

Empowering Health

Annual Report 2011–12



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Who we are and what we do

High-quality, locally relevant research evidence can make a vital contribution to the effectiveness of health policies, programs and services. Evidence from research can also empower policy makers, health professionals and the community. Armed with research evidence, they can better understand what works, what doesn't and why, and at what cost.

But there are barriers to making this happen, such as the sheer volume of research, policy makers and researchers working with different time frames, and the need to create research that better answers policy makers' questions. Currently, many opportunities to use research evidence in health decision-making are missed.

The Sax Institute's goal is to enable the best use of research in decisions about health policy, programs and services. We are not a research institute but rather, a transformative organisation established to develop innovative ways of better engaging research and policy.

We bring researchers and policy makers to the same table and we draw institutions together to address the big health questions facing NSW and the nation. In the past four years, we have worked with more than 30 policy agencies, right across the NSW health system and further afield. Over that period we have also contributed to 40 major collaborative partnerships.

As a virtual collaborative research hub, we have a broad membership spanning 37 public health and health services research groups and their universities. We are not-for-profit and independent of any one university or research group. Our core funding is from the NSW Ministry of Health and we receive support from other government, non-government, philanthropic and competitive research funding agencies.

As the need to make the health dollar count grows ever greater, effective use of research evidence is becoming more important. We are a national leader in this field with a growing international reputation.

Our mission and our goals

The Institute's mission is to improve health, health services and programs by increasing the use of research in policy making. We think this will achieve wiser decisions for a healthier Australia.

We are addressing our mission via three goals: generating new research for use in policy; improving policy makers' access to existing research; and developing and testing innovative ways to increase the use of research evidence in policy making.

These three goals underpin our flagship programs.

Goal 1: Generating new research for use in policy

Research assets such as large databases used by many researchers can provide health decision makers with high quality information much more quickly.

[The 45 and Up Study](#) involves more than a quarter of a million Australians. This nationally significant research asset is contributing new knowledge about the causes, prevention and opportunities for better treatment of many health issues such as obesity, mental health and cardiovascular disease. Increasing numbers of researchers and policy makers are accessing this important data.

[The Study of Environment on Aboriginal Resilience and Child Health \(SEARCH\)](#) involves more than 1400 children and 600 families, and is providing valuable new information on the health, hearing and speech development of urban Aboriginal children. This information is the first of its kind and will help ensure that policies, programs and health services can be as effective as possible in improving the health of Aboriginal children in the future.



The Secure Unified Research Environment

[\(SURE\)](#) is Australia's first high-performance virtual computing environment designed specifically for health researchers to remotely and securely access linked health data from sources such as hospitals, cancer registries, clinical trials and general practice. This will promote 'Big Science' by boosting the country's capacity to conduct large-scale collaborative research projects that tackle major health issues.

Goal 2: Improving policy makers' access to existing research

[Our Knowledge Exchange Program](#) allows health policy makers to commission rapid, targeted reviews of research to assist them in making policy decisions. It also helps them commission high-quality, rigorous evaluations of both existing and new policies and programs. And it brings researchers and policy makers together through forums and other exchange activities.

Goal 3: Testing innovative ways to increase the use of research evidence in policy making

[The Centre for Informing Policy in Health with Evidence from Research \(CIPHER\)](#) is investigating the tools, skills and systems that will lead to increased research use in policy. This centre of research excellence is providing a unique opportunity to combine the expertise of policy agencies and researchers.

The year in review: perspectives from the Chair



The importance of research to the health challenges we face in NSW and across Australia has been a key theme in the national conversation over the past year.

The NSW Health and Medical Research Strategic Review identified a number of opportunities to strengthen research and ensure that public investment in the sector achieves the best possible return.

The NSW Government endorsed the recommendations of the Review, which has occurred at a time of change in the way we deliver health services and programs. More than ever, wise investment is accepted as being of paramount importance.

It was gratifying, therefore, to see that so many of the Review's themes are directly relevant to Sax Institute programs and priorities. Maximising the use of research in policy, programs and health service delivery is our *raison d'être*. Building globally relevant research capacity through enhanced collaboration continues to be one of our key strengths. We have enabled, or leveraged, more than \$30 million in research funds for NSW in the past four years. Strengthening research assets such as population-based cohort studies and linked health records are areas where the Institute has been, and continues to be, very active.

We are particularly pleased about the development in our research assets this year.

SURE – the Secure Unified Research Environment – is now live and being used by researchers. This highly secure, remote computing environment is designed specifically for population health research using linked data. When officially launching SURE, Senator Matt Thistlethwaite described it as a wonderful piece of research infrastructure with a great deal of potential to make a difference to the Australian community.

SEARCH – the Study of Environment on Aboriginal Resilience and Child Health – entered a major new phase. Three successful grant applications worth \$7 million over five years will increase the study's power to impact on health programs and policies even further. Important partnerships with the Australian Department of Education, Employment and Workplace Relations and *beyondblue: the national depression and anxiety initiative*, are already yielding results.

It is pleasing to see that use of the **45 and Up Study** resource continues to increase, particularly projects relevant to policy agencies. There have been 124 applications to use the Study data and 45 peer-reviewed papers have been published.

The 2011–2012 year has been one of strong partnerships. We have consolidated existing relationships and developed new ones. In all, we have worked with more than 30 policy agencies over the past four years and have facilitated 40 collaborative research projects.

A major collaboration is **CIPHER** – the Centre for Informing Policy in Health with Evidence from Research. Twenty agencies have now joined our CIPHER network and we have developed key tools for measuring policy makers' use of research, which have garnered international interest.

We look forward to 2012–2013, which will see some of our existing projects yield important outcomes and see the introduction of major new collaborative ventures.

Our partners, members and collaborators are critical to the Institute's success and I would like to thank them all for their support, dedication and input. I would particularly like to thank the NSW Ministry of Health, without whose funding we could not continue our work.

Our Board of Directors also deserve acknowledgement for their valuable insights and the time they devote to the Institute. This year saw the departure of two highly regarded directors, Professors Michael Hensley and Bruce Armstrong. We are fortunate that Professor Armstrong has retained his involvement with the Institute as a Senior Adviser and we continue to benefit from his considerable expertise.

I am delighted to welcome two new directors to the Board, Professor Nicholas Talley and Mr Bob Wells, whose knowledge and skills will prove invaluable to our deliberations over the coming year.

Thanks must also go to the Institute staff and management team, led by Professor Sally Redman, whose vision, energy and professionalism are central to the esteem in which we are held by the research and policy communities.

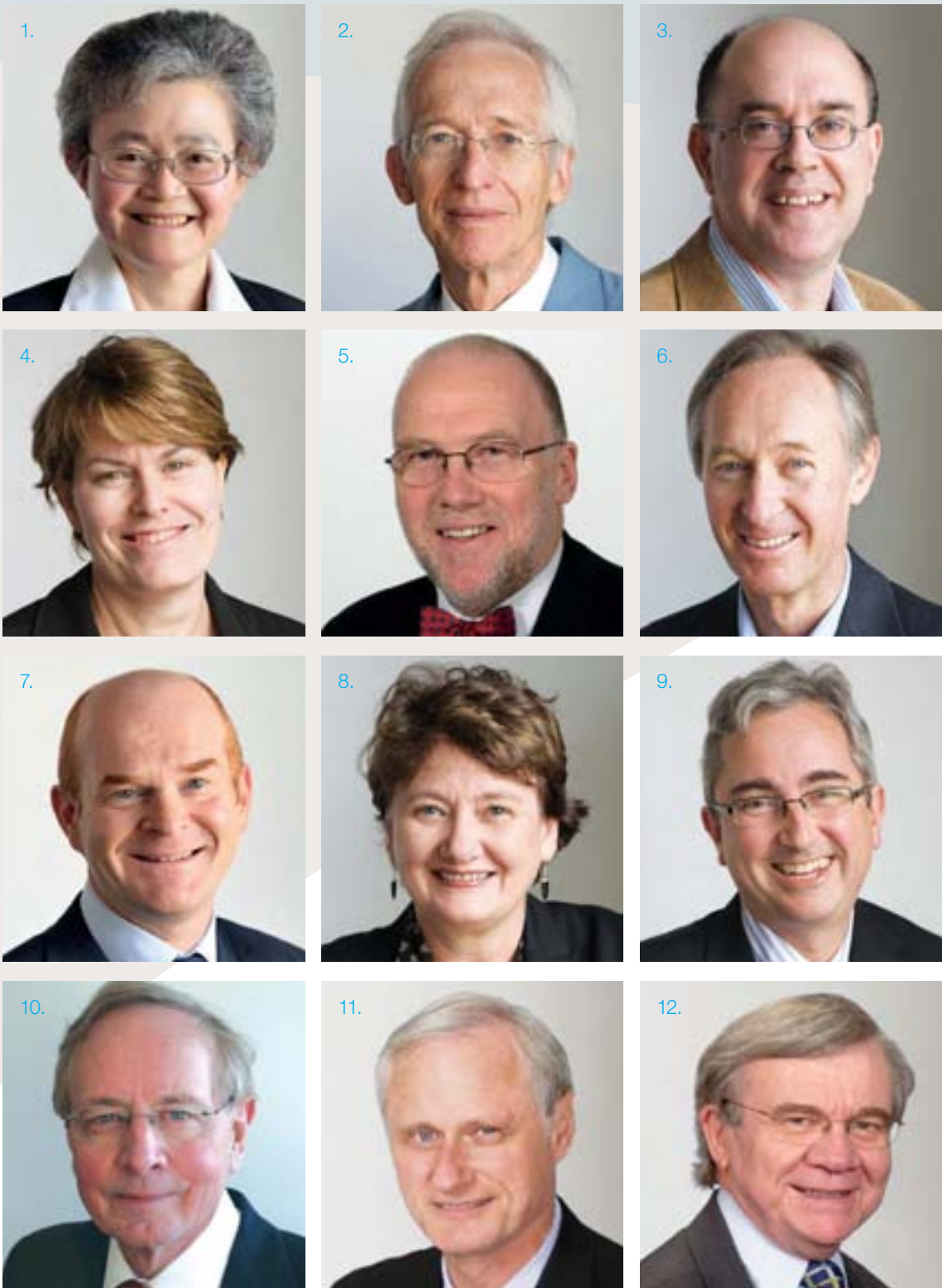
There are many achievements for us to reflect on in 2011–2012, and the suite of exciting initiatives planned for the coming year gives me great confidence in our ability to make an important and ongoing difference to the health of the nation.



Dr Irene Moss AO, Chair

40 major collaborative research programs
about \$8 million a year in extra research funding
leveraged for NSW 66 new early career research posts
89 applications for competitive research funds
arising from our work

Board of Directors



1. **Dr Irene Moss AO (Chair)** is nationally recognised for her expertise in public sector governance. She was Australia's first Federal Race Discrimination Commissioner, and has been the NSW Ombudsman and the Commissioner, Independent Commission Against Corruption.

2. **Professor Bruce Armstrong AM** (until 3 January 2012) is a Professor of Public Health at The University of Sydney and Chair of the NSW Bureau of Health Information. He is an international leader in cancer research and received the inaugural New South Wales Premier's Award for Outstanding Cancer Researcher of the Year in 2006. He has been Director of Research and Registers at Cancer Council NSW, Deputy Director of the International Agency for Research in Cancer and Director of the Australian Institute of Health and Welfare.

3. **Professor Alan Cass** is Senior Director at The George Institute for Global Health. He is an academic physician with a particular interest in clinical and health services research, and a recognised expert in collaborative research to improve Aboriginal health.

4. **Dr Kerry Chant** is a public health physician, NSW Chief Health Officer and Deputy Director-General, Population and Public Health, NSW Ministry of Health. She has extensive public health experience in NSW, having held a range of senior positions in NSW public health units since 1991. Dr Chant has a particular interest in blood borne virus infections and Indigenous health.

5. **Professor Michael Hensley** (until 2 August 2011) is Head of the Department of Respiratory and Sleep Medicine at the John Hunter Hospital, Newcastle. He was formerly the Dean of Medicine of the Joint Medical Program of The University of Newcastle and the University of New England and Head of the School of Medicine and Public Health at The University of Newcastle. Professor Hensley has more than 30 years' experience across medical education, medical research and clinical practice.

6. **Mr Michael Lambert** is a consultant with the Royal Bank of Scotland with extensive experience in strategy, corporate advisory and mergers and acquisitions. He has extensive experience and knowledge in the health sector and sits on commercial and not-for-profit organisation boards. He is a former Secretary of NSW Treasury.

7. **Mr Christopher Paxton** is a Director of Pacific Strategy Partners. He has more than 15 years' experience working on corporate and business strategy, acquisitions and restructuring with leading companies in Australia, Europe, the US and Asia. Previously he was Managing Director of Crescendo Partners and a Vice President at A.T. Kearney.

8. **Professor Sally Redman (ex officio)** is Chief Executive Officer of the Sax Institute. She has extensive experience in public health research, particularly the evaluation of programs designed to improve health and healthcare. Previously Professor Redman was the inaugural Director of the National Breast Cancer Centre.

9. **Professor Glenn Salkeld** is Head and Associate Dean, School of Public Health, The University of Sydney. He has extensive research and teaching experience in the field of health economics and has been a member of a number of key Commonwealth committees, including the Pharmaceutical Benefits Advisory Committee and the National Bowel Cancer Screening Committee.

10. **Professor Peter Smith** is Dean of the Faculty of Medicine at The University of New South Wales. He has held senior academic and clinical leadership positions in Brisbane, Melbourne and Auckland. He is currently a Director of St Vincent's Health Australia and chairs the Board's Safety and Quality Committee. He is also a Director of the Garvan Institute for Medical Research, Neuroscience Research Australia and the Ingham Institute for Applied Medical Research.

11. **Professor Nicholas Talley** is Pro Vice Chancellor of the Faculty of Health at The University of Newcastle and current president-elect, Royal Australasian College of Physicians. A world authority on clinical research of the stomach, he was formerly Chair of the Mayo Clinic Department of Internal Medicine and the Foundation Professor of Medicine at The University of Sydney, Nepean Hospital. Professor Talley holds adjunct research appointments as Professor at Mayo Clinic, University of North Carolina and the Karolinska Institute.

12. **Mr Robert Wells** is the Director of the Australian Primary Health Care Research Institute and Menzies Centre for Health Policy at the Australian National University. He has a great depth of experience in and knowledge of medical workforce matters, and participates in national committees advising governments on research and medical training. Mr Wells has represented Australia internationally on medical workforce matters.



Our Patron

The Sax Institute's Patron is Her Excellency Ms Quentin Bryce AC CVO, Governor-General of the Commonwealth of Australia.

We are proud to have a Patron who shares our concerns about the health of Australia and is committed to making a difference, particularly in the areas of ageing and Aboriginal health, which are two of our strongest priorities.

Governance

Corporate structure and membership

The Sax Institute is a company limited by guarantee. As outlined in our constitution (www.saxinstitute.org.au), the Institute's membership consists of University Members and Ordinary Members who are nominated by research groups working in public health and health services research. The Institute communicates regularly with members through electronic bulletins, forums, collaborations and through the Annual General Meeting. Our membership is listed on page 30.

Board

The composition of the Board is outlined in the constitution. The Board can be made up of between nine and 13 members as follows: three directors appointed through our constitutionally mandated University Members; three directors elected by our 30 Ordinary Members; five independent directors appointed by the Board; one ministerial appointment and; the CEO (ex officio).

The Board operates according to the Board Charter (www.saxinstitute.org.au) and reports to its members in the form required by the *Corporations Act 2001*. The Board is able to seek independent advice and a Board conflict of interest policy is in place.

Board committees

The Board has two committees: an [Audit and Risk Management Committee](#), chaired by Mr Michael Lambert, and a [Research Governance Committee](#), chaired by Professor Peter Smith (charters available at www.saxinstitute.org.au). These committees are comprised of Board members and external experts. The members of these committees are appointed by the Board.

Risk management, policies, standards and procedures

The Institute has a well developed approach to risk management, policies and standards and endeavours to comply with best practice (as set out in the ASX Corporate Governance Council Principles and Recommendations) and with the relevant regulatory frameworks (Corporate Governance Statement available at www.saxinstitute.org.au).

In 2011–2012, the Institute placed special focus on:

- Research governance and associated policies as part of our application to become a National Health and Medical Research Council Administering Institution
- Privacy and security as part of the development of the Secure Unified Research Environment (SURE)
- Internal audit systems.

Delivering on the Health and Medical Research Strategic Review

The NSW Health and Medical Research Strategic Review has emphasised that building research capacity will be particularly important for the state's future.

High-quality research is made possible by investing in people and expertise, research methods, and resources – or assets. Building this capacity is increasingly being recognised as critical to creating efficient and effective healthcare systems that can face the challenges of an ageing population and the chronic disease burden. Stronger research capacity means faster and more dependable answers to inform health decisions.

As outlined in this report, the Sax Institute's programs have particular importance to health policy planning in NSW (page 10). Our programs address other recommendations of the Health and Medical Research Strategic Review in the following ways:

Identify and invest in collaborative research hubs

The Institute functions as a virtual research hub, bringing together researchers from across NSW, Australia and internationally to increase capacity and competitiveness. We have contributed to 40 major collaborative programs in the past four years. Some examples of large collaborations include the Cardiovascular Research Network which uses the 45 and Up Study data (page 19) and CIPHER, the Centre for Informing Policy in Health with Evidence from Research (page 14).

Support and strengthen the research workforce

Over the past four years, 66 new early career researcher posts have used our research assets and other programs. We have also contributed to several National Health and Medical Research Council (NHMRC) Capacity Building Grants, which have had significant impact on supporting early career researchers.

Build shared research assets that will generate answers to drive health decisions

We house three major research assets: the 45 and Up Study (page 16); SEARCH, the Study of Environment on Aboriginal Resilience and Child Health (page 22); and SURE, the Secure Unified Research Environment (page 26). Researchers are increasingly using these assets to conduct work of importance to health policy in NSW. We are also working with Cancer Council NSW to build on our 45 and Up infrastructure to collect biological samples such as blood for use in research.

Leverage investment sources so NSW increases its population share of federal funding

The Strategic Review has noted that NSW needs to be more competitive in attracting Category 1 (competitive grant) research funds. Our work has already strengthened the capacity of NSW to attract these funds and in the past four years alone, more than \$30 million in Category 1 funds have been leveraged for the state. In that time, there have also been 89 applications for competitive research funds that use our research assets or arise from our work. In the past decade, there has been a five-fold increase in the proportion of NHMRC funds for Indigenous health research that come to NSW. Many factors have contributed to this, including our establishment of the Coalition for Research to Improve Aboriginal Health in partnership with the Aboriginal Health and Medical Research Council.



The
POLICY
Story



30 policy agencies work with us from across
NSW and further afield 116 Evidence Check
Reviews commissioned since launch
18 Reviews commissioned in the past year

The task of translating research evidence into policy and practice is a challenge Dr Nigel Lyons faces daily. As CEO of the Agency for Clinical Innovation (ACI), he is committed to improving models of care in the NSW health system by putting research evidence to practical use.

"The partnership with the Sax Institute is critical in terms of our remit: improving models of care using evidence and bringing it into practice," Dr Lyons says. "The Sax Institute's role goes beyond policy and goes to informing service delivery; it helps inform us about how we should do our work better."

The ACI is one of more than 30 policy agencies the Institute works with across NSW and further afield and a good example of how we collaborate to provide value. This work helps achieve our mission to improve health services and programs by increasing the use of research in policy making. ►

The Policy Story



Associate Professor
Mary Haines, Director,
Implementation Research
Group at the Sax Institute

Our partnership with the ACI assists the agency in its brief to develop and implement improvements in health service delivery and to translate innovative ideas into sustainable system-wide change.

We work with policy agencies like the ACI in many different ways. For example, the ACI is one of the agencies involved in CIPHER – the Centre for Informing Health with Evidence from Research (page 14). Along with the Clinical Excellence Commission (CEC), the ACI is also our partner in HARC, the Hospital Alliance for Research Collaboration (page 15). And our two organisations have embarked on a series of partnership research projects.

[The Effectiveness of Clinical Networks project](#) is exploring the impact of the Agency's 19 clinical networks in NSW and the factors that make them effective.

Researchers from NSW, across Australia and overseas are working on the project to understand how the networks can best be used to improve quality of care and patient outcomes. Connecting local researchers and international experts is also building research capacity in NSW.

The project, which is funded by the National Health and Medical Research Council (NHMRC) and the ACI, includes the novel approach of engaging an expert panel to help reach a consensus on which networks are more or less effective. Consensus methodology expert Professor Elizabeth Yano chairs the panel. Professor Yano is Director of the US Department of Veterans Affairs Health Services Research and Development Center of Excellence for the Study of Healthcare Provider Behavior.

"The real value of this innovative work is in making sure that health services delivered to patients actually improve care in meaningful ways," Professor Yano says. "The project is clearly playing a critical role in harnessing the potential power of clinical networks to embed evidence-based care across the NSW health system."

A second research project, [Improving Evidence Based Care for Men with Locally Advanced Prostate Cancer](#), is also addressing the question: what can we do to change practice and improve care? This work is being funded by the NHMRC and the Prostate Cancer Foundation of Australia.

It is exploring the impact of guidelines in improving care and assessing whether a tailored, clinician-led intervention in 11 hospitals within the ACI's Urology Network increases evidence-based care for high-risk patients after surgery.

The ACI is also one of 14 agencies to have used Evidence Check, our internationally recognised service that helps organisations gather the best and most relevant evidence to inform their policy making (next page).

["The partnership with the Sax Institute is critical in terms of our remit: improving models of care using evidence and bringing it into practice."](#)

Dr Nigel Lyons, CEO,
Agency for Clinical Innovation

Knowledge Exchange: Opening doors

The NSW Health and Medical Research Strategic Review has highlighted the importance to NSW of using research evidence for real benefits for clinical care and the quality and performance of health services. It acknowledges this is a demanding task; one that requires a team effort across the research, clinical, not-for-profit and business sectors.

What needs to be done? The Review nominates several solutions that lie at the heart of Sax Institute programs and activities. It says NSW should: strengthen NSW Health's capacity to use existing research evidence; commission and conduct high-quality research (including intervention research) to inform major policies and programs; fund rigorous evaluation of these policies and programs; and increase collaboration among policy makers, practitioners and researchers.

Three of our significant core programs – [Evidence Check](#) (below), [CIPHER](#) (page 14) and [HARC](#) (page 15) – are helping the state achieve the vision laid out by the Strategic Review.

Evidence Check

Our Evidence Check Program assists health policy makers and other organisations use research more effectively in their work. For example, our Evidence Check reviews are high-quality, concise summaries of existing evidence that answer specific research questions for policy agencies. In the past four years, 11 new agencies have used the service, which has been recognised internationally.

More than 100 Evidence Check Reviews have been commissioned since we launched the service in 2006, with 18 reviews commissioned during 2011–2012.

Critical elements of Evidence Check's success are our network of experienced researchers who conduct the reviews, and the expertise we bring to the knowledge brokering process, which involves clarifying policy issues and translating them into researchable questions.

Many of our recent Evidence Check Reviews have made immediate contributions to policy:

Workplace screening programs for chronic disease prevention

This review, commissioned by the NSW Ministry of Health, identified evidence for the effectiveness of workplace chronic disease screening programs.

Conducted by Professor Bill Bellew from The University of Sydney, the review found that, when used in combination with other interventions, there was strong evidence to support workplace screening for tobacco and alcohol use, dietary fat intake, blood pressure and cholesterol. There was also evidence that worksite programs to control overweight and obesity were effective.

The review has been used to inform the implementation of prevention and early identification initiatives in the workplace to reduce risk factors for chronic disease.

The health benefits of public transport use

The Centre for Population Health in the NSW Ministry of Health commissioned this review to examine whether there was any basis to anecdotal evidence that those who use public transport get more exercise. The review of research evidence suggested that public transport users walked an average of between eight and 33 minutes a day more than non public transport users and a significant proportion (30%) met all their recommended levels of physical activity from their transport walking. Public transport users were 3.5 times more likely to be sufficiently active compared with car drivers.

The review findings, produced by Professor Chris Rissel and colleagues from The University of Sydney, have been incorporated into a submission to the NSW Long Term Transport Master Plan, which is being developed by Transport for NSW. The review also led to a research paper being published in the *International Journal of Environmental Research and Public Health*.



Professor David Currow,
CEO Cancer Institute NSW

Cancer in Aboriginal populations

A review examining the research about cancer in Aboriginal communities has helped the Cancer Institute NSW tailor its initiatives in these communities.

In Australia, Aboriginal

people often experience poorer cancer outcomes compared with non-Aboriginal people. This review looked at the beliefs and perceptions of susceptibility to cancer, awareness of risk factors, the impact of screening programs, experience of the treatment journey and whether Aboriginal communities' needs had been met.

Former Manager of the Cancer Institute's Cancer Prevention Division, Ms Blythe O'Hara, says the review is helping the Institute set the context for its work in Aboriginal communities.

"It is a fantastic report that is absolutely setting the agenda for our work moving forward," Ms O'Hara says. "I can't speak more highly of the process; the timeliness and the richness of the information was a bonus and the knowledge-brokering process helped us clarify our questions and articulate what we were after."

CIPHER: Testing what works

In July 2011, Productivity Commission Chairman Gary Banks launched our innovative new centre of research excellence – the Centre for Informing Policy in Health with Evidence from Research (CIPHER).

Designed to test what works, CIPHER provides an unprecedented opportunity to examine the tools, skills and systems that might contribute to an increased use of evidence in health policy. Steered by some of Australia's leading researchers in this field, CIPHER is a collaboration between the Institute, the University of Western Sydney, the Australasian Cochrane Centre, The University of New South Wales, The University of Newcastle, the University of Technology Sydney and the University of St Andrews in the UK. It will test the best ways to help policy agencies find and use research.

Twenty agencies are now participating in the CIPHER network. During 2011–2012 we developed a web portal (due for launch November 2012), which will provide a new way for participating agencies to access research information and expertise.

Very few studies have evaluated the impact of strategies designed to help policy agencies use more research evidence in their work. A barrier to this is the lack of established measures of research use.

As part of CIPHER, we have developed three highly innovative tools for assessing: how policy makers access and use research; what systems and tools agencies use to support using evidence from research; and whether research has been used in policy.

There is considerable international interest in these measures and policy agencies are interested in using the tools to help identify how to assist their staff to better use evidence from research.

HARC: Bringing policy makers and researchers together

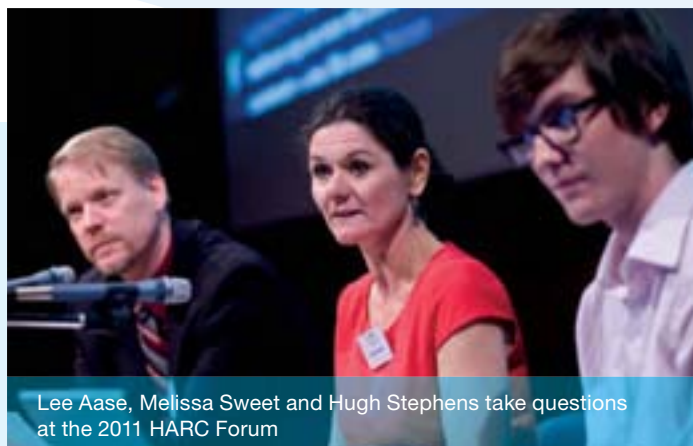
We believe bringing researchers and policy makers to the same table to connect and share ideas helps build bridges and fosters innovation. One way the Institute does this is through HARC – the Hospital Alliance for Research Collaboration.

HARC is a partnership between the Institute, the CEC and the ACI that drives new thinking about emerging challenges in healthcare. It aims to improve health and hospital services through research.

The HARC network links 7000 researchers, health managers, clinicians and policy makers so they can share ideas. It hosts regular forums and publishes a quarterly e-bulletin covering the latest influential national and international reviews, research and reports.

The HARC Scholarship Program builds research capacity by supporting future leaders to develop advanced skills in using research in policy making. It also helps them develop connections to national and international experts in health services research. Three new HARC scholarships were awarded during the year to Paula Cheng and Bronwyn Shumack from the CEC and Anne Darton from the ACI.

A HARC Forum held in November 2011, *Bringing the social media revolution to healthcare*, attracted considerable interest from more than 130 clinicians, healthcare managers, policy makers and journalists. Our keynote speaker was Lee Aase, the founder and Director of the Mayo Clinic Centre for Social Media, who discussed ways of using social media to improve healthcare delivery. A live tweet stream encouraged participation and saw the proceedings discussed on Twitter by a wider group of interested observers from NSW and interstate.

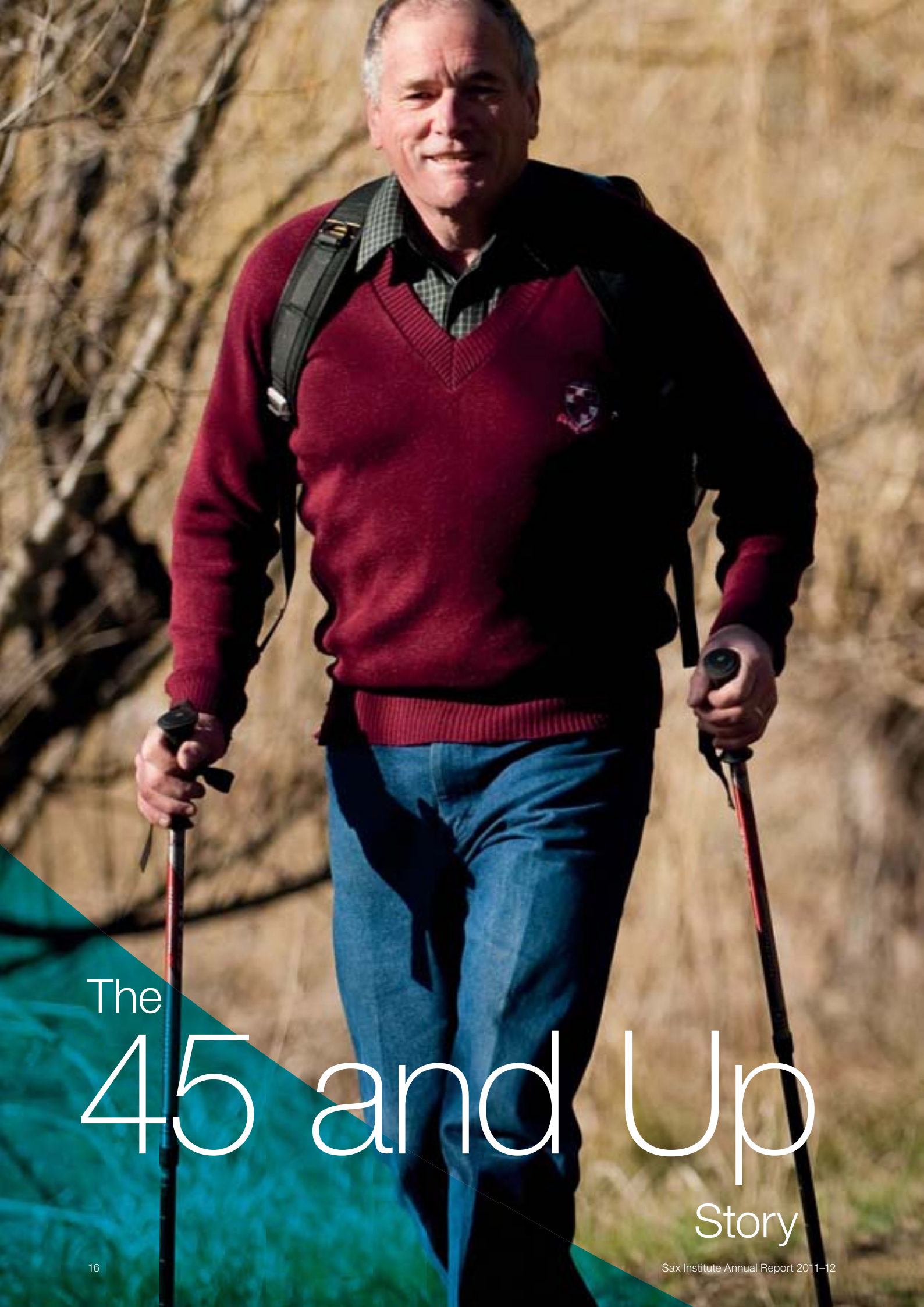


Lee Aase, Melissa Sweet and Hugh Stephens take questions at the 2011 HARC Forum


Mr Aase told the forum that social media tools had unparalleled potential to improve people's health. The Mayo Clinic, which now has more than 260,000 Twitter followers and 65,000 Facebook connections, is the most popular medical provider channel on YouTube, attracting 5000 visitors a day. Their doctors also use YouTube clips to build rapport and help patients understand the basics of their condition so they come to consultations fully engaged. The Clinic recently launched its first social media public health campaign to educate patients about risk factors for heart disease.

During his stay in Australia, Mr Aase also ran five workshops, or mini-exchanges, attended by more than 40 ACI and CEC staff on the use of Facebook, Twitter and other social media tools in healthcare.

HARC is one of several ways we promote exchange. We also shared our expertise widely during 2011–2012, with Institute staff addressing more than 30 conferences and information sessions to disseminate information of importance to the policy and research communities.



The
45 and Up
Story



447 researchers are using the Study
124 research project applications to use the data
45 research papers already published
13.2 million in grants awarded to researchers
to undertake work using the Study

Long cycle trips, five-day treks and regular horse riding are all a feature of Tim Burfitt's very active life – and he wants to keep it that way. At 56, Mr Burfitt tries his best to stay fit, and by anyone's measure, he is ageing well.

"I have always been reasonably active and I want to keep on doing it until I drop, though I probably should focus more on my diet..." he says. "You have absolutely no control over ageing so you should just go with it and have as much quality as you can."

Mr Burfitt's contribution to healthy ageing doesn't end at his own front door. He has joined more than 260,000 other NSW people aged 45 and over in agreeing to participate in the Sax Institute's 45 and Up Study, the largest ongoing study of healthy ageing in the Southern Hemisphere. ►

The 45 and Up Story

Participants in the Study provide us with information about their health, lifestyles and the health services they use. They are allowing us to link this information to their hospital, general practice and pharmaceutical use.

For Mr Burfitt, participation is about giving back to the community through research. As the Manager for Intensive Livestock Industry Development at the NSW Department of Primary Industries, he understands the value of science and how it contributes to knowledge.

“There are long-term benefits,” he says. “Hopefully it will develop data and trends that can be useful for others. We have pretty good hearts in our family and there is no obesity, but we are a high risk for cancer and that’s something I’d like to know more about.”

The Study will foster better understanding of the causes of, and treatment for, conditions such as cancer, heart disease, arthritis, depression, Alzheimer’s disease, obesity and diabetes. Its wealth of data will provide unprecedented opportunities to understand the population’s health and will produce reliable evidence to inform policies to support healthy ageing.

It has oversampled rural residents like Mr Burfitt by a factor of two to gain a particularly sharp statistical picture of the health of older people in rural and remote areas. This means the 45 and Up Study has by far the most rural participants of any health study of its kind ever conducted in Australia.

A research resource for health

In research assets such as the 45 and Up Study, we have the capacity to overcome some of the barriers to timely research that is useful for policy making. We can use the data to inform policy and change practice. Pooling our resources will see us find the right answers sooner and for less cost.

The expense of recruiting and following up participants is reduced when large numbers of people are being followed as one cohort over a long period of time.

The Study’s value as a world-class research resource was highlighted this year by the NSW Health and Medical Research Strategic Review, which spoke of the need to build new research assets and maximise those we already have. There is evidence that researchers and policy makers also recognise the value of the 45 and Up research asset. More than 440 researchers are using the data and many partnership research programs with policy agencies are under way (pages 19 and 20).

The 45 and Up Study will continue to grow in value over the coming decades. Follow up of participants will provide more information to help understand what has changed and what has stayed the same over time for a quarter of a million people. We can determine who is ageing well, who is not, and how they are using health services in NSW. This rich information will help us understand the causes of disease, and develop prevention and early intervention programs as well as health policies and programs that use resources better.

This long-term information will also help identify who is most at risk for disease and the most important times for providing programs. Preparations to conduct the Study’s first five-year follow-up continued during the year, with the first steps taken to contact all of our participants for more information.

Collecting biospecimens is another major way we can boost the value of the 45 and Up resource, and another measure highlighted by the Strategic Review as worthy of focus. Work continued this year to establish a Biobank to collect, process and store more than 150,000 blood samples from 45 and Up participants. This work was led by our major partner Cancer Council NSW.

56% of participants have never smoked and 37% have quit
71% eat enough fruit each day but only
32% eat enough vegetables 32% are in the healthy
weight range for their height 52% rate their health as excellent
or very good 5% are caring full-time for someone else

Using data for health decisions

Many organisations have invested in the 45 and Up Study because they see the value of the data to their work. The Sax Institute manages the Study on behalf of major partner Cancer Council NSW and partners: the National Heart Foundation of Australia (NSW Division); NSW Health, *beyondblue: the national depression and anxiety initiative*; Ageing, Disability and Home Care, NSW Department of Family and Community Services; the Australian Red Cross Blood Service; and UnitingCare Ageing.

We believe that working with our partners will help achieve outcomes that make a difference to people's lives. These collaborative partnerships are also boosting research capacity in NSW. During 2011–2012 we developed significant new relationships and built on existing partnerships. Some examples are below.

Chronic disease

Through its Connecting Care program, the NSW Ministry of Health is using the 45 and Up Study to investigate the risk characteristics, hospital admissions and outcomes of patients with chronic disease. The aim of the program is to better connect the care and support of people with chronic diseases who have been hospitalised or are at risk of being hospitalised because of their illness. This will ultimately improve their quality of life.

Data from the 45 and Up Study are of particular importance to the Connecting Care program because they can provide detailed linked information on the characteristics of participants, their health and health risk factors, their use of health services and, ultimately, their health outcomes.

Potentially preventable hospitalisations

Governments are concerned with finding ways to best measure the effectiveness of their health systems, and the rate of potentially preventable hospitalisations is often used to track the progress of health reform in Australia and internationally.

This project, led by Sax Institute Principal Scientist Professor Louisa Jorm and colleagues, is investigating the validity of potentially preventable hospitalisations as a measure of the quality and affordability of primary and community care in Australia. It is funded by the National Health and Medical Research Council (NHMRC) and involves three partner agencies with key roles in developing measures of health system performance and using these to drive change. They are the Australian Commission on Safety and Quality in Health Care, the Agency for Clinical Innovation and the Bureau of Health Information.

The unique capacity to use the 45 and Up Study to link detailed information about the characteristics of a large number of individuals with their use of services has made this project possible. We expect the findings will be important to tracking the impacts of health reform in Australia and internationally.

This project is a good example of how the 45 and Up Study supports the work of early career researchers and builds research workforce capacity in NSW. Michael Falster, based at the University of Western Sydney, is undertaking his PhD as part of this study. Mr Falster's work is focussed on preventable hospitalisations for congestive heart failure.

Cardiovascular research

The Office for Health and Medical Research and the National Heart Foundation of Australia (NSW) have funded the Cardiovascular Research Network (CVRN) – a collaboration of more than 30 cardiovascular researchers – to build capacity in cardiovascular research. One of the Network's projects uses the 45 and Up Study to seek answers to critical questions around preventing and managing heart disease.

The 45 and Up Story

The network held its second State of the Heart Showcase at NSW Parliament House in October 2011, hosted by the Minister for Health and Minister for Medical Research Jillian Skinner, and addressed by Professor John Chalmers, Senior Director, Professorial Unit at the George Institute for Global Health, who outlined the 45 and Up Cardiovascular Research Collaboration and the results from early projects.

Professor Chalmers says the 45 and Up Study provides a wonderful resource for the CVRN to build capacity through collaboration. He says the value of 45 and Up lies not only in its large size, but the fact that it can be linked to other sources of data to give a more complete picture of people's health and how they are using the healthcare system. Linking what we already know from 45 and Up to real-life events such as hospital admissions can offer concrete information about who is being admitted to hospital or dying of cardiovascular disease.

"This is bringing real life data into use – data that has been buried in bureaucratic files and suddenly we are giving it real meaning," Professor Chalmers says. "Data linkage is our secret weapon; the data reinforce one another and communities at large benefit. We can report to government – this is what is going on our state."

Projects being conducted through the CVRN are already yielding important research findings. For example, one project has shown that sitting for 11 or more hours per day is associated with a 40% increased risk of dying in the next three years compared with sitting for fewer than four hours a day, independent of physical activity, weight and health status. These findings, published this year in *Archives of Internal Medicine*, captured the attention of journalists and bloggers, with more than 150 print, online, radio and TV reports published and broadcast in Australia and internationally and shared on social media platforms. They have considerable implications for preventive health messages.

Skin cancer

Our major partner, Cancer Council NSW, is using the Study in many ways, such as examining the role of the human papilloma virus (HPV) in non-melanoma skin cancer.

Australia has the world's highest reported incidence rates of the non-melanoma skin cancers basal cell carcinoma (BCC) and squamous cell carcinoma (SCC). The 45 and Up Study data are being used by the Cancer Council's Skin Health Study to understand how HPV interacts with other risk factors such as smoking and sun exposure in causing skin cancer.

According to Verity Hodgkinson, Program Manager, Biobanking in the Cancer Council NSW Cancer Research Division, the Skin Health Study is an opportunity to highlight additional risk factors for non-melanoma skin cancer.

And Cancer Council NSW CEO Dr Andrew Penman says: "This important work illustrates the value of the 45 and Up Study, and our partnership in it, for informing cancer control. I anticipate that the results may be used to inform prevention programs and may even have wider implications in relation to policies for HPV vaccination."

Blood donation

The Australian Red Cross Blood Service, our newest 45 and Up Study partner, joined us during the year. The Blood Service sees considerable potential in a joint approach to answer key health questions.

Blood Service Executive Director, Research and Development, Associate Professor David Irving, says the organisation is in the early stages of planning a data linkage project using the Study. It is particularly focused on identifying what motivates people to donate blood and the more effective use of blood transfusion products. "Such a huge and representative database from the participants in the Study should ultimately improve healthcare practice and policy," Associate Professor Irving says.

Connecting up

Each year, we hold a meeting specifically for our collaborators and partners to examine the trajectory of the Study. The 2011–2012 Collaborators' Meeting was our eighth and provided an opportunity for policy makers and researchers to connect and consider how the Study can best be used to support research and healthcare planning.

Our keynote speakers were Professor Dame Valerie Beral AC, Director of Oxford University's Cancer Epidemiology Unit and principal investigator of the UK's Million Women Study, and Professor Alastair Leyland, Programme Leader of Managing Health, Variations in Health and Determinants of Health at Glasgow University. Dame Beral officially launched the Study's five-year follow-up.

Papers presented at the meeting covered a broad range of findings in areas such as the link between erectile dysfunction and all-cause mortality and the impact of good overall health on memory.



Dame Valerie Beral addresses the 45 and Up Study Eighth Annual Collaborators' Meeting

“The value of 45 and Up lies not only in its large size, but the fact that it can be linked to other sources of data to give a more complete picture of people's health and how they are using the healthcare system.”

Professor John Chalmers, Senior Director, Professorial Unit at the George Institute for Global Health


Impact: What is the 45 and Up Study telling us?

Projects under way using 45 and Up data are investigating a wide range of important health issues and yielding important findings that suggest:

- Heart disease and depression are common causes of early retirement. Targeting these conditions may therefore reduce the number of people leaving the workforce early
- Getting enough sleep (between six and nine hours) is linked to health-related quality of life, especially cardiovascular health in older adults
- Breastfeeding her babies can significantly reduce a woman's risk of developing type 2 diabetes
- Erectile dysfunction increases the risk of dying from any cause and of being hospitalised with cardiovascular disease – even in men with no history of the disease. Those with severe erectile dysfunction have double the risk of dying in the next one or two years compared with those who don't have erectile dysfunction.



The
SEARCH
Story



1435 child surveys and 615 carer
surveys completed 1333 ear assessments
530 speech assessments
145 height, weight, waist circumference and blood
pressure measurements taken in children; 441 in carers

Yapanjarra Boney (pictured) and his family have a long association with the Aboriginal Medical Service Western Sydney – the AMS has been looking after their healthcare for nearly 20 years. Yapanjarra's mum Roslyn has attended the AMS for antenatal care throughout her nine pregnancies.

As well as medical care, Mrs Boney regularly uses the AMS health education services. And she has enrolled her family in SEARCH – the Study of Environment on Aboriginal Resilience and Child Health – which will provide ongoing information Aboriginal communities can use to improve healthcare.

SEARCH is Australia's largest long-term study of the health of urban Aboriginal children, with 1435 children in 615 families taking part. It is an alliance between four Aboriginal Medical Services, the Aboriginal Health and Medical Research Council, the Sax Institute and an expert research team. ►

The SEARCH Story

SEARCH is providing research evidence to support the Aboriginal Medical Services, governments and non-government organisations to develop the right policies and programs needed to close the gap in health outcomes and life expectancy. Little is known about the health of urban Aboriginal people. Although 53% of Aboriginal people live in cities or large regional areas, only 10% of Aboriginal health research focuses on their needs. We need to know more about health in these communities in order to effectively tailor health policy, programs and services.

SEARCH Research Officers at the participating Aboriginal Medical Services make appointments for audio and speech assessments and take height, weight, blood pressure and waist circumference measurements for children in the Study.

AMS Western Sydney Team Leader, Child and Family Health, Ms Carol Dorn, says the issues identified for SEARCH, such as speech and hearing are a high priority for her AMS.

"SEARCH has broadened our ability to screen and review what is going on with follow-up," she says. "It has helped us zone in on the follow-up of families and it has brought in resources that we did not have. We will use the results. SEARCH is giving us information we will use to tailor our programs."

Ms Dorn says the community is a lot more aware that if you intervene early you can help change the trajectory of young people's health: "I feel positive about the program and what it has been able to achieve so far. It has been integrated into what we do and has direction from the local community. It is part of the furniture now, which has to be a good thing."



Acting SEARCH Study Director
Dr Gabrielle Williams

"I feel positive about the program and what it has been able to achieve so far. SEARCH is giving us information we will use to tailor our programs."

Ms Carol Dorn, AMS Western Sydney
Team Leader, Child and Family Health

Partnerships for health

SEARCH is a partnership between the Institute, the Aboriginal Health and Medical Research Council (AH&MRC), and four Aboriginal Medical Services: Tharawal Aboriginal Corporation, Aboriginal Medical Service Western Sydney, Awabakal Newcastle Aboriginal Cooperative, and Riverina Medical and Dental Aboriginal Corporation.

Working with the AH&MRC and the Institute, Professor Jonathan Craig, Professor in Clinical Epidemiology at The University of Sydney, and Professor Emily Banks, NHMRC Fellow at Australian National University (ANU), lead a large team of SEARCH investigators from the Aboriginal Medical Services, the ANU and the Universities of Sydney, Newcastle, Western Sydney and New South Wales.

Combining the expertise of Aboriginal health leaders and the relevant research experts will provide the best chance for SEARCH to make a significant contribution to improving Aboriginal health.

The idea for a study arose in the early years of the Coalition for Research to Improve Aboriginal Health – a joint venture between the Sax Institute and the AH&MRC. Community leaders said they were interested in long-term research of child and family wellbeing that looked at health holistically and included interventions in important areas. The result was SEARCH.

Aboriginal community priorities have determined the direction of SEARCH and include: speech and language development; housing, neighbourhood and environment; ear health and hearing; social and emotional wellbeing; resilience; and overweight and cardiovascular disease.

Phase 1: Laying the foundations

SEARCH Phase 1 has already provided unique data about hearing and speech development, weight, exercise, and social and emotional wellbeing in urban Aboriginal children. Better understanding the causes of health and disease will enable the best prevention and early intervention programs to be developed.

Aboriginal Medical Services and government and non-government agencies are already using SEARCH data to understand the health needs of urban Aboriginal children in a wide range of areas including ear health, developmental delay, mental health, housing, and access to preschool.

The data are being used to inform service decisions in Aboriginal Medical Services and to support the need for additional services. In March, an all-day meeting provided an opportunity to discuss some of the data from SEARCH, its implications and plans for the future.

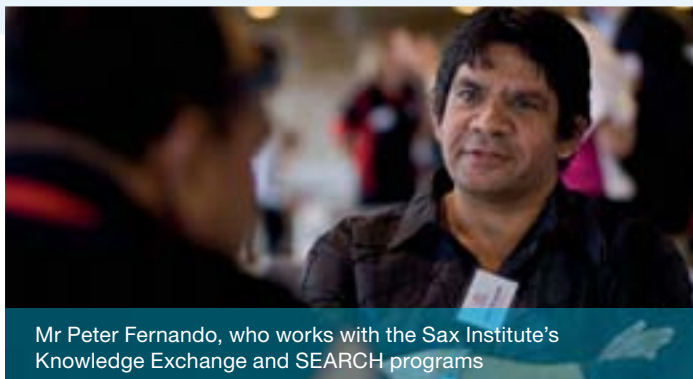
During 2011–2012, we provided a detailed report for *beyondblue: the national depression and anxiety initiative* on the social and emotional wellbeing of urban Aboriginal children. According to *beyondblue* CEO Kate Carnell, the first wave of data is already proving valuable.

“It has given us some great information about the health of Aboriginal children and working with Aboriginal Medical Services,” she says.

“Improving mental health literacy among Aboriginal and Torres Strait Islander people is a priority for *beyondblue* and SEARCH is providing information we could not get elsewhere.”

We also provided a report on the hearing, language and development of the children to the Australian Department of Education, Employment and Workplace Relations, to inform its considerations about pre-school and schools.

The NSW Ministry of Health has been interested in the physical activity of participating children and the relationship to weight, which are important



risk factors for the development of cardiovascular disease. The Ministry will use SEARCH data to inform programs needed to meet the NSW 2021 Plan and work through the National Partnership Agreement on Preventive Health.

Phase 2: New directions

With funds from the National Health and Medical Research Council and the Australian Primary Health Care Research Institute, 2011–2012 saw the start of SEARCH's second phase. We are pleased to have *beyondblue: the national depression and anxiety initiative*, the Sydney Children's Hospitals Network and the NSW Ministry of Health as partners in this phase.

During Phase 2, the SEARCH collaboration will follow up the children recruited to SEARCH. This will enable us to examine the health trajectories of the children and to prospectively identify the factors that contribute to health and ill-health. It will result in the first long-term data from a large cohort of urban Aboriginal children and provide vital information for families, Aboriginal Medical Services and government in identifying opportunities for early identification of at-risk children and possible prevention programs.

Phase 2 also provides an opportunity to include new measures of cardiovascular and kidney health and metabolic disease in the Study.

At the core of our Phase 2 work will be the development and evaluation of a program to use the data from SEARCH to drive change. We envisage the program might include information for families and new approaches to services and programs. The expertise of Aboriginal Medical Services and the Aboriginal Health and Medical Research Council will be critical to ensuring the program contributes to long-term improvements in child health.

\$4 million public-good technology initiative

Capacity for 300 researchers

Already hosting projects with more than 600,000 records each



The SURE Story



Secure Unified
Research Environment

saxins

After five years of planning and hard work, SURE – the Secure Unified Research Environment – is now “live” and already being used by the NSW research community.

In time, we expect this Australian-first technology initiative will be used by researchers from institutions across the country and internationally.

We believe SURE will change Australia’s population health research landscape, allowing “Big Science” to flourish and boost our capacity to conduct large-scale collaborative research projects that tackle major health issues. These answers will ultimately be important to how health policies are developed and the delivery of health services. ►

The SURE Story



Dr Ron Sandland, Chair,
Australian National Data Service

What is SURE?

SURE is Australia's first and only remote-access data research laboratory designed specifically for health researchers to securely access, store

and rapidly analyse anonymised health information. This information is brought together from sources such as hospitals, cancer registries, clinical trials, general practice and research studies.

Why do we need it?

Using anonymised linked data to join the dots between disparate sources of health information is widely regarded as one of the keys to efficiently researching major health issues such as population ageing, diabetes, obesity and mental health.

Harnessing the power of linked health information can help build better health systems because we can find out more about how they work. The NSW Health and Medical Research Strategic Review singled out record linkage as necessary to building research capacity in the state.

SURE's powerful computing environment will greatly improve the process of accessing and analysing linked health data, allowing researchers to capitalise on Australia's existing population-based health information – one of the most comprehensive collections in the world. Researchers who perform their analyses within the SURE computing environment can work collaboratively across sites and institutions to provide more timely answers for use in developing health policies and programs.

SURE also means that information being analysed by multiple researchers is stored in one, highly secure location during a research project. Strict accreditation and ethics approvals apply to researchers using it and security is an important feature. An audit trail of files entering and leaving SURE, multiple firewalls, and protecting each study within its own security perimeter to prevent data exchange between projects, are just some of the security measures we have taken.

SURE goes live

SURE was officially launched by Senator Matt Thistlethwaite to an audience of 90 guests including directors of health and research institutes, policy makers, researchers and IT professionals.

Senator Thistlethwaite explained the motivation behind the Australian Government's funding of SURE, describing it as a tool with "huge potential" to make a difference to the Australian community and one that would lead to Australia improving its position as a leading research nation in the field of health data linkage.



Professor John McCallum, Head of Research Translation National Health and Medical Research Council, and George Institute Senior Director Professor Alan Cass, listen to presentations at the SURE launch

“The linkage between research and development innovation and ultimately progress and productivity in society can never be understated,” he said. “It is particularly satisfying to see the investment that the Australian Government has made to establish SURE, blossom into this wonderful research infrastructure that holds so much potential in the area of medical research and science.”

NSW Chief Scientist and Engineer Professor Mary O’Kane (pictured, page 26) told the audience that the Sax Institute had been leading work in exploring better use of health and population data for a long time. SURE’s innovative approach in this area was something the rest of the world should know about, she said.

“This is a very innovative piece of kit in the way it packs together several good ideas,” Professor O’Kane said. “SURE is the result of a worthy collaboration between the Federal and State Governments and the Sax Institute. I can’t emphasise enough the importance of large-scale infrastructure like this facility for the purpose of collaborative, multi-disciplinary research and the consequent impacts on innovation and productivity. It is a very practical, very useful thing that will touch all our lives.”

Partners and funders

SURE was developed with funding from the Australian Government Department of Industry, Innovation, Science, Research and Tertiary Education through the National Collaborative Research Infrastructure Strategy and the Education Investment Fund Super Science Initiative and from the NSW Government.

It is part of the Population Health Research Network, an Australian Government initiative to build national technology infrastructure to support the use of linked health data and ultimately drive improvements to health services.



Senator Matt Thistlethwaite, Sax Institute Principle Scientist Professor Louisa Jorm and Senior Advisor Professor Bruce Armstrong discuss the benefits of SURE

“The implications for public health policy are profound; they will enable evidence-based policy to become a reality rather than an aspirational slogan.”

Dr Ron Sandland, Chair,
Australian National Data Service

Impact: Building research capacity

SURE will build research capacity by allowing researchers from different institutions across Australia to work together on large-scale, multidisciplinary projects that tackle complex research questions and produce world-class research outcomes.

It will boost the work of population health and health services researchers and attract new researchers to work with linked data, including clinical researchers and social scientists. It will allow them to share cutting edge methods and tools, increasing their research quality and efficiency. This will help boost the international competitiveness of our researchers and attract new funding.

Our members

Public health and health service research groups and universities with relevant research programs can apply for Sax Institute membership.

Once accepted, organisations nominate an individual to be the member of the Institute. In 2011–2012 there were 37 member organisations and nominees.

University Members

The University of New South Wales
University of New England
The University of Newcastle
The University of Sydney
University of Technology Sydney
University of Western Sydney
University of Wollongong

Research organisations nominating Ordinary Members

Centre for Clinical Epidemiology and Biostatistics

The University of Newcastle

Centre for Clinical Governance Research

The University of New South Wales

Centre for Health Economics Research and Evaluation

University of Technology Sydney

Centre for Health Informatics

The University of New South Wales

Centre for Health Research in Criminal Justice

Justice Health, The University of New South Wales

Centre for Primary Health Care and Equity

The University of New South Wales

Centre for Population Mental Health Research

The University of New South Wales

Clinical & Population Perinatal Health Research

The University of Sydney

College of Medicine, Biology & Environment

Australian National University

Dementia Collaborative Research Centre

The University of New South Wales

Family Medicine Research Centre

The University of Sydney

The George Institute for Global Health

The University of Sydney

Health Behaviour Research Collaborative

The University of Newcastle

Health Services and Practice Research Centre

University of Technology Sydney

Menzies Centre for Health Policy

The University of Sydney and the Australian National University

National Centre for Immunisation Research & Surveillance

The University of Sydney

National Centre in HIV Epidemiology and Clinical Research

The University of New South Wales

National Centre in HIV Social Research

The University of New South Wales

National Drug and Alcohol Research Centre

The University of New South Wales

National Perinatal Epidemiology and Statistics Unit (NPESU)

The University of New South Wales

Prevention Research Collaboration

The University of Sydney

Research Centre for Gender, Health and Ageing

The University of Newcastle

School of Medicine and Public Health

The University of Newcastle

Sydney School of Public Health

The University of Sydney

School of Public Health & Community Medicine

The University of New South Wales

Simpson Centre for Health Services Research

The University of New South Wales

Social Policy Research Centre

The University of New South Wales

Surgical Outcomes Research Centre

The University of Sydney

Cancer Council NSW

The Kirby Institute

The University of New South Wales

University Centre for Rural Health – North Coast

The University of Sydney

Southern Cross University

University of Western Sydney

University of Wollongong



Our partners

We are grateful for the financial contributions made by the following organisations and individuals in 2011–2012:

NSW Ministry of Health

Ageing, Disability and Home Care, NSW

Department of Family and Community Services

Department of Industry, Innovation, Science,
Research and Tertiary Education

Australian Department of Education, Employment
and Workplace Relations

NSW Office for Health and Medical Research

Cancer Council NSW

National Heart Foundation of Australia (NSW Division)

*beyondblue: the national depression and
anxiety initiative*

Australian Red Cross Blood Service

UnitingCare Ageing

Irene and Allan Moss

Agency for Clinical Innovation

Australian Commission on
Safety and Quality in Health Care

Clinical Excellence Commission

Prostate Cancer Foundation of Australia

Sydney Children's Hospitals Network



Directors' Report

The Sax Institute
ABN 68 095 542 886

Your Directors present this report on the company for the financial year ended 30 June 2012.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Irene Moss	Christopher Maitland Paxton
Michael Lambert	Sally Redman
Peter Smith	Glenn Philip Salkeld
Bruce Konrad Armstrong (resigned 3 January 2012)	Nicholas Joseph Talley (appointed 14 September 2011)
Alan Cass	Robert William Wells (appointed 17 February 2012)
Kerry Chant	
Michael John Hensley (resigned 2 August 2011)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The following person held the position of Company Secretary at the end of the financial year:

Marianne Mioduszewski (née Karam) Bachelor of Business (Accounting), FCIS, FCPA, FAICD.
Ms Mioduszewski has 22 years of experience as Company Secretary and was appointed in this capacity for the Sax Institute on 23 November 2005.

The mission of the Sax Institute is to improve health, health services and programs by increasing the use of research in policy making. The company's short- and long-term objectives are:

- To improve the access of policy makers to existing research
- To generate new research for policy
- To continually develop and test innovative mechanisms to increase the use of research evidence in policy.

To achieve these objectives, the Institute has adopted the following strategies:

- Provides services to policy agencies – The Institute provides a range of services to policy agencies including assisting them with undertaking reviews of evidence, establishing evaluations of their programs, understanding how research can assist in their work and establishing research programs to inform their work
- Builds and manages shared research infrastructure – The Institute builds and manages shared research infrastructure such as the 45 and Up Study, infrastructure for data linkage and the Study of Environment on Aboriginal Resilience and Child Health (SEARCH) cohort and Secure Unified Research Environment (SURE)
- Develops policy relevant research – The Institute facilitates and leads research programs that address the priorities of policy agencies
- Strengthens researcher expertise – The Institute builds health research expertise through training programs, mentoring and facilitation of funding applications for early career researchers.

Directors' Report

The Sax Institute
ABN 68 095 542 886

Information on Directors

Dr Irene Moss

Chair

Qualifications AO, Hon. LLD, BA, LLB, LLM

Experience Formerly Commissioner, Independent Commission Against Corruption, and NSW Ombudsman

Special responsibilities Member, Research Governance Committee

Mr Michael Lambert

Qualifications BEc, MEd

Experience Consultant, Royal Bank of Scotland

Special responsibilities Chair, Audit and Risk Management Committee

Professor Peter Smith

Qualifications RFD, MD, FRACP, FRCPA, FAICD

Experience Dean of Medicine, The University of New South Wales

Special responsibilities Chair, Research Governance Committee

Professor Bruce Konrad Armstrong

Qualifications AM, FAA, B Med Sc (Hons), MBBS (Hons), D Phil (Oxon), FRACP, FAFPHM

Experience Professor of Public Health, The University of Sydney

Special responsibilities Member, The 45 and Up Study Management Committee
Member, Coalition for Research to Improve Aboriginal Health (CRIA) Steering Committee

Professor Alan Cass

Qualifications BA, MBBS, Grad Dip Clinical Epidemiology, FRACP, PhD

Experience Senior Director, the George Institute for Global Health

Special responsibilities Member, Study of Environment on Aboriginal Resilience and Child Health (SEARCH) Steering Committee
Member, CRIA) Steering Committee

Dr Kerry Chant

Qualifications MBBS, FAFPHM, MHA, MPH

Experience Deputy Director-General, Population Health, and NSW Chief Health Officer

Professor Michael John Hensley

Qualifications MBBS, PhD, FRACP, FAFPHM

Experience Dean of Medicine, Faculty of Health, University of Newcastle

Directors' Report

The Sax Institute
ABN 68 095 542 886

Mr Christopher Maitland Paxton

Qualifications	BA (Hons) in Economics (UK), MBA (UK)
Experience	Director, Pacific Strategy Partners
Special responsibilities	Member, Audit and Risk Management Committee Member, The 45 and Up Study Strategic Advisory Committee

Professor Sally Redman

Qualifications	BA (Psych), BA (Hons) (Psych), PhD
Experience	Chair: Australian Women's Longitudinal Study on Women's Health Advisory Committee; Heart Foundation Research Committee; World Health Organization Collaborating Centre for Nursing, Midwifery and Health Development Advisory Board Director, Intersect Australia Ltd
Special responsibilities	Member, The 45 and Up Study Management Committee Member, CRIAH Steering Committee Member, SEARCH Steering Committee

Professor Glenn Philip Salkeld

Qualifications	BBus, Grad Dip Health Economics, MPH, PhD
Experience	Head and Associate Dean, School of Public Health, The University of Sydney

Professor Nicholas Joseph Talley

Qualifications	Doctor of Medicine, The University of New South Wales, Master of Medical Science (Clinical Epidemiology), The University of Newcastle, PhD, University of Sydney, MBBS, The University of New South Wales
Experience	Pro Vice Chancellor, Faculty of Health, The University of Newcastle and Professor of Medicine

Mr Robert William Wells

Qualifications	Bachelor of Arts
Experience	Director, Australian Primary Health Care Research Institute and Menzies Centre for Health Policy at the Australian National University

Directors' Report

The Sax Institute
ABN 68 095 542 886

Meetings of Directors, Audit and Risk Management Committee and Research Governance Committee

During the financial year, four (4) meetings of Directors (including committees of Directors) were held. Attendances by each Director were as follows:

	Board of Directors' meetings		Audit and Risk Management Committee meetings		Research Governance Committee ¹	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number Attended
Irene Moss	4	4	1	1	-	-
Michael Lambert	4	3	4	4	-	-
Peter Smith	4	1	-	-	-	-
Bruce Konrad Armstrong	2	2	-	-	-	-
Alan Cass	4	3	-	-	-	-
Kerry Chant	4	-	-	-	-	-
Michael John Hensley	-	-	-	-	-	-
Christopher Maitland Paxton	4	3	4	4	-	-
Sally Redman	4	4	4	4	-	-
Glenn Philip Salkeld	4	2	-	-	-	-
Nicholas Joseph Talley	4	2	-	-	-	-
Robert William Wells	2	1	-	-	-	-
Cameron Johnstone (Non-Director)	-	-	4	4	-	-
Mike Calford (Non-Director)	-	-	-	-	-	-

¹ Research Governance Committee meetings are only held when required. The Members of this committee are Dr Irene Moss, Professor Peter Smith and Professor Mike Calford.

Directors' Report

The Sax Institute
ABN 68 095 542 886

Members' guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. As at 30 June 2012, the number of members is 37 (2011:37).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under S 307C of the *Corporations Act 2001* is set out at page 39.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in dark ink, reading 'Irene Moss', is displayed on a light-colored rectangular background.

Dr Irene Moss
Director

Dated in Sydney, this 6th day of September 2012

Auditor's Independence Declaration under S 307C of the *Corporations Act 2001*

The Sax Institute
ABN 68 095 542 886



The Galleries Victoria, Podium Level 1
500 George Street, SYDNEY NSW 2000
PO Box Q265, QVB Post Office, SYDNEY NSW 1230
www.economosgroup.com.au

The Sax Institute

ABN 68 095 542 886

Auditor's Independence Declaration Under S 307C of the *Corporations Act 2001*

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

ECON AUDIT AND ASSURANCE SERVICES PTY LTD

A handwritten signature in dark ink, appearing to read 'G Venardos'.

George Venardos
Director

Dated in Sydney, this 6th day of September 2012.

Economos Pty Ltd
Chartered Accountants
ABN 17 053 447 532
t: 61 2 9244 2200 f: 61 2 9241 2271
www.economos.com.au

incorporating

Econ Financial Services Pty Ltd
ABN 67 095 934 033
AFSL 268876
t: 61 2 9244 2244 f: 61 2 9241 2271
www.econfs.com.au

Our liability is limited by a scheme approved under professional standards legislation, except where we are a financial services licensee.

Statement of Comprehensive Income

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

	Note	2012 \$	2011 \$
Funding revenue	2	7,619,096	6,951,410
T-Corp distributions		25,253	102,120
Project specific costs		(1,355,962)	(2,029,532)
Employee benefits expense		(4,567,594)	(3,973,737)
Depreciation, amortisation and impairments	8(a)	(338,942)	(83,570)
Administration costs		(533,262)	(365,729)
Other expenses		(799,783)	(626,804)
Surplus/(deficit) for the year		48,806	(25,842)
Other comprehensive income			
Net gain on revaluation of non-current assets		-	-
Net (loss)/gain on revaluation of financial assets		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		48,806	(25,842)
Surplus/(deficit) attributable to Members of the entity		48,806	(25,842)
Total surplus/(deficit) attributable to Members of the entity		48,806	(25,842)

Statement of Financial Position

As at 30 June 2012

The Sax Institute
ABN 68 095 542 886

ASSETS	Note	2012 \$	2011 \$
Current assets			
Cash and cash equivalents	3	2,657,064	2,367,834
Trade and other receivables	4	1,732,517	614,024
Short-term investments	5	-	2,126,560
Financial assets	6	689,468	754,935
Other current assets	7	224,722	105,000
Total current assets		5,303,771	5,968,353
Non-current assets			
Plant and equipment	8	822,414	112,472
Other non-current assets	9	-	95,840
Total non-current assets		822,414	208,312
TOTAL ASSETS		6,126,185	6,176,665
LIABILITIES			
Current liabilities			
Trade and other payables	10	2,856,224	3,019,908
Short-term provisions	11	198,579	132,313
Total current liabilities		3,054,803	3,152,221
Non-current liabilities			
Other long-term provisions	11	73,435	75,303
Total non-current liabilities		73,435	75,303
TOTAL LIABILITIES		3,128,238	3,227,524
NET ASSETS		2,997,947	2,949,141
EQUITY			
Members' Funds		2,997,947	2,949,141
TOTAL EQUITY		2,997,947	2,949,141

Statement of Changes in Equity

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

	Members' Funds \$	Total \$
2012		
Balance at 1 July 2011	2,949,141	2,949,141
Surplus attributable to Members	48,806	48,806
Balance at 30 June 2012	2,997,947	2,997,947

	Members' Funds \$	Total \$
2011		
Balance at 1 July 2010	2,974,983	2,974,983
Deficit attributable to Members	(25,842)	(25,842)
Balance at 30 June 2011	2,949,141	2,949,141

Statement of Cash Flows

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

	Note	2012 \$	2011 \$
Cash flow from operating activities			
Grants, donations and other receipts		5,538,182	5,186,182
Payments to suppliers and employees		(6,682,702)	(6,927,076)
Interest received		294,592	138,083
Net cash used in operating activities	17	(849,928)	(1,602,811)
Cash flow from investing activities			
Proceeds from other short-term investments		2,126,560	-
Payments for available-for-sale assets		(3,362,053)	(4,101,152)
Proceeds from available-for-sale assets		3,428,029	6,973,082
Acquisition of property, plant and equipment		(1,053,378)	(50,603)
Net cash generated from investing activities		1,139,158	2,821,237
Cash flow from financing activities			
Repayment of finance lease commitments		-	-
Increase in finance lease commitments		-	-
Net cash used in financing activities		-	-
Net increase in cash held		289,230	1,218,516
Cash and cash equivalents at beginning of the financial year		2,367,834	1,149,318
Cash and cash equivalents at end of the financial year	3	2,657,064	2,367,834

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

The financial statements are for The Sax Institute as an individual reporting entity, incorporated and domiciled in Australia. The Sax Institute is a company limited by guarantee.

NOTE 1: Summary of significant accounting policies

Basis of preparation

The Sax Institute has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (RDR) to the annual reporting period beginning 1 July 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statement containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting policies

(a) Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant that must be satisfied before it is eligible to receive the contribution, the recognition of the grant will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The Sax Institute receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from rendering of service is recognised upon delivery of the service to the customers.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amount.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the assets' useful life to the company commencing from the time the asset is held ready for use. Improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed	Depreciation rate
Office equipment	10%–40%
Furniture, fixtures and fittings	5%–7.5%
Improvements	2.5%–20%
Computer equipment	33.33%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 1: Summary of significant accounting policies (continued)

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at the fair value plus transaction costs except where the instrument is classified at the fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss: when they are held for trading for the purpose of short-term profit taking; where they are derivatives not held for hedging purposes; or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss.

The company has no financial assets valued at fair value through profit and loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within twelve (12) months after the end of the reporting period, which will be classified as non-current assets.

The company's receivables are classified under this category.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

The company has no held-to-maturity investments.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or are designated as such by the management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

The company's investment in T-Corp is classified under this category. The income from T-Corp is a trust distribution and not interest.

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

The company's trade and other payables and grants received in advance are classified under this category.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The book values of the company's available-for-sale financial assets approximate their fair value as at the reporting date.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to wage increases and the profitability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions made by the company to the employee superannuation fund are charged as expenses when incurred.

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 1: Summary of significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO. The GST component of the financing and investing activities which is recoverable from, or payable to, the ATO is classified as part of the operating cash flows. Accordingly, investing and financing cash flows are presented in the statement of cash flows net of the GST that is recoverable from, or payable to, the ATO.

(h) Income tax

The Sax Institute is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997. The company has been endorsed as a deductible gift recipient under Subdivision 30-BA of the Income Tax Assessment Act 1997.

(i) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

(j) Comparative figures

Where required by accounting standards, comparative figures have been adjusted to conform to the changes in presentation for the current financial year.

(k) Trade and other payables

Trade and other payables represent liability outstanding at the end of the reporting period for goods and services received by the company for the reporting period which remain unpaid. The balance is recognised as current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There is no impairment for the year ended 30 June 2012.

Key judgments – provision for impairment of receivables

The Directors believe that the full amount of receivables is not recoverable and a provision for impairment of receivables has been made at 30 June 2012.

(m) Research and development

Research and development costs (net of government grants, investment tax credits and other amounts recoverable) are charged against income as incurred.

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 2: Revenue and other income

	2012 \$	2011 \$
Operating revenue		
- Funding revenue	7,205,938	6,483,873
- Donations	50,000	-
- Conferences and training	19,155	269,742
- Sitting fees	184	7,159
- Consultancy fees	-	14,400
- Other revenue	49,227	38,153
- Interest received	294,592	138,083
Total revenue	7,619,096	6,951,410

NOTE 3: Cash and cash equivalents

	2012 \$	2011 \$
Cash on hand	700	800
Cash at bank	256,364	275,241
Short-term bank deposits	2,400,000	2,091,793
Total cash and cash equivalents	2,657,064	2,367,834

Short-term bank deposits represent deposits with Commonwealth Bank of Australia and earn an average interest rate of 4.50% to 5.60% and mature within 32 to 90 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

	2012 \$	2011 \$
Cash and cash equivalents	2,657,064	2,367,834
Total cash and cash equivalents	2,657,064	2,367,834

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 4: Trade and other receivables

	Note	2012 \$	2011 \$
Trade receivables		1,736,311	477,978
Provision for impairment	4a	(93,000)	-
		1,643,311	477,978
Deposits		230	200
Prepayments and others		61,962	57,147
GST receivable		-	18,437
Interest receivable		27,014	60,262
Total trade and other receivables		1,732,517	614,024

(4a) Provision for impairment of receivables

Provision for impairment as at 30 June 2011	-
- charge for the year	93,000
- written off	-
Provision for impairment as at 30 June 2012	93,000

NOTE 5: Short-term investments

	2012 \$	2011 \$
Short-term bank deposit	-	2,126,560
Total short-term investments	-	2,126,560

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 6: Financial assets

Available-for-sale financial assets comprise:

	2012 \$	2011 \$
Unlisted investments, at fair value	689,468	754,935
Total financial assets	689,468	754,935

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

NOTE 7: Other current assets

	2012 \$	2011 \$
Rental bond	180,923	-
Expenditure capitalised:		
- Website development phase	43,799	-
- Improvements in progress	-	105,000
Total other current assets	224,722	105,000

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 8: Plant and equipment

	2012 \$	2011 \$
Furniture, fixtures and fitting – at cost	25,103	26,398
Less accumulated depreciation	(23,341)	(23,208)
Total furniture, fixture and fittings	1,762	3,190
Office equipment – at cost	323,774	274,043
Less accumulated depreciation	(262,240)	(193,532)
Total office equipment	61,534	80,511
Improvements – at cost	384,130	87,680
Less accumulated depreciation	(206,684)	(58,909)
Total improvements	177,446	28,771
Computer equipment – at cost	682,017	-
Less accumulated depreciation	(100,345)	-
Total computer equipment	581,672	-
Total plant and equipment	822,414	112,472

(8a) Movements in carrying amounts

Movement in the carrying amount for each class of plant and equipment between the beginning and the end of the current financial year.

2012	Furniture, fixtures and fittings \$	Office equipment \$	Improvements \$	Computer equipment \$	Total \$
Balance at the beginning of year	3,190	80,511	28,771	-	112,472
Additions	-	49,731	321,630	682,017	1,053,378
Disposals	-	-	(4,494)	-	(4,494)
Depreciation expense	(1,428)	(68,708)	(168,461)	(100,345)	(338,942)
Carrying amount at the end of year	1,762	61,534	177,446	581,672	822,414

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 9: Other non-current assets

	2012 \$	2011 \$
Rental bond	-	95,840
Total other non-current assets	-	95,840

NOTE 10: Trade and other payables

	2012 \$	2011 \$
Trade payables	394,441	361,173
Funds received in advance	1,745,782	2,344,848
GST liabilities	100,713	-
Other creditors and accruals	545,135	269,720
Other payroll liabilities	70,153	44,167
Total trade and other payables	2,856,224	3,019,908

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 11: Provisions

	Long-term employee entitlement \$	Short-term employee entitlement \$	Total \$
Opening balance at 1 July 2011	75,303	132,313	207,616
Additional provisions raised during the year	3,671	257,460	261,131
Amounts used	-	(191,194)	(191,194)
Reversal of provision during the year	(5,539)	-	(5,539)
Balance at 30 June 2012	73,435	198,579	272,014

	2012 \$	2011 \$
Analysis of total provisions		
Current	198,579	132,313
Non-current	73,435	75,303
	272,014	207,616

NOTE 12: Capital and leasing commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2012 \$	2011 \$
Payable – minimum lease payments		
- not later than 12 months	328,950	301,532
- between 12 months and 5 years	-	697,888
Total capital and leasing commitments	328,950	999,420

The property lease is a non-cancellable lease on a two (2) year term with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum. There is an option to renew the lease for one (1) year at the end of the two (2) year term.

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 13: Financial risk management

Financial risk management policies

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

The Sax Institute does not have any derivative financial instruments at 30 June 2012.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Sax Institute has an investment with T-Corp, which is a low-risk, at-call account and is guaranteed by the Government.

At 30 June 2012, the company has no interest-bearing debt.

Liquidity risk

The company manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate unutilised borrowing facilities are maintained. As at 30 June 2012, the company has an overdraft of \$Nil (2011:\$Nil).

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

	Note	2012 \$	2011 \$
Trade and other receivables			
Counterparties not rated	4a	1,643,311	477,978
Total		1,643,311	477,978

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Fair value

The carrying amounts and fair values of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements. Fair values are materially in line with carrying values.

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 14: Auditor's remuneration

	2012 \$	2011 \$
Remuneration of the auditor of the company for:		
- Auditing the financial reports	24,015	20,662

NOTE 15: Economic dependence

NSW Ministry of Health (the "Ministry") provides the majority of the funding to the Institute. As all funding is provided on a cash basis annually, it is anticipated that adequate funding will be provided to enable the company to pay its debts as and when they fall due. The funding agreement for \$1,841,400 per annum was signed on 1 July 2008 and is in effect until 30 June 2013.

At the date of this report, the Board of Directors have no reason to believe that the Ministry will not continue to support The Sax Institute. Refer to Note 21 regarding the future funding of The Sax Institute.

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 16: Related parties and related party transactions

(a) Directors' compensation

The Directors act in an honorary capacity and receive no compensation for their services.

(b) Transaction with key management personnel

	2012 \$	2011 \$
Donation received from key management personnel	50,000	-

(c) Key management personnel compensation

The names and positions of those having authority for planning, directing and controlling the company's activities, directly or indirectly (other than Directors), are:

Professor Sally Redman – Chief Executive Officer

Ms Marianne Karam – Chief Operating Officer/Company Secretary

Associate Professor Andrew Milat – Division Head, Knowledge Transfer Program
(Resigned 9 February 2012)

Dr Fiona Blyth – Division Head, Intramural Research

Professor Bruce Armstrong – Senior Advisor (Started 3 January 2012)

Professor Louisa Jorm – Principal Scientist

Ms Sonia Wutzke – Division Head, Cohort Management (Resigned 12 July 2011)

The compensation paid to key management personnel noted above is as follows:

	2012 \$	2011 \$
Short-term employee benefits	714,253	1,010,983
Post-employment benefits	2,413	23,612
Total key management personnel compensation	716,666	1,034,595

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 17: Cash flow information

Reconciliation of cash flow from operations with surplus/(deficit) after income tax

	2012 \$	2011 \$
Net surplus/(deficit) for the period	48,806	(25,842)
Cash flows excluded from surplus/(deficit) attributable to operating activities		
Non-cash flows in surplus		
- Depreciation	338,942	83,570
- Provision for Doubtful Debts	93,000	-
- Unrealised gains/(losses) on available for sale financial assets	(508)	(3,309)
Loss/(gain) on disposal of plant and equipment	4,493	-
Changes in assets and liabilities		
- (Increase)/decrease in trade and term receivables	(1,211,493)	(325,102)
- (Increase)/decrease in other assets	(23,882)	(47,178)
- (Increase)/decrease in trade payables and accruals	433,514	(20,484)
- (Increase)/decrease in other current liabilities	(599,066)	(1,302,042)
- (Increase)/decrease provisions	66,266	37,576
Net cash used in operating activities	(849,928)	(1,602,811)

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 18: Capital management

Management controls the capital of the company to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised. Management effectively manages the company's capital by assessing the company's financial risks and responding to changes in these risks and in the market.

The company's capital consists of financial liabilities supported by financial assets.

The Board of Directors reviews and approves risk management policies on a regular basis. Management operates under policies approved by the Board of Directors. The Board ensures that the overall risk management strategy is in line with this objective.

There have been no changes to the strategy adopted by management to control the capital of the company since the previous year.

NOTE 19: Contingent liabilities and assets

There are no contingent liabilities and assets as at year end.

NOTE 20: Segment reporting

The company's activities are to foster and conduct health research throughout New South Wales, Australia.

NOTE 21: Events after the reporting period

The company has received a letter from the NSW Ministry of Health (the "Ministry") on 24 August 2012 indicating the Ministry's in-principle commitment to continue The Sax Institute's funding for a five-year period from July 2013.

The company has submitted an application, in its capacity as the Administering Institution, for the National Health and Medical Research Council (NHMRC) Partnership Centre: Systems Perspectives on Preventing Lifestyle-Related Chronic Health Problems. This application has been the only one selected to proceed to the second phase – developing a work plan. It is highly likely that the work plan will be accepted by NHMRC to proceed.

Notes to the Financial Statements

For the year ended 30 June 2012

The Sax Institute
ABN 68 095 542 886

NOTE 22: Comparative figures reclassified to conform to current year

Certain comparative figures have been reclassified to conform to the current year's financial statements presentation in accordance with AASB 101: Presentation of Financial Statements.

	2011 \$
From project specific costs to administration costs	5,185
From project specific costs to other expenses	8,418
From administration costs to project specific costs	132,650

NOTE 23: Company details

The registered office of the company is:

The Sax Institute
Level 2
10 Quay Street
HAYMARKET NSW 2000

Directors' Declaration

The Sax Institute
ABN 68 095 542 886

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 40 to 61, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards, which as stated in accounting policy Note 1 to the financial statements, constitute explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company.
2. In the opinion of the Directors, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, reading 'Irene Moss', is displayed within a light blue rectangular box.

Dr Irene Moss
Director

Dated in Sydney, this 6th day of September 2012

Independent Auditor's Report to the Members of The Sax Institute

The Sax Institute
ABN 68 095 542 886



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300 George Street, SYDNEY NSW 2000
PO Box Q285, QVB Post Office, SYDNEY NSW 1230
www.economosgroup.com.au

The Sax Institute

ABN 68 095 542 886

Independent Auditor's Report to the Members of The Sax Institute

Report on the Financial Statement

We have audited the accompanying financial statements of The Sax Institute, which comprises the Statement of Financial Position as at 30 June 2012, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

The responsibility of the Directors for the Financial Statement

The Directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of The Sax Institute on 8 August 2012, would be in the same terms if provided to the Directors as at the date of this auditor's report.

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Re: **auditing**

Econ Financial Services Pty Ltd
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Our liability is limited by a scheme approved under professional standards regulation, except where we are a financial services licensee.

Independent Auditor's Report to the Members of The Sax Institute

The Sax Institute
ABN 68 095 542 886



The Sax Institute
ABN 68 095 542 886
Independent Auditor's Report to the Members of The Sax Institute

Auditor's opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of The Sax Institute as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the Corporations Act 2001 and the Australian Accounting Standards (including Australian Accounting Interpretations).

ECON AUDIT AND ASSURANCE SERVICES PTY LTD


George Venardos
Director

Dated in Sydney, this 6th day of September 2012

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Our liability is limited by a scheme approved under professional standards legislation. For more information see a financial services brochure.

The Sax Institute

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