian Institute of Health and Welfare (the Institute), for the year ended 30 June 2006.

The Directors are responsible for preparing the financial statements that give a true and fair view of the financial position and performance of the Institute, and that comply with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and Accounting Standards and other mandatory financial reporting requirements in Australia. The Directors are also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

GPO Box 707 CANBERRA ACT 2601
Centenary House
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Institute's financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Directors.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Australian Institute of Health and Welfare:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997;* and

(b) give a true and fair view of the Institute's financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:

   (i) the matters required by the Finance Minister's Orders; and

   (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office

Carla Jago
Executive Director

Delegate of the Auditor-General
Canberra

11 September 2006

Australian Government
Australian Institute of Health and Welfare

26 Thynne Street
Fern Hill Park
Bruce ACT

GPO Box 570
Canberra ACT 2601

Ph 02 6244 1000
Fax 02 6244 1299

STATEMENT BY DIRECTORS

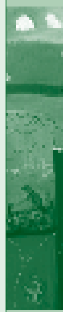
In our opinion, the attached financial statements for the year ended 30 June 2006 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997.*

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the directors.

Hon. Peter Collins, AM, QC	Penny Allbon
Chair of the Board	Director
11 September 2006	11 September 2006

for health and welfare statistics
www.aihw.gov.au



Australian Institute of Health and Welfare

INCOME STATEMENT

for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
INCOME			
Revenue			
Revenues from Government	4A	**8,549**	8,420
Goods and services	4B	**14,332**	15,005
Interest	4C	**280**	254
Other revenues	4D	**114**	6
Total revenue		**23,275**	23,685
TOTAL INCOME		**23,275**	23,685
EXPENSES			
Employees	5A	**15,072**	14,596
Suppliers	5B	**7,485**	8,533
Depreciation and amortisation	5C	**659**	471
Write-down and impairment of assets	5D	**35**	107
Net losses from sale of assets	5E	**5**	-
TOTAL EXPENSES		**23,256**	23,707
Net Operating result		**19**	(22)
Net Surplus/(Deficit) attributable to the Australian Government		**19**	(22)

The above statement should be read in conjunction with the accompanying notes.

Australian Institute of Health and Welfare
BALANCE SHEET
as at 30 June 2006

	Notes	2006 $'000	2005 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	**4,906**	4,355
Receivables	6B	**4,348**	5,522
Total financial assets		**9,254**	9,877
Non-financial assets			
Buildings	7A,D	**1,124**	754
Infrastructure, plant and equipment	7B,D	**573**	670
Library Collection	7C,D	**501**	506
Intangibles	7E	**662**	728
Inventories	7F	**68**	102
Other non-financial assets	7G	**210**	189
Total non-financial assets		**3,138**	2,949
TOTAL ASSETS		**12,392**	12,826
LIABILITIES			
Payables			
Suppliers	8A	**466**	544
Other payables	8B	**325**	356
Contract income in advance	8C	**4,761**	5,499
Total payables		**5,552**	6,399
Provisions			
Employees	9A	**4,234**	4,364
Other provisions	9B	**436**	424
Total provisions		**4,670**	4,788
TOTAL LIABILITIES		**10,222**	11,187
NET ASSETS		**2,170**	1,639
EQUITY			
Contributed Equity		**1,146**	1,146
Reserves		**1,268**	756
Retained Surpluses (Accumulated deficits)		**(244)**	(263)
TOTAL EQUITY		**2,170**	1,639
Current Assets		**9,532**	10,168
Non-current Assets		**2,860**	2,658
Current Liabilities		**9,355**	10,340
Non-current Liabilities		**867**	847

The above statement should be read in conjunction with the accompanying notes.

Australian Institute of Health and Welfare

STATEMENT OF CASH FLOWS

for the year ended 30 June 2006

	Notes	2006	2005
		$'000	$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**8,549**	8,420
Goods and services [1]		**16,211**	15,073
Interest		**266**	260
Net GST received from ATO [1]		**-**	-
Other		**114**	6
Total cash received		**25,140**	23,759
Cash used			
Employees		**15,202**	14,195
Suppliers [1]		**8,442**	9,568
Net GST paid to ATO [1]		**675**	156
Total cash used		**24,319**	23,919
Net cash from or (used by) operating activities	10	**821**	(160)
INVESTING ACTIVITIES			
Total cash received		**-**	-
Cash used			
Purchase of property, plant and equipment		**270**	1,160
Total Cash Used		**270**	1,160
Net cash from or (used by) investing activities		**(270)**	(1,160)
Net Increase or (Decrease) in Cash Held		**551**	(1,320)
Cash at beginning of the reporting period		**4,355**	5,675
Cash at the End of the Reporting Period	6A	**4,906**	4,355

[1] 2004-2005 comparatives restated due to reclassification of GST payable.

The above statement should be read in conjunction with the accompanying notes.

Australian Institute of Health and Welfare

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2006

	Accumulated Results		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening Balance	**(263)**	(241)	**756**	768	**1,146**	1,146	**1,639**	1,673
Adjustment for errors	**-**	-	**-**	-	**-**	-	**-**	-
Adjustment for changes	**-**	-	**-**	-	**-**	-	**-**	-
Adjusted opening balance	**(263)**	(241)	**756**	768	**1,146**	1,146	**1,639**	1,673
Income and Expense								
Revaluation adjustment [1]	**-**	-	**512**	(12)	**-**	-	**512**	(12)
Sub-total income and expenses recognised directly in equity	**-**	-	**512**	(12)	**-**	-	**512**	(12)
Net operating result	**19**	(22)	**-**	-	**-**	-	**19**	(22)
Total income and expenses	**19**	(22)	**512**	(12)	**-**	-	**531**	(34)
Transactions with Owners								
Distributions to owners								
Return on Capital Dividends	**-**	-	**-**	-	**-**	-	**-**	-
Contributions by Owners								
Appropriation (equity injection)	**-**	-	**-**	-	**-**	-	**-**	-
Restructuring	**-**	-	**-**	-	**-**	-	**-**	-
Sub-total Transactions with Owners								
Transfers between equity components	**-**	-	**-**	-	**-**	-	**-**	-
Closing balance at 30 June	**(244)**	(263)	**1,268**	756	**1,146**	1,146	**2,170**	1,639

[1] 2005-06 adjustment of $12,000 includes $96,000 for revaluation of Leasehold Improvements less Makegood provision revaluation of $84,000.

The above statement should be read in conjunction with the accompanying notes.

Australian Institute of Health and Welfare

SCHEDULE OF COMMITMENTS

as at 30 June 2006

	2006 $'000	2005 $'000
BY TYPE		
Commitments		
Operating leases [1]	**1,457**	2,760
Other [2]	**2,894**	707
Total commitments	**4,351**	3,467
Commitments receivable	**(12,264)**	(4,334)
Net commitments by type	**(7,913)**	(867)
BY MATURITY		
Operating lease commitments		
One year or less	**1,355**	1,336
From one to five years	**102**	1,424
Total operating lease commitments	**1,457**	2,760
Other commitments		
One year or less	**1,605**	707
From one to five years	**1,289**	-
Total other commitments	**2,894**	707
Total commitments payable	**4,351**	3,467
Commitments receivable		
Contract work commitments [2]		
One year or less	**(6,677)**	(3,485)
From one to five years	**(5,195)**	(535)
Total contract work commitments	**(11,872)**	(4,020)
Goods and Services Tax (GST)	**(392)**	(314)
Total commitments receivable	**(12,264)**	(4,334)
Net commitments by maturity	**(7,913)**	(867)

NB: Commitments are GST inclusive where relevant.

[1] Operating leases are effectively non-cancellable and comprise:

Leases for office accommodation

- Lease payments are subject to annual increases in accordance with upward movements in the CPI or 3%
- The lease term is seven years and may be renewed for another seven years (option in place).
- Current leases expire in July 2007 (new lease under negotiation) and August 2007.

Computer equipment lease

- The lease term is three years, on expiry of the lease term, the Institute has the option to extend the lease period, return the computers, or trade in the computers for more up-to-date models.

Agreements for the provision of motor vehicles to Senior Executive Officers.

- No contingent rentals exist. There are no renewal or purchase options available to the Institute.

[2] Other commitments are primarily amounts relating to the Institute's contract work.

The above statement should be read in conjunction with the accompanying notes.

Australian Institute of Health and Welfare

SCHEDULE OF CONTINGENCIES
as at 30 June 2006

	2006 $'000	2005 $'000
CONTINGENCIES [1]	**Nil**	Nil

[1] The provision for makegood that has been reported as a contingent liability in prior years is now included in Other Provisions in the Balance Sheet. As at 30 June 2006, the Institute has no contingent assets, remote contingencies or unquantifiable contingencies.

The above schedule should be read in conjunction with the accompanying notes.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Statements

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The continued existence of the Institute in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Institute's administration and programs.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005));
- Australian Accounting Standards issued by the Australian Accounting Standards Board that apply for the reporting period;and
- Interpretations issued by the AASB and UIG that apply for the reporting period.

This is the first financial report to be prepared under Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

The Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets and liabilities, which as noted, are at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies).

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Institute has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.3 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require the Institute to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the Institute in the future. The nature of the impending change within the table, has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the Institute's initial assessment at this date, but may change. The Institute intends to adopt all standards upon their application date.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Title	Standard affected	Application date*	Nature of Impending change	Impact expected on financial report
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact.
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease.	No expected impact.
			Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact.
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact.
	AASB7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB132 requirements.	No expected impact.

* Application date is for annual reporting periods beginning on or after the date shown.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

1.4 Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and·
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139.

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

1.5 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Commonwealth agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.6 Employee Benefits

As required by the Finance Minister's Orders, the Institute has early adopted AASB 119 Employee Benefits as issued in December 2004.

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Institute is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Institute's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave is recognised and measured at the present value of the estimated future cashflows to be made in respect of all employees at 30 June 2006. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Separation and Redundancy

Provision is also made for separation and redundancy benefits in cases where positions have been formally identified as excess to requirements, the existence of an excess has been publicly communicated, and a reliable estimate of the amount payable can be determined.

Superannuation

Staff of the Institute are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Institute makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Institute's employees.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.7 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

1.8 Borrowing Costs

All borrowing costs are expensed as incurred.

1.9 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.10 Financial Risk Management

The Institute's activities expose it to normal commercial financial risk. As a result of the nature of the Institute's business and internal and Australian Government policies, dealing with the management of financial risk, the institute's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.11 Investments

Investments are initially measured at their fair value.

After initial recognition, financial assets are to be measured at their fair values except for

a) loans and receivables which are measured at amortised cost using the effective interest method,

b) held-to-maturity investments which are measured at amortised cost using the effective interest method, and

c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

1.12 Derecognition of Financial Assets and liabilities

As prescribed in the Finance Minister's Orders, the Institute has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred. Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires. For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

1.13 Impairment of Financial Assets

As prescribed in the Finance Minister's Orders, the institute has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in profit and loss.

Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Available for Sale Financial Assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the profit and loss.

Comparative Year

The above policies were not applied for the comparative year. For receivables, amounts were recognised and carried at original invoice amount less a provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

Other financial assets carried at cost which were not held to generate net cash inflows, were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the assets carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

1.14 Interest Bearing Loans and Borrowings

Government loans are carried at the balance yet to be repaid. Interest is expensed as it accrues.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

1.15 Trade Creditors

Trade 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).

1.16 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Assets are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

1.17 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor authority's accounts immediately prior to the restructuring.

1.18 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

This is particularly relevant to 'makegood' provisions in property leases taken up by the Institute where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Institute's leasehold improvements with a corresponding provision for the 'makegood' taken up.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Revaluations

Basis

Buildings, plant and equipment are carried at fair value, being revalued with sufficient frequency such that the carrying amount of each asset is not materially different, at reporting date, from its fair value. Valuations undertaken in each year are as at 30 June.

Fair values for each class of asset are determined as shown below:

Asset class	**Fair value measured at:**
Buildings-Leasehold Improvements	Depreciated replacement cost
Plant and equipment	Market selling price
Library Collection	Market selling price

Following initial recognition at cost, valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through profit and loss. Revaluation decrements for a class of assets are recognised directly through profit and loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Institute using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2006	2005
Leasehold improvements	Lease term	Lease term
Plant and Equipment	5 to 10 years	5 to 10 years
Library Collection	7 to 10 years	10 years

Heritage and cultural assets are assessed as having an infinite useful life and are not depreciated. The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

Impairment

All assets were assessed for impairment at 30 June 2006. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its *fair value less costs to sell* and its *value in use*. *Value in use* is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Institute were deprived of the asset, its *value in use* is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

1.19 Intangibles

The Institute's intangibles comprise internally developed software for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the Institute's software is 3 to 5 years (2005-06: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2006. No indicators of impairment were found.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

1.20 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are measured at the lower of cost and current replacement cost.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores – purchase cost on a first-in-first-out basis; and
- finished goods and work in progress – cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

1.21 Taxation

The Authority is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 2: The impact of the transition to AEIFRS from previous AGAAP

	2005	2004
	$'000	$'000
Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS		
Total equity under previous AGAAP	**1,669**	1,673
Adjustments to retained earnings:		
'Makegood' assets[1]	**(30)**	-
Adjustments to other reserves:		
Asset Revaluation Reserve	-	-
Total equity translated to AEIFRS	**1,639**	1,673
Reconciliation of profit and loss as presented under previous AGAAP to that under AEIFRS		
Prior year profit as previously reported	**8**	
Adjustments:		
Depreciation/amortisation	**(30)**	
Prior year profit translated to AEIFRS	**(22)**	

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS.

[1] AEIFRS requires the recording of assets reflecting future estimated restoration costs. Amounts for 'makegood' provisions in existing accommodation leases (operating) have been taken up accordingly.

The Institute has not restated comparatives for financial instruments. The adjustments between AEIFRS and the previous AGAAP have been taken up at 1 July 2005.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 3: Events after the Balance Date

There were no events that occurred after the balance date that would affect the balances in the financial statements.

Note 4: Income

	2006 $'000	2005 $'000
Note 4A: Revenues from Government		
Appropriations for outputs	**8,549**	8,420
Total revenues from government	**8,549**	8,420
Note 4B: Goods and Services		
Goods	**70**	74
Services	**14,262**	14,931
Total sales of goods and services	**14,332**	15,005
Provision of goods to:		
Related Entities	**2**	4
External Entities	**68**	70
Total sales of goods	**70**	74
Rendering of services to:		
Related entities	**10,266**	11,320
External entities	**3,996**	3,611
Total rendering of services	**14,262**	14,931
Note 4C: Interest		
Deposits	**280**	254
Note 4D: Other revenues		
Conference income	**109**	-
Other	**5**	6
Total other revenues	**114**	6

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

	2006 $'000	2005 $'000
Note 5: Operating Expenses		
Note 5A: Employees		
Wages and Salaries	**11,563**	11,126
Superannuation	**2,133**	2,050
Leave and other entitlements	**1,370**	1,334
Separation and redundancies	**-**	72
Other employee expenses	**6**	14
Total employee expenses	**15,072**	14,596
Note 5B: Suppliers		
Provision of goods - related entities	**-**	-
Provision of goods - external entities	**534**	505
Rendering of services - related entities	**433**	493
Rendering of services - external entities	**5,237**	6,279
Operating lease rentals	**1,133**	1.129
Workers compensation premiums	**148**	127
Total supplier expenses	**7,485**	8,533
Note 5C: Depreciation and amortisation		
Depreciation		
Leasehold Improvements	**243**	197
Infrastructure, plant and equipment	**187**	146
Library Collection	**57**	71
Total depreciation	**487**	414
Amortisation		
Intangibles – computer software	**172**	57
Total depreciation and amortisation	**659**	471

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

	2006 $'000	2005 $'000
Note 5D: Write-down and impairment of assets		
Inventory – write down to net realisable value	**35**	5
Library Collection – revaluation decrement	**-**	102
Total write down of assets	**35**	107
Note 5E: Net losses from sale of assets		
Net loss from disposal of infrastructure, plant and equipment	**5**	-

Note 6: Financial Assets

	2006 $'000	2005 $'000
Note 6A: Cash and cash equivalents		
Cash at bank and on hand	**1,401**	2,302
Deposits at call and term deposits	**3,505**	2,053
Total cash	**4,906**	4,355
Note 6B: Receivables		
Goods and services	**4,305**	5,486
Less: Allowance for doubtful debts	**-**	-
Other receivables	**43**	36
Total receivables (net)	**4,348**	5,522
Receivables is represented by:		
Current	**4,348**	5,522
Non-current	**-**	-
Total receivables (gross)	**4,348**	5,522

Credit terms are net 30 days (2005:30 days).

Receivables (gross) are aged as follows:

	2006 $'000	2005 $'000
Current	**4,155**	5,092
Overdue by:		
Less than 30 days	**193**	430
Total receivables (gross)	**4,348**	5,522

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

	2006 $'000	2005 $'000
Note 7: Non-Financial Assets		
Note 7A: Buildings		
Leasehold improvements		
- fair value	**913**	503
- accumulated amortisation	**-**	-
	913	503
- deferred makegood expense	**281**	281
- accumulated amortisation	**(70)**	(30)
	211	251
Total Buildings (non-current)	**1,124**	754
Note 7B: Infrastructure, plant and equipment		
Plant and Equipment		
- fair value	**741**	670
- work in progress	**17**	-
	758	670
- accumulated depreciation	**(185)**	-
Total Plant and Equipment	**573**	670

All revaluations are conducted in accordance with the revaluation policy stated at Note 1. In 2005-06, an independent valuer, Australian Valuation Office, conducted the revaluations.

Revaluation increment of $596,000 for leasehold improvements was credited to the Asset Revaluation Reserve (2005:$0) and included in the Equity section of the Balance Sheet. A revaluation of property, plant and equipment (PP&E) was not carried out in 2006 (2005 revaluation decrement of $12,211). The net book value of PP&E assets has been reviewed and found to be based on fair value.

	2006 $'000	2005 $'000
Note 7C: Library Collection		
- fair value	**558**	506
- accumulated depreciation	**(57)**	-
Total Library Collection (non-current)	**501**	506

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 7D: Analysis of Property, Plant and Equipment

TABLE A — Reconciliation of the opening and closing balances of property, plant and equipment

	Buildings-Leasehold Improvements	Other Infrastructure Plant and Equipment	Library Collection	Total
	$'000	$'000	$'000	$'000
As at 1 July 2005				
Gross book value	784	670	506	1960
Accumulated depreciation/amortisation	(30)	-	-	(30)
Opening Net Book Value	**754**	**670**	**506**	**1,930**
Additions				
by purchase	17	95	52	164
Net revaluation increment/(decrement)	596	-	-	596
Depreciation expense	(243)	(187)	(57)	(487)
Write back of depreciation on disposal		2		2
Disposals:				
Other disposals	-	(7)	-	(7)
As at 30 June 2006				
Gross Book Value	1,194	758	558	2,510
Accumulated depreciation/amortisation	(70)	(185)	(57)	(312)
Closing Net book value	**1,124**	**573**	**501**	**2,198**

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 7D: Analysis of Property, Plant and Equipment (continued)

TABLE B — Property, plant and equipment under construction

Item	Buildings-Leasehold Improvements	Other Infrastructure Plant and Equipment	Library Collection	Total
	$'000	$'000	$'000	$'000
Carrying amount as at 30 June 2006	-	17	-	17
Carrying amount as at 30 June 2005	-	-	-	-

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

	2006 $'000	2005 $'000
Note 7E: Intangibles		
Computer software		
- purchased – in use	**134**	134
- accumulated amortisation	**(62)**	(25)
	72	109
- purchased – in progress	**32**	-
- internally developed – in use	**725**	651
- accumulated amortisation	**(167)**	(32)
	558	619
Total Intangibles (non-current)	**662**	728

TABLE A — Reconciliation of the opening and closing balances of Intangibles

	Computer software – internally developed	Computer software – purchased (in use)	Computer software – purchased (in progress)	Total
	$'000	$'000	$'000	$'000
As at 1 July 2005				
Gross value	651	134	-	785
Accumulated depreciation/amortisation	(32)	(25)	-	(57)
Opening Net Book Value	**619**	**109**	**-**	**728**
Additions				
Purchase/Internally developed	74	-	32	106
Movements:				
Reclassifications	-	-	-	-
Depreciation/amortisation expense	(135)	(37)	-	(172)
As at 30 June 2006				
Gross Book Value	725	134	32	891
Accumulated depreciation/amortisation	(167)	(62)	-	(229)
Closing Net book value	**558**	**72**	**32**	**662**

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

	2006 $'000	2005 $'000
Note 7F: Inventories		
Inventories held for sale	**68**	102
All inventories are current assets		
Note 7G: Other Non-Financial Assets		
Prepayments	**210**	189
All other non-financial assets are current assets		
Note 8: Payables		
Note 8A: Suppliers		
Trade creditors	**466**	544
Total supplier payables	**466**	544
Supplier payables are represented by:		
Current	**466**	544
Non-current	**-**	-
Total supplier payables	**466**	544
Settlement is usually made net 30 days.		
Note 8B: Other		
GST payable to ATO	**325**	356
Total other payables	**325**	356
All other payables are current liabilities		
Note 8C: Contract income in advance		
Contract income	**4,761**	5,499
All income in advance payables are current		
Note 9: Provisions		
Note 9A: Employees		
Salaries and wages	**131**	172
Superannuation	**16**	8
Annual leave	**1,738**	1,732
Long Service Leave	**2,349**	2,452
Total employee provisions	**4,234**	4,364
Current	**3,732**	3,870
Non-current	**502**	494
Total employee provisions	**4,234**	4,364

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

	2006	2005
	$'000	$'000
Note 9B: Other Provisions		
Lease Incentive liability	**71**	143
Provision for makegood	**365**	281
Total other provisions	**436**	424
Other provisions are represented by:		
Current	**71**	71
Non - current	**365**	353
Total other provisions	**436**	424

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 10: Cash Flow Reconciliation	**2006 $'000**	2005 $'000
Reconciliation of cash per Balance Sheet to Statement of Cash Flows		
Cash at year end per Statement of Cash Flow	**4,906**	4,355
Balance Sheet items comprising above cash: 'Financial Asset – Cash and Cash equivalents'	**4,906**	4,355
Reconciliation of net surplus/(deficit) to net cash from operating activities:		
Net surplus (deficit)	**19**	(22)
Depreciation/amortisation	**658**	471
Net loss from sale of assets	**5**	-
Net write down of non financial assets	**-**	102
(Increase) / decrease in net receivables	**1,174**	(1,272)
(Increase) / decrease in inventories	**34**	5
(Increase) / decrease in other non financial assets	**(21)**	(1)
Increase / (decrease) in supplier and other payables	**(109)**	11
Increase / (decrease) in employee provisions	**(130)**	528
Increase / (decrease) in lease incentive liability	**(71)**	(72)
Increase / (decrease) in other income in advance	**(738)**	90
Net cash from/(used by) operating activities	**821**	(160)

Note 11: Director Remuneration

The number of Directors of the Institute included in these figures are shown below in the relevant remuneration bands:

	2006	2005
Nil to $14,999	**3**	4
$15,000 to $29,999	**1**	-
$90,000 to $104,999	**1**	1
$105,000 to $119,999	**1**	-
$165,000 to $174,999	**1**	-
$270,000 to $284,999	**-**	1
Total number of directors of the Institute that received remuneration	7	6

Total remuneration received or due and receivable by Directors of the Institute	**$396,977**	$382,816

- Some Directors of the Institute are appointed from other Government Departments and receive no additional remuneration for these duties.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 12: Related Party Disclosures
Directors of the Institute

The Directors of the Institute during the year were:
The Hon.Peter Collins AM, QC (Chairperson)
Dr Richard Madden (Director - term expired 6/1/06)
Dr Ching Choi (Acting Director – term from 7/1/06 to 10/2/06)
Dr Penny Allbon (Director – appointed 13/2/06)
Ms Jane Halton
Mr Dennis Trewin
Ms Linda Apelt (resigned 17/2/06)
Ms Sandra Lambert (commenced 17/2/06)
Dr Kerry Kirke
Mr Ian Spicer
Prof Heather Gardner
Mr Peter Allen
Dr Owen Donald
Ms Chrysanthe Psychogios (Staff-elected member – elected 1/7/05)

The aggregate remuneration of Directors is disclosed in Note 11.

Note 13: Executive Remuneration

The number of executives who received or were due to receive total remuneration of $130,000 or more:

	2006	2005
$130,000 - $144,999	**1**	-
$145,000 - $159,999	**-**	-
$160,000 - $174,999	**1**	2
$175,000 - $189 999	**2**	2
Total	**4**	4
The aggregate amount of total remuneration of executives shown above	**$664,459**	$681,723

- Executive remuneration consists of wages and salaries, accrued leave, performance pay, accrued superannuation, the cost of motor vehicles and fringe benefits tax.
- Executive remuneration includes all officers concerned with or taking part in the management of the Institute during 2005-06, except for the Director. Details in relation to the Director have been incorporated in Note 11 – Director Remuneration.
- No redundancy payments were made to executives during the year.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 14: Remuneration of Auditors

	2006	2005
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.	**$19,000**	$16,600

No other services were provided by the Auditor-General during the reporting period.

Note 15: Average Staffing Levels	**2006**	2005
The average staffing levels for the Institute during the year were:	**183**	185

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 16: Financial Instruments

Note 16A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In 1 year or less		Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2006 $'000	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 %**	2005 %
Financial Assets											
Cash at bank and on hand	6A	**1,401**	2,302	**-**	-			**1,401**	2,302	**5.34**	4.39
Deposits at call and term deposits	6A	**-**	-	**3,505**	2,053	**-**	-	**3,505**	2,053	**5.43**	5.46
Receivables for goods & services-(gross)	6B	**-**	-	**-**	-	**4,348**	5,522	**4,348**	5,522	**n/a**	n/a
Total		**1,401**	2,302	**3,505**	2,053	**4,348**	5,522	**9,254**	9,877		
TOTAL ASSETS								**12,392**	12,826		
Financial Liabilities											
Supplier payables	8A	**-**	-	**-**	-	**466**	544	**466**	544	**n/a**	n/a
Total		**-**	-	**-**	-	**466**	544	**466**	544		
TOTAL LIABILITIES								**10,222**	11,187		
Liabilities not recognised		**-**	-	**-**	-	**-**	-	**-**	-		

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 16: Financial Instruments (cont.)

Note 16B: Net Fair Values of Financial Assets and Liabilities

		2006		2005	
	Notes	**Total Carrying Amount**	**Aggregate Net Fair Value**	Total Carrying Amount	Aggregate Net Fair Value
		$'000	**$'000**	$'000	$'000
Departmental					
Financial Assets					
Cash and cash equivalents	6A	**4,906**	**4,906**	4,355	4,355
Receivables for Goods and Services (net)	6B	**4,348**	**4,348**	5,522	5,522
Total Financial Assets		**9,254**	**9,254**	9,877	9,877
Financial Liabilities (recognised)					
Supplier payables	8A	**466**	**466**	544	544
Total Financial Liabilities (recognised)		**466**	**466**	544	544

Note 16C: Credit Risk Exposures

The Institute's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Institute has no significant exposure to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 17: Appropriations

Particulars	Departmental Outputs		Loans		Equity		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Year ended 30 June								
Balance carried forward from previous year	**-**	-	-	-	**-**	-	**-**	-
Appropriation Acts 1 and 3	**8,549**	8,408	-	-	**-**	-	**8,549**	8,408
Appropriation Acts 2 and 4	**-**	-	-	-	**-**	-	**-**	-
Appropriation Act 5	**-**	12	-	-	**-**	-	**-**	12
Available for payment of CRF	**8,549**	8,420	-	-	**-**	-	**8,549**	8,420
Cash Payments made out of CRF	**8,549**	8,420	-	-	**-**	-	**8,549**	8,420
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) for payment by 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.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 18: Reporting of Outcomes

Note 18A: Outcome of the Institute

The Institute is structured to meet a single outcome:

- Better health and wellbeing for Australians through better health and welfare statistics and information. (This outcome is included in the Health and Ageing Portfolio Budget Statements).

The Institute has three Output Groups under this Outcome:

- 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 for governments, non-government and community organisations.

Note 18B: Net Cost of Outcome Delivery

	Outcome 1		**Total**	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Expenses				
Departmental	**23,256**	23,707	**23,256**	23,707
Total expenses	**23,256**	23,707	**23,256**	23,707
Costs recovered from provision of goods and services to the non-government sector				
Departmental	**4,064**	3,681	**4,064**	3,681
Total costs recovered	**4,064**	3,681	**4,064**	3,681
Other external revenues				
Departmental				
Sale of services – to related parties	**10,268**	11,324	**10,268**	11,324
Interest	**280**	254	**280**	254
Other	**114**	6	**114**	6
Total Departmental	**10,662**	11,584	**10,662**	11,584
Total other external revenues	**10,662**	11,584	**10,662**	11,584
Net cost/(contribution) of outcome	**8,530**	8,442	**8,530**	8,442

The Institute's outcome and outputs are described in Note 18A.

Australian Institute of Health and Welfare

Notes to and forming part of the Financial Statements

Note 18C - Departmental Revenues and Expenses by Output Group and Outputs

	Output Group 1		Output Group 2		Output Group 3		Total	
Outcome 1	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Operating expenses								
Employees	**1,100**	653	**3,755**	3,085	**10,217**	10,858	**15,072**	14,596
Suppliers	**579**	288	**1,369**	1,534	**5,537**	6,711	**7,485**	8,533
Depreciation and amortisation	**40**	68	**235**	107	**384**	296	**659**	471
Write-down and impairment of assets	**3**	16	**7**	25	**25**	66	**35**	107
Net losses from sale of assets	**-**	-	**1**	-	**4**	-	**5**	-
Total operating expenses	**1,722**	1,025	**5,367**	4,751	**16,167**	17,931	**23,256**	23,707
Funded by:								
Revenues from Government	**1,624**	1,263	**2,223**	1,937	**4,702**	5,220	**8,549**	8,420
Sales of goods and services	**-**	-	**3,010**	2,926	**11,322**	12,079	**14,332**	15,005
Interest	**53**	39	**73**	58	**154**	157	**280**	254
Other	**84**	1	**30**	1	**-**	4	**114**	6
Total operating revenues	**1,761**	1,303	**5,336**	4,922	**16,178**	17,460	**23,275**	23,685

- The Institute's outcomes and outputs are described at Note 18A
- The net costs shown include intra-government costs that would be eliminated in calculating the actual Budget outcome.
- The attribution of costs to outputs is based on the results of a recent labour time survey.