In every organisation’s journey there are milestones that signify key successes and wins to be celebrated. Then there are those special touch points that represent something more: when the task at hand moves beyond establishing foundations; when things begin falling more neatly into place; when possibilities begin to be realised.

In 2012–2013 the Sax Institute reached such a point in its evolution.
The research assets we have built over the past decade have become part of the national research fabric. Our ongoing 45 and Up Study of a quarter of a million Australians is now being used by nearly 500 researchers and nearly 70 peer-reviewed papers have been published using the data.

Our new Analysis for Policy program is taking the 45 and Up Study even more directly into the policy sphere as we work closely with health planners to identify where the data can be used to answer their policy questions. And 35 researchers are already using SURE, the Secure Unified Research Environment – our new, highly secure remote computing environment – to carry out population health research using linked data. A number of the projects within SURE are also using 45 and Up Study data.

As well as entering its important second phase, SEARCH, the Study of Environment on Aboriginal Resilience and Child Health, has worked with five Aboriginal community controlled health services over the past year to provide more than 2000 sessions of audiology, ENT services and speech therapy to Aboriginal children.

Our Knowledge Exchange program has consolidated its successful Evidence Check program of rapid reviews and is now helping to embed rigorous evaluations into the rollout of new policies, programs and service delivery models.

We have used our knowledge and experience of research collaboration to launch a major new venture: a $22.6 million research partnership centre to drive system change in chronic disease prevention. And our work with policy and program agencies has expanded to include more relationships with interstate and federal authorities. We now work with at least 30 agencies across Australia.

“The research assets we have built have become part of the national research fabric.”

Over the past five years we have brought more than $65 million in research funding to NSW and there have been at least 110 applications for competitive research funds arising from our work. We have also developed a new strategic plan that will lay the foundations for our future success.

I would like to thank our funding partners, members and collaborators, whose support and input are so important to us. Funding from the NSW Ministry of Health in particular has been central to our ongoing work. I would also like to particularly thank the Minister for Health and Minister for Medical Research, the Hon Jillian Skinner, who we were delighted was able to launch our first five-year follow-up of 45 and Up Study participants in October.

Our Board of Directors continues to expertly steer the Institute’s direction. Longstanding members Dr Kerry Chant and Professor Alan Cass departed the Board during the year. Their outstanding contributions should be mentioned and I thank them for their efforts. While Mr Bob Wells also left the Board, I am delighted to note that he has taken up the new position of Policy Head, Research Assets with the Institute. This, along with the appointment of Dr Bette Liu as Science Head, Research Assets, will help us build on past achievements and forge ahead to explore new opportunities.

I also welcome four new directors to the Board: Professor Lesley Barclay AO; Dr Rohan Hammett; Dr Devon Indig; and Professor Rosalie Viney. Their skills and counsel have already benefited the organisation and I look forward to working with them over the coming year.

Without the Sax Institute staff and management team, led so adeptly by our inspiring and talented Chief Executive Officer Professor Sally Redman AO, we could not have reached the position of strength we are in today. We find ourselves with a bank of world-class research assets, a leading reputation in knowledge exchange, and a suite of collaborative partnerships that is making a real difference to the way research is used in the development and delivery of health services.

The possibilities we saw over a decade ago when first established as the Institute for Health Research are indeed being realised. The achievements of 2012–2013 tell a story of how far we have come. As we look to the future, I am confident our innovative work will continue to positively impact Australia’s health and wellbeing.

Dr Irene Moss AO, Chair
Board of Directors

**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.

**PROFESSOR LESLEY BARCLAY AO** is Director of the University Centre for Rural Health North Coast, The University of Sydney. She has worked in international development for nearly 20 years, in primary health care, maternal infant/child health and capacity building in health worker education systems. She is a regular assessor for the National Health and Medical Research Council and Australian Research Council and chairs the National Rural Health Alliance.

**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.

**DR ROHAN HAMMETT** is Deputy Director-General, Strategy and Resources, NSW Ministry of Health. He was formerly National Manager of the Therapeutic Goods Administration and served as its Principal Medical Adviser. Dr Hamnett has also performed senior clinical and management roles in the NSW health system.

**DR DEVON INDIG** is Senior Researcher, Bureau of Health Information. She is a former Head of Research, Centre for Health Research in Criminal Justice and has extensive experience in epidemiology, research and policy development. Dr Indig is the NSW Branch President of the Public Health Association of Australia.

**MR MICHAEL LAMBERT** is a consultant with CIMB Group and has extensive experience in strategy, corporate advisory and mergers and acquisitions. He also 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.

**DR ROHAN HAMMETT** is Deputy Director-General, Strategy and Resources, NSW Ministry of Health. He was formerly National Manager of the Therapeutic Goods Administration and served as its Principal Medical Adviser. Dr Hamnett has also performed senior clinical and management roles in the NSW health system.

*Board members as at 30 June 2013*
PROFESSOR SALLY REDMAN AO (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 health care. Previously Professor Redman was the inaugural Director of the National Breast Cancer Centre.

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.

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 St Vincent’s Board 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.

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.

PROFESSOR ROSALIE VINEY is the Director of the Centre for Health Economics Research and Evaluation (CHERE) at the University of Technology Sydney. She has extensive experience in health policy analysis, including health financing, health services utilisation and health technology assessment.

THE SAX INSTITUTE’S PATRON IS HER EXCELLENCY THE HONOURABLE QUENTIN BRYCE AC CVO, GOVERNOR-GENERAL OF THE COMMONWEALTH OF AUSTRALIA.
Our Objectives

WHO WE ARE AND WHAT WE DO

The Sax Institute mission is to improve health and wellbeing by driving the use of research in policies, programs and services. Creating more opportunities to use research means the best evidence about what works can form the bedrock of policies that guide our health system and the services and programs that make it tick.

This promotes better health and helps decision makers effectively invest limited resources. Effective investments are becoming more important as governments face a triple challenge: keeping care standards high; meeting increasing demand; and managing rising costs.

The Institute occupies a unique position in the Australian research landscape. We are non-profit, independent of any one university but with a large network of 39 public health and health services research groups and their universities as members. We receive funding from the NSW Ministry of Health and support from other government, non-government, philanthropic and competitive research funding agencies.

BUILD AND MAINTAIN SUSTAINABLE RESEARCH ASSETS

Producing new knowledge for use in health decision making needs several core building blocks. Just as rail corridors and transport hubs are essential to an effective transport network, building research infrastructure provides the structural support for high-quality research that is relevant and timely for those who plan and deliver healthcare.

In the past decade we have built three key world-class research assets: the 45 and Up Study; SEARCH (the Study of Environment on Aboriginal Resilience and Child Health); and SURE (the Secure Unified Research Environment). Use of these assets to answer critical health questions continues to expand. They are unlocking possibilities and creating research opportunities that were simply not available a decade ago.

DRIVE RESEARCH THAT CONTRIBUTES TO POLICY

Building research assets creates possibilities, but ensuring they reach their potential and are used most effectively means these possibilities can be realised.

New ventures, such as our Analysis for Policy program, are increasing the use of our research assets. And we continue to build partnerships between researchers and health planners to address important research questions that form the heart of policy decisions. Over the past five years, we have forged or contributed to at least 40 collaborative partnerships, our most recent being a $22.6 million National Health and Medical Research Council (NHMRC) partnership research centre to drive system change in the prevention of chronic disease.

Page 8
GIVE DECISION MAKERS READY ACCESS TO RESEARCH

Knowledge exchange between health policy and research is at the heart of our work. By knowledge exchange we mean two things: developing ways to help health decision makers find and use research evidence; and helping researchers better understand and contribute to the needs of health decision makers.

Over the past five years, policy and health program agencies have become increasingly interested in making effective use of evidence from research. Our well-regarded Knowledge Exchange program is a vehicle for this interest. We work with more than 30 agencies across NSW and beyond to identify their most important knowledge-exchange needs. We broker rapid reviews of research to assist their decision making, and we bring researchers and decision makers together through forums and exchange activities.

Page 18

LEAD INTERNATIONAL BEST PRACTICE IN KNOWLEDGE EXCHANGE

The Institute is a leading player in the emerging field of knowledge exchange. We are testing new approaches to the most effective way of using research in policy, programs and service delivery. And by presenting our findings and experience nationally and internationally, we are contributing to the broader understanding and knowledge of this area.

Our existing research networks and our well-established relationships with policy and program agencies are fundamental to this work. We continue to develop innovative strategies to help agencies evaluate new policies, programs and services.

Page 22

A SUSTAINABLE AND EFFECTIVE ORGANISATION

Our values of excellence, innovation, transparency, accountability and being evidence-based provide a framework for everything we do. We use best-practice approaches to administration, management and governance issues such as research ethics, privacy and security.

As a growing organisation we have built on our leadership team, we are fostering new skills, and we have begun a new funding phase with a new strategic plan. In the past year, the NHMRC has awarded us Administering Institution status. This ability to directly access and manage research grant funding will increase our capacity for innovation in research.

Page 26
The Sax Institute is known for its three world-class research assets: the 45 and Up Study; the Study of Environment on Aboriginal Resilience and Child Health (SEARCH); and the Secure Unified Research Environment (SURE).

Our assets are core building blocks that create the capacity for research that is internationally leading, relevant to important and specific policy questions, and which can produce faster answers to inform policy and program decisions.
THE 45 AND UP STUDY

The largest ongoing study of healthy ageing in the Southern Hemisphere has more than 260,000 participants who provide us with information about their health and lifestyles and allow us to link this to other records including their use of prescribed medications and hospital and primary care services.

Although the Study’s data have been available for only three years, it has already become a rich resource for researchers in Australia and internationally. Nearly 500 researchers are using the data to investigate a wide range of areas – from the hazards of too much sitting to the protective effect of breastfeeding on diabetes. They have published nearly 70 research papers in peer-reviewed journals and been awarded at least $17 million in research grants to carry out their work.

A major paper published in *PLOS Medicine* this year was the world’s largest study to investigate the link between erectile dysfunction and heart disease. For the first time it showed a direct link between the severity of a man’s erection problems and his risk of dying early or being hospitalised for heart disease. The study attracted national and international media interest, with 350 reports published or broadcast in media outlets from *TIME* to *Le Figaro*.

In October, 45 and Up Study results on smoking and mortality were presented alongside all the large cohort studies in the world at the Sir Richard Doll Centenary Meeting in Oxford – an international scientific meeting of epidemiologists on the varying hazards in different prospective studies on smoking. The results presented at the invitation-only meeting quantified for the first time that current smokers in Australia have around three times the risk of dying prematurely compared with people who have never smoked.

During 2012–2013 we launched the first of many ongoing follow-up surveys to check in with our 45 and Up Study participants on how their health is faring. More than 40,000 participants were resurveyed as part of the first follow-up wave. As we continue to gather more information, the value of the Study will grow exponentially.

SURE

After being in operation for just one year, SURE is already being used by 35 researchers managing 13 projects. It is generating considerable interest in the research and policy communities.

SURE is Australia’s first and only remote-access data research laboratory. It is designed specifically for health researchers to securely access, store and rapidly analyse anonymised health information from different sources such as hospitals, general practice and cancer registries. It allows researchers to more efficiently and securely answer major research questions on issues such as population ageing, diabetes and mental health.

Some custodians of important health data, such as the Cancer Institute and the Australian Institute of Health and Welfare, have indicated that SURE will be the preferred or required way for researchers to access their data and have entered formal agreements with us for these purposes.

During 2012–2013 we trained more than 120 researchers in how to use SURE and received ongoing funding to continue the facility via the Collaborative Research Infrastructure Scheme administered by the Australian Government Department of Industry.
Mapping better health

USING 45 AND UP AND SURE FOR THE GREATER GOOD

What if you could take some of the guesswork out of deciding how to most effectively spend limited healthcare dollars and ensure those most in need receive the right services?

Researchers at the University of Western Sydney (UWS) and the Australian National University (ANU) are hoping to do exactly that in an Australian-first, three-year project that has both the 45 and Up Study and SURE at its centre.

When there are large variations in healthcare use across different locations, inefficiencies are often the cause. Inefficiencies might be due to the way some doctors practise for example, or patients not being able to access care.

But properly understanding what’s causing these variations depends on a number of things, including whether geographic boundaries give a true picture of what is happening in each location.

Until now, however, the default geographic boundaries available to policy makers have had little or nothing to do with how people use and access healthcare. A person may live in one place, for example, but visit their GP in another. Without fully understanding these patterns of health service use, it is difficult for those in charge of healthcare budgets to allocate the right resources to the right places.

With that in mind, researchers at ANU’s Australian Primary Health Care Research Institute led by research fellows Dr Ian McRae and Dr Soumya Mazumdar teamed up with researchers from the UWS Centre for Health Research to design more realistic geographies called “primary care service areas” which will give better insights into the way people use healthcare.

Dr McRae says there has been a lot of analysis about access to, and quality of, care based on the numbers of doctors in an area.

“But this only makes sense if all the people in that area are using the doctors. We need to make sure we don’t use inappropriate geographies just because they are there.”

A key to the design of these new, more meaningful service areas is use of the 45 and Up Study, which is unique in being able to link health information from a quarter of a million people to Medicare information on the GP services they use.

“The 45 and Up Study is essential to this project,” Dr Mazumdar says. “You need lots of people to have enough information to start with and there are no other datasets that make it possible for us to investigate the flows of where patients are to where doctors are.”

Once the service areas are complete, more work can be done to disentangle the complex relationship between which groups most need healthcare, how they currently access it, what it costs them, and how these factors might drive variations in care.

Associate Professor Federico Girosi and his fellow researchers from the UWS Centre for Health Research will measure the variation in need, use and costs across the service areas.

“The service areas will be good to determine how much geographic variation there is, and once we know that we can start looking at what might be driving it,” he says.
“That’s also why 45 and Up is important – it has the potential of explaining so much more.”

– Associate Professor, Federico Girosi, University of Western Sydney

“In order to understand what drives the variation you need to understand as much as possible about the patients using the services so you can adjust for factors like health status, socioeconomic status etc. That’s also why 45 and Up is important – it has the potential of explaining so much more and once you’ve taken that information into account you can investigate whether factors like cost or access are causing the differences.”

This has important implications for understanding and addressing current inequities in healthcare – an issue that governments are increasingly addressing.

Associate Professor Girosi says the project would be impossible without SURE, which has enabled his team to collaborate remotely with Dr McRae and fellow researchers at ANU. It has also provided the highly secure environment necessary for the two groups to work with Medicare data and, further down the track, to link this to information on hospital use.

His colleague Dr Xiaoqi Feng, who was instrumental in developing the service areas, says the task was complex but would hopefully make it easier for researchers to replicate the process outside of NSW and eventually cover the entire country.

“What makes this research exciting is the variety of stakeholders that have a deep interest in our work, from government to providers to communities,” Dr Feng says.

While the project is still in the early stages of analysis, the researchers will eventually develop models to simulate what might happen if policy changes such as increasing doctor numbers or changing bulk-billing rates are introduced. This will offer to policy makers and health planners a level of information never seen before in Australia.

SEARCH

SEARCH is providing ongoing information that Aboriginal communities are using to improve healthcare. It has already collected significant data on child hearing and speech development, weight, exercise and social and emotional wellbeing that are supporting the need for extra services for Aboriginal families.

Australia’s largest long-term study of the health of urban Aboriginal children, SEARCH has 1489 children in 638 families taking part. It is a partnership that was established between the Institute, the Aboriginal Health and Medical Research Council (AH&MRC) and four Aboriginal community controlled health services: Tharawal Aboriginal Corporation; Aboriginal Medical Service Western Sydney; Awabakal Newcastle Aboriginal Cooperative; and Riverina Medical and Dental Aboriginal Corporation. Illawarra Aboriginal Medical Service in Wollongong joined SEARCH during the year.

The Study has entered its important second phase, where the participating children will be followed up. This information will help families, Aboriginal medical services and governments identify where early intervention is needed so prevention programs can be developed and tailored to their specific needs.

The SEARCH team has also begun a program to look at how Aboriginal community controlled health services can best use the Study’s results, and what they need to incorporate it into their day-to-day work. This will ensure the data’s value can be fully realised. Depending on advice from the Aboriginal medical services, this may include setting up information systems in Aboriginal healthcare settings and implementing a new database to make the information available to medical services in real time.

During the year, SEARCH helped deliver a $950,000 government funding package of services to more than 300 children (see story page 13).
Marla Rai Lett, 2, engages with Tharawal speech pathologist Elise Matherson as dad Michael looks on.
Making a difference where it matters

Accessing speech therapy and ear health services is difficult for families Australia-wide, but Aboriginal families face extra barriers to these much-needed treatments. Hearing and speech health are major issues in Aboriginal communities, and SEARCH has already identified that Aboriginal children have high levels of hearing loss and speech and language delays.

When the Federal Department of Health and Ageing offered funds for the enhancement of ear health and speech pathology services for Aboriginal children, the benefits of research that demonstrates the need for improved services became apparent. Building on the data gathered by, and partnerships forged through, SEARCH, the NSW Ministry of Health brokered funds for a new project called HEALS – Hearing EAr health & Language Services – which was managed through the Sydney Children’s Hospitals Network.

The HEALS results were outstanding. More than 2500 ear nose and throat services, audiology and speech therapy sessions were provided over a five-month period and the immediate improvements were obvious.

While the services were piloted to children attending the Aboriginal community controlled health services participating in SEARCH, the exercise has provided valuable information about how to provide these kinds of services on a broader scale.

“A lot of Koori kids suffer in silence and sit up the back in class – programs like this open up families’ eyes to what’s possible.”

– Selena Lyons, CEO, Riverina Medical and Dental Aboriginal Corporation

“I think the statistics speak for themselves about how important it was for the HEALS program to come along,” Mr Wright says.

“You don’t realise how sad it is for these kids to go through life without hearing, but the results of this were immediate. We are hopeful this will open families’ eyes to other aspects of health – it is important to have the mums and dads engaged. The families were really happy with the results – they are over the moon.”

Feedback from the families participating in the HEALS project has been positive. Parents said they were not only happy with being able to access services but that they had noticed a real difference in their kids’ behaviour.

One mother told the HEALS project staff that her son’s teacher had observed a “very sudden confidence” in his speech.

“K has been speaking a lot more in class compared to before,” she said. “Before, when people couldn’t understand him, he would walk away, but apparently he tries really hard to get his message across now!”

HEALS also provided real results at Tharawal Aboriginal Corporation, whose CEO Darryl Wright says existing relationships were critical to overcoming the barrier of getting people in the door to have speech and audiology sessions and consider ENT surgery.

Supporting our families is important, but it is also about having them empowered – that’s the best thing we can give our clients.”

SEARCH had already performed more than 2000 ear health screening and speech and language assessments in its first phase, and was well placed to identify which children needed services most. Ms Lyons says it has provided a good platform to roll out further services because of the number of families already engaged with the program.

“We were really pleased at how well the project went,” she says. “And the SEARCH program itself has been really good … it opens up the pathway for a lot more work.”
Building word-class research assets creates a launching pad for timely, high-quality research. But the next step is just as critical – ensuring these assets can answer important questions for those who develop health policies and design programs and services.

In 2012–2013 we established a new program – Analysis for Policy (A4P) – which is designed to help policy makers use the 45 and Up Study. The program offers a customised service to help policy and program agencies define their research questions, develop projects to implement them, and establish research partnerships using the 45 and Up Study data.
Planning for our ageing population

By giving policy and program agencies ready access to expertise in framing their projects and helping them access, analyse and interpret data, we are removing some of the barriers to using research.

Outside the A4P program, we build many other partnerships to drive research that contributes to policy. We continue to work closely with our existing 45 and Up Study supporting partners. For example, our major partner Cancer Council NSW (CCNSW) is using the Study to investigate the importance of lifestyle factors for cancer risk. Over the past seven years, CCNSW researchers have formed teams to work on a range of questions around prostate cancer, bowel screening, skin cancer, use of cancer screening services, oral health and lifestyle behaviours in cancer survivors.

Another major collaborative partnership project launched in 2012–2013 was TAPPC – The Australian Prevention Partnership Centre – which will drive health system change in the area of chronic disease (see story page 17).

Partnerships such as these are important to building research capacity in NSW and Australia-wide.

By 2050, the number of people aged 65 and over in NSW will more than double.

Addressing the challenges and finding the opportunities in population ageing is understandably front-of-mind for the team at the Office for Ageing – a policy unit within the NSW Department of Family and Community Services.

“Population ageing is going to change how we think about nearly every aspect of our society,” says Office for Ageing Executive Director Michael Woodhouse.

“It will change how we live, how we work, our relationships in our communities and our families – and we need good evidence to know what that means for government policy.”

This need for evidence is what initially propelled the Department of Family and Community Services to become a key funding partner in the 45 and Up Study. And in the past year, the Office for Ageing has begun to work with our Analysis for Policy program to get the most from the Study data to inform its work.

The NSW Ageing Strategy describes how the State Government will work with people throughout their lives to age well. It has specific areas of focus, including the promotion of active living, work skills, the built environment and housing choices.
“Some of the key policy questions include impact of population ageing on housing, the future of work and how people participate in their communities,” Mr Woodhouse says.

“Public policy needs a rigorous understanding of the decisions people are making in these areas as well as how government efforts might impact on those.”

The 45 and Up Study is uniquely valuable in shedding light on how population ageing affects living choices, he says, as it has information about where people have lived and where they have moved – both in terms of geography and housing type. As follow-up of participants progresses, there will be more information about people’s housing decisions and what affects these choices.

“Population ageing will change how we live, how we work, our relationships in our communities and our families – and we need good evidence to know what that means for government policy.”

– Michael Woodhouse, Executive Director, Office for Ageing

“We don’t have any other data like this that I’m aware of. This kind of information is very, very hard to get and it can help give us quantitative understanding about how people move and when.

“This is important for Government as it seeks to determine what housing delivery targets in the new planning system might look like. The information is also critical to decisions about transport and employment issues within a planning system seeking to make NSW the state it needs to be in the future.”

Social isolation is another area of focus for the Department and where information from 45 and Up could make a valuable contribution. The Study includes detailed information about how social, economic and environmental factors influence the health and wellbeing of our population in mid to later life and is an important source of data that the Office for Ageing plans to use.

“There is a strong connection between physical wellbeing and connection to others. Exploring the data in 45 and Up further, will enhance what we know about social isolation,” Mr Woodhouse says.

“It has rich potential to give us more timely clues about where things are headed and which considers the social and economic factors that impact on health and wellbeing.”
The chronic disease tsunami facing Australia is too big and too ominous to be tackled in a piecemeal fashion. It needs a team effort, and it needs to be based on solid research evidence about what strategies and interventions have the best chance of success. That team effort in research is The Australian Prevention Partnership Centre (TAPPC), which the Sax Institute is leading in partnership with the Centre of Excellence in Intervention and Prevention Science. It has been funded to the tune of $22.6 million over five years by the National Health and Medical Research Council, the Australian National Preventive Health Agency, the NSW Ministry of Health, ACT Health, HCF and the HCF Research Foundation. The Centre will bring together researchers, policy makers and practitioners from across the health system. Researchers from eight universities and research institutes are involved in its work and the research program boasts a team of 28 investigators from three states and two territories. TAPPC will identify what works and what doesn’t in helping people make lifestyle changes to prevent lifestyle-related chronic disease and it will make this information available to health policy makers in all states and territories. It will conduct leading-edge research to help Australia drive changes to its healthcare systems and adopt the type of programs that will make a real difference to people’s health. And it will bring organisations together and help them learn from each other about how to best communicate prevention messages to the community.

““The Centre represents a unique opportunity to transform the way research is conducted and used in preventing chronic disease.”

– Centre Director, Professor Andrew Wilson

Professor Wilson will lead the investigator team – there will be program nodes in Victoria, Queensland, Sydney and Newcastle, with the program management hub at the Sax Institute. The level of investment in, and commitment to, this exciting venture from so many different stakeholders will see it become a valued national resource for health policy and planning.

“A national team effort to prevent chronic disease

The Australian National Preventive Health Agency, led by Louise Sylvan, is a key TAPPC partner.
Objective 3

GIVE DECISION MAKERS READY ACCESS TO RESEARCH

The Institute’s Knowledge Exchange program is critical to our mission of driving the use of research in health policies and programs to improve health and wellbeing.

The program recognises that by definition, an exchange of knowledge must be two-way. We therefore work not only to help health decision makers find and use research evidence, but also to help researchers better understand and contribute to the needs of those making decisions in health.
One of the ways we achieve this is through our evidence exchanges (see story page 21), regular events that bring researchers and health leaders together to discuss and debate important policy questions.

Other key vehicles for knowledge exchange are our Evidence Check and Evaluation Make services.

Evidence Check makes it possible for policy and program agencies to commission high-quality rapid reviews of existing evidence to answer their specific policy questions. Our network of experienced researchers conduct the reviews and our knowledge brokers work closely with agencies to clarify their policy issues and translate them into researchable questions.

More than 130 Evidence Check reviews have been commissioned since we first launched the service in 2006 and 26 were commissioned during 2012–2013. Some examples of recent Evidence Checks that have contributed to policy and program development are outlined below.

Evaluation Make is a new service launched during the year. A growing understanding of, and appetite for, the benefits of evaluating programs makes this a timely addition to what we can offer the policy and program communities. Embedding rigorous evaluations into the rollout of new policies, programs and services can glean important information for decisions about future spending. As budgets tighten, there will be more demand for information to underpin sound investment decisions.

Evaluation Make helps clients clarify their evaluation questions and provides advice about the nature of potential evaluations. The process does not involve conducting evaluations but it helps our clients reach decisions and integrate evaluation into their policies and programs.

To date 14 Evaluation Makes have been commissioned with four policy agencies to assist with the evaluation of a range of state-wide health programs.

Answering policy and program questions through Evidence Check

Many of our Evidence Check reviews have made immediate contributions to policy. Some examples are below.

**SEEKING HELP FOR MENTAL HEALTH ISSUES**

One of beyondblue’s five strategic priorities is to encourage people to seek help for problems with depression and anxiety. Its recently launched Man Therapy campaign was funded by the Federal Government to address disturbingly low rates of help-seeking among men.

Although help-seeking is at the core of its work, beyondblue recognised in the lead-up to the campaign that Australia had no standard definition of what help-seeking behaviour might look like. And so to move forward, it commissioned an Evidence Check review to establish an evidence-based definition the organisation could work with.

“It was a fantastic experience from our point of view,” says beyondblue Men’s Program Leader Tass Mousaferiadis.

“The quality of the work was outstanding. The thing I was most impressed with was the early conversations with the Sax knowledge broker, which really helped to define what we were looking for. It was very, very well done.”

Beyondblue has now adopted the definition that emerged from the Evidence Check, and it is being used to guide wider policy and program development across the organisation – in measuring outcomes and in communicating with beyondblue’s key audiences.

The review was conducted by Debra Rickwood, Kerry Thomas and Sally Bradford from the University of Canberra.
WHOLE-OF-GOVERNMENT OBESITY INTERVENTIONS

The ACT Government has made a commitment to reducing levels of overweight and obesity through its Whole of Government Healthy Weight Initiative. In adopting this broad preventive health strategy to reduce obesity rates, it hopes to impact on other diseases such as cardiovascular disease, stroke and diabetes and improve the health of its population.

The Territory Government established a Working Group of stakeholders from all ACT Government Directorates and key NGOs and chaired by the Chief Health Officer to develop some specific actions. During this phase, the Health Directorate commissioned an Evidence Check review to identify potential government interventions to increase physical activity levels, reduce consumption of energy-dense, nutrient-poor food, and/or increase fruit and vegetable consumption across the ACT.

The Prevention Research Collaboration at The University of Sydney conducted the review, and the evidence was used in the Working Group’s deliberations. The group will now make recommendations to the ACT Government. The Evidence Check process contributed to the next steps of Whole of Government Healthy Weight Initiative.

USING EVIDENCE TO HELP CLINICAL NETWORKS SET PRIORITIES

Allocating healthcare resources is a difficult business when there are so many competing and worthy claims on limited health budgets. Setting priorities is therefore key to any program funding decision.

But this process has its own challenges, and it is why the Agency for Clinical Innovation (ACI) and NSW Treasury commissioned an Evidence Check review to explore an evidence-based approach to setting priorities for clinical networks in NSW.

The ACI’s 36 clinical networks, institutes and taskforces engage clinicians and community members to design and help implement models of care that embed best practice across the NSW health system.

The Agency was eager to investigate how it could help its networks make decisions about priorities in a more systematic way. Treasury was also interested in priority setting from a resource allocation point of view and was looking for opportunities to support research in the area.

To advance the project, each agency committed a staff member to working with the late Professor Gavin Mooney, who the Sax Institute commissioned to conduct the review. As well as reviewing the literature, Professor Mooney interviewed policy makers and researchers from around the world to inform his recommendations and presented his findings at two ACI workshops.

The ACI has used the review to develop a series of guiding principles for priority setting that will be tested in individual networks and eventually rolled out more widely. It has also used the review to start a dialogue with Local Health Districts.

Treasury considered the project allowed an informed discussion on an issue that is important across the health sector.
Evidence exchanges: a forum for sharing knowledge and ideas

Bringing researchers and health decision makers together on issues of common interest is a key component of knowledge exchange. The Institute does this in a number of ways, one of which is tailored face-to-face sessions where policy and program agencies nominate in advance what they would like to know from a researcher.

One successful exchange held during the year for the NSW Ministry of Health focused on social messaging for healthy eating and active living.

We also link Australian agencies with international experts, who offer the latest thinking in health services research. During 2012–2013 we hosted several sessions run by Professor Bob Elliott, from the Health Economics Research Unit at the University of Aberdeen, who spoke about ‘Fiscal prudence, health budgets and workforce challenges’ with staff from the Agency for Clinical Innovation, NSW Ministry of Health and NSW Treasury.

Professor Alastair Leyland, Associate Director of the MRC Social and Public Health Sciences Unit at the University of Glasgow, visited in June 2013 and met with researchers and health decision makers to discuss the Scottish experience of using routine data to evaluate natural experiments.

Dr Michael Smith, Dr Jean-Frederic Levesque and Professor Tim Usherwood offered key insights at the May HARC Forum.

Director of the Netherlands Institute for Health Services Research Professor Peter Groenewegen also addressed NSW health decision makers on the topic ‘Strong Primary Care: Europe as a research laboratory’.

Our regular HARC forums offer an opportunity for those working in the hospital sector to look at their work through a research lens and for researchers to consider how their work might be useful to hospital settings.

HARC is the Hospital Alliance for Research Collaboration – a partnership between the Institute, the Agency for Clinical Innovation and the Clinical Excellence Commission that drives new thinking about emerging healthcare challenges. It aims to improve health and hospital services through research.

A HARC Forum held in May 2013 featured Dr Mark Graber, Professor Emeritus of Medicine, State University of New York, and international expert on diagnostic error.

An expert panel including Dr Michael Smith, Clinical Director, Australian Commission on Safety and Quality in Health Care; Dr Jean-Frederic Levesque, CEO, Bureau of Health Information; Professor Tim Usherwood, GP and Professor of General Practice, University of Sydney; and Professor Bill Runciman, Professor, Patient Safety and Healthcare Human Factors, University of South Australia led the discussion.

Sax Institute staff also shared their expertise at more than 30 conferences and information sessions during 2012–2013 on various issues of importance to the research and policy communities.

Dr Michael Smith, Dr Jean-Frederic Levesque and Professor Tim Usherwood offered key insights at the May HARC Forum.
As a leader in the emerging field of knowledge exchange we understand the importance of testing the impact of what we do. What we have learnt, and continue to learn, is contributing to international understanding of what strategies are most likely to increase the use of research in policy and planning.

As Australian and international governments increasingly recognise the potential of research evidence to help them allocate resources and improve health outcomes, they are also considering how to support staff in using research to design health policies and programs.
But to date there has been little evidence for how they might best use, access and generate this research. Our major contribution to redressing this evidence gap is CIPHER – the Centre for Informing Policy in Health with Evidence from Research. CIPHER – a National Health and Medical Research Council (NHMRC) Centre of Research Excellence – is testing the best ways to help policy agencies build their “research responsivity”, that is, their capacity to find, appraise and use research.

It is a collaboration between the Sax 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.

**RESEARCH RESPONSIVITY**

Through CIPHER, we are examining how policy and program agencies use research and what will help them build skills and systems to strengthen their research responsivity.

Our results so far suggest most agencies recognise the value research can bring to their work, though they differ in how they engage with and use it. A desire to strengthen skills and approaches to appraising research and evaluating programs has emerged as a common theme.

As part of CIPHER, we are leading a stepped wedge trial called SPIRIT to evaluate the impact of an integrated program designed to increase agencies’ research responsivity. This unique trial is already providing a wealth of qualitative and quantitative information. We are grateful to the six policy and program agencies working with us in SPIRIT, which have already indicated the value of the approach (see story page 24).

**SIX AGENCIES ARE PARTICIPATING IN THE SPIRIT TRIAL**

**INNOVATIVE TOOLS AND STRATEGIES**

As part of SPIRIT we have developed the world’s first suite of measures to assess how policy and program agencies use research. These three measures gauge:

- How staff in agencies engage with research and use it in their work
- What tools and systems agencies have in place to help staff use research
- Whether research has been used in selected policy documents.

We are feeding back information gathered through these tools to provide participating agencies with an unprecedented level of information about their research responsivity and how their staff members interact with research and researchers.

Another strategy being trialled through CIPHER is a leadership program addressing how senior leaders can increase their organisations’ capacity to use research evidence. During the year, the program drew on the considerable expertise of Professor Peter Shergold, Chancellor of the University of Western Sydney and former head of the Department of Prime Minister and Cabinet under John Howard.

We have also tested the value of helping policy and program staff build skills in finding and using research. For example, popular sessions on skill building in appraising research were provided to two agencies by Dr Lucie Rychetnik, a Senior Research Fellow at The University of Sydney School of Public Health.

**BUILDING CAPACITY AND SHARING OUR KNOWLEDGE**

The Institute has a unique opportunity to lead and contribute to international best practice in knowledge exchange. Studying the impact of what we are doing and reflecting on our practice is critical.

Two PhD students (one at the Sax Institute and one at The University of Newcastle) and five postdoctoral researchers (two at the Sax Institute and three at Monash University) have been supported through CIPHER to examine best practice in knowledge exchange. The Institute also hosts other PhD students; from February to April we hosted an exchange student through Boston University’s Study Abroad program who did scoping work on understanding policy impact.

During the year, there were conference papers presented about the Institute’s leading work in knowledge exchange, including papers at the 2nd International Conference on Knowledge Exchange in Public Health held in Amsterdam and the 1st International Conference on Public Policy in Grenoble.
The Cancer Institute: aiming for best practice in the use of evidence

Embedding evidence into all aspects of its work is something the Cancer Institute already takes very seriously.

As Australia’s first state-wide government-funded cancer control agency, the Institute’s goal is to lessen the impact of cancer in NSW. When rolling out any new program, the Institute ensures that evaluation is built in at the outset, so it’s possible to measure the effectiveness of its work.

So when the opportunity arose through CIPHER (see page 23) to become part of a trial to test the best methods of using evidence, the Institute recognised a valuable opportunity.

“We pride ourselves on being the kind of organisation that incorporates the latest evidence into our program and policy development,” says Dr Cynthia Lean, Manager for Research and Evaluation.

“But when professionals like CIPHER say there is mixed evidence out there about the best ways to do this, getting involved is a no-brainer. It is a fantastic project in that it allows us to measure ourselves and reflect on how we do our business.”

The Institute has been through the data collection phase and is looking forward to seeing how it compares with its peers when the results on how it uses research evidence become available in late 2013.

With a staff of more than 140 from a mixture of clinical, academic and policy backgrounds, the Institute recognises the need for consistent skills in, and shared values about, using research evidence across the organisation.

“This is about applying evidence to the use of evidence,” Dr Lean says.

“People here have become convinced this is an opportunity not to be missed. This has come as a beautiful addition to a whole lot of work we are already doing.”

“\textit{This is about applying evidence to the use of evidence \ldots people here have become convinced this is an opportunity not to be missed.}”

– Dr Cynthia Lean, Manager of Research and Evaluation, Cancer Institute

PhD student Gai Moore: valuable insights into research use.

HOW, WHEN AND WHY DO POLICY MAKERS COMMISSION REVIEWS OF RESEARCH?

PhD student Gai Moore, who is based at the Sax Institute, has examined how, when and why policy makers commission reviews of research, using our Evidence Check program (see page 19) as a model. Ms Moore conducted a document review of 75 proposals for research reviews commissioned by policy agencies between 2006 and 2011 using the program.

Her results provide valuable insight into how policy makers use reviews. For example, she found that most policy makers commissioned research reviews in response to questions arising in planned policy processes to inform the details of policies and programs. She also found that central agencies like Treasury used reviews differently to more frontline organisations like the Ministry of Health.
Cancer Institute staff, led by CEO Professor David Currow, discuss the importance of program evaluation.
During 2012–2013 we placed considerable focus on strengthening our organisation. The year saw us preparing to enter into a new funding phase, as core funding from the NSW Ministry of Health was renewed for a further five years.

At the direction of the Board, we developed a new five-year strategic plan designed to take us forward in seeking new opportunities and dealing with future challenges.
We have begun to develop a new approach to managing our collaborative relationships and have built on and strengthened our internal processes and systems.

And as we move forward, our strategic vision will be front of mind: to be the recognised national leader in establishing research evidence as the bedrock of health policy.

**BUILDING THE LEADERSHIP TEAM**

The executive team is responsible for steering the Institute in the direction set by the Board.

**Professor Sally Redman AO** is a social scientist with extensive experience in fostering the use of research in policy and practice. Professor Redman has led the Sax Institute since its inception.

**Mr Bob Wells** is a highly experienced policy maker and research manager. Mr Wells was previously First Assistant Secretary in the Federal Department of Health and Ageing and led the Australian Primary Health Care Research Institute at the Australian National University.

**Dr Bette Liu** is a medically trained epidemiologist with interests in infections and reproductive health, data linkage studies and innovative large-scale data collection methods. She has worked on two large prospective studies in the UK, the Million Women Study and the UK Biobank.

**Professor Bruce Armstrong AM** is an international leader in cancer research and Chair of the NSW Bureau of Health Information. His previous roles include Director of the Australian Institute of Health and Welfare and Professor of Public Health at The University of Sydney.

**Mr Grant Warner** is a senior executive with nearly three decades’ experience in business operations and strategic development. He has significant experience in business growth strategies and corporate governance. Before joining the Sax Institute he was CEO at the Australian Property Institute.

**Ms Sian Rudge** has a Masters in International Public Health from Sydney University and a background in physiotherapy. She previously worked in the Centre for Aboriginal Health at the NSW Ministry of Health where she completed the NSW Public Health Officer training program.

**Ms Kellie Bisset** has extensive experience in communications, including more than 20 years as a writer and editor. She has edited both of Australia’s weekly medical publications for doctors and worked in a senior communications role at the NSW Bureau of Health Information.

**Ms Marianne Karam** has more than 28 years’ experience in finance and operations including business planning and strategy, financial management and corporate governance. She has worked for many leading national and international companies in senior executive roles.

“Our strategic vision is to be the recognised national leader in establishing research evidence as the bedrock of health policy.”

A restructure during the year resulted in four divisions and strengthened executive and management functions. Each of our divisions reflects our major activities:

- The Research Assets Division is responsible for the 45 and Up Study, SEARCH and SURE. We were pleased that Mr Bob Wells and Dr Bette Liu joined the Institute to jointly manage this division.
- The Knowledge Exchange Division, led by Ms Sian Rudge, manages our knowledge exchange and brokerage programs and develops and tests new approaches to knowledge exchange.
- The Corporate Services Division, led by Mr Grant Warner, ensures the effective management of the organisation.
- The CEO Office looks after strategy, business development and communications.
The Sax Institute team: embracing the strategic vision to embed research evidence in policy and programs
We have also strengthened our management team. Dr Anna Williamson was appointed to the role of CIPHER Director, Mr Mark Bartlett as the Manager of our Analysis for Policy program and Dr Sumithra Muthayya as SEARCH Study Director. Ms Marianne Karam took on a new role of Strategic Projects Director to support the CEO Office in strategic projects and business development.

Our internal communication and decision-making forums were also streamlined, and we established an Information Technology Committee to oversee the rollout of our new IT Strategy and maintain oversight of IT policies and decision making.

**RESEARCH GOVERNANCE AND ADMINISTRATION**

During 2012–2013, the National Health and Medical Research Council (NHMRC) awarded us Administering Institution status. Achieving this status means the Institute has been formally recognised as being suitable to administer Commonwealth Government funding provided by the NHMRC.

This allows us to apply for and manage NHMRC research funding grants in our own right and it will increase the number and type of research activities we undertake. It will also enhance our capacity for innovation.

The Institute underwent rigorous evaluation of our research governance framework to qualify for Administering Institution status. We have now been recognised as effectively meeting the principles and requirements of the Australian Code for the Responsible Conduct of Research.

The first program we will administer is The Australian Prevention Partnership Centre (page 17).

The Institute has adopted the NHMRC ethics requirements as stated within: the *Australian Code for the Responsible Conduct of Research* (2007); the *National Statement on Ethical Conduct in Research Involving Humans*; the *Values and Ethics for Ethical Conduct in Aboriginal and Torres Strait Islander Health Research*; and the *Australian Institute of Aboriginal and Torres Strait Islander Studies Guidelines for Ethical Research in Indigenous Studies*.

Each research project undertaken at the Institute is subject to independent ethics committee approval, monitoring and reporting. The various ethics committee review processes ensure that the research is responsible and in accordance with ethical requirements for research on human beings.

Our organisational policies on the responsible conduct of research are available at [www.saxinstitute.org.au](http://www.saxinstitute.org.au)
Governance and funding

The Sax Institute is a company limited by guarantee with a membership of 39 University Members and Ordinary Members nominated by research groups working in public health and health services research. Our membership is listed on page 31.

BOARD

The Board charts the Institute’s direction and strategy, monitors the organisation’s performance in implementing strategy, and is directly responsible to Members and funding partners for its own performance and the long-term viability of the company.

It has a membership of between nine and 13 directors including: an independent chair; three directors elected by research centre members; a nominee from each of the Universities of Newcastle, New South Wales and Sydney; four directors with other expertise; a representative appointed by the NSW Minister for Health; and the Institute CEO (ex officio).

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

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. Both committees are comprised of Board members and external experts and their membership is appointed by the Board.

The Audit and Risk Management Committee enhances the management and internal control framework necessary to manage the Institute’s business. It ensures the Institute has appropriate risk identification and management practices in place and assists the Board to comply with all legislative and other obligations.

The Research Governance Committee ensures that the Institute adopts and follows best practice in research governance and integrity and complies with relevant national guidelines in relation to research integrity. It also handles any allegations that research has not be conducted responsibly, in a manner that is effective, fair and ethical, and is consistent with national guidelines.

Charters for each of the Board committees are available at www.saxinstitute.org.au

FUNDING

The Sax Institute receives funding from the NSW Ministry of Health and is supported by other government, non-government, philanthropic and competitive research funding agencies.

Over the past 10 years our organisation has expanded rapidly and funds have steadily increased.

A Deed of Agreement with the NSW Ministry of Health signed in 2012–2013 granted the Institute a further five years of funding. The agreement outlines 13 key performance indicators against which the Institute is required to deliver on an annual or five-yearly basis. The agreement also requires the Institute to provide designated services to NSW Health including brokering Evidence Check reviews and assisting with evaluations.

Reports of progress in meeting the indicators and an audited financial statement are provided annually.

Significant additional funds have become available to the Institute through The Australian Prevention Partnership Centre (page 17).
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. At 30 June 2013 there were 39 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

ORDINARY MEMBERS

Australian Research Centre in Complementary and Integrative Medicine
University of Technology, Sydney
Cancer Council NSW
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 and 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
Griffith Health Institute
Griffith University
Health Services and Practice Research Strength
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 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
The University of New South Wales
Prevention Research Collaboration
The University of Sydney
Priority Research Centre for Health Behaviour
The University of Newcastle
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 and 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
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

OBJECTIVE 5 A SUSTAINABLE AND EFFECTIVE ORGANISATION
OUR PARTNERS

We thank everyone we work with; our many partners and collaborators and those who use our services. We are most grateful for funding from the NSW Ministry of Health, which underpins all of the work outlined in this Report, and we would also like to thank Irene and Allan Moss for their support.

We would particularly like to thank those organisations who provide funding for our key programs:

**The 45 and Up Study:** Cancer Council NSW; National Heart Foundation of Australia (NSW Division); beyondblue; Ageing, Disability and Home Care, Department of Family and Community Services; the Australian Red Cross Blood Service; UnitingCare Ageing.

**SURE:** Australian Government Department of Industry.

**SEARCH:** National Health and Medical Research Council (NHMRC); beyondblue; NSW Ministry of Health; and Sydney Children’s Hospitals Network.

**The Australian Prevention Partnership Centre:** NHMRC; Australian National Preventive Health Agency; NSW Ministry of Health; ACT Health; HCF and the HCF Research Foundation.

**HARC:** Agency for Clinical Innovation; Clinical Excellence Commission.

**Implementation research program:** NHMRC; Agency for Clinical Innovation, Prostate Cancer Foundation of Australia.
For the year ended 30 June 2013

The Sax Institute
ABN 68 095 542 886

Contents

Directors’ Report 34
Auditor’s Independence Declaration under S 307C of the Corporations Act 2001 39
Statement of Comprehensive Income 40
Statement of Financial Position 41
Statement of Changes in Equity 42
Statement of Cash Flows 43
Notes to the Financial Statements 44
Directors’ Declaration 58
Independent Auditor’s Report 59
Your Directors present this report on the company for the financial year ended 30 June 2013.

DIRECTORS

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

Irene Moss  Michael Lambert
Peter Smith  Lesley Margaret Barclay (appointed 7 November 2012)
Alan Cass (relinquished 7 November 2012)  Kerry Chant (relinquished 21 February 2013)
Rohan Hammett (appointed 21 February 2013)  Devon Indig (appointed 7 November 2012)
Christopher Maitland Paxton  Selina Redman
Glenn Philip Salkeld  Nicholas Joseph Talley
Rosalie Clare Viney (appointed 7 November 2012)  Robert William Wells (resigned 5 November 2012)

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 (nee Karam), Bachelor of Business (Accounting), FCIS, FCPA, FAICD. Ms Mioduszewski has 23 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, the Study of Environment on Aboriginal Resilience and Child Health (SEARCH) cohort and the 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
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 (Hons), MEc
Experience Consultant, CIMB Group
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 Lesley Margaret Barclay
Qualifications AO, PhD, FRCN, FCMA
Experience Professor and Director, University Centre for Rural Health North Coast, School of Public Health, The University of Sydney

Professor Alan Cass
(Until 7 November 2012)
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, CRIAH Steering Committee

Dr Kerry Chant
(Until 21 February 2013)
Qualifications MBBS, FAFPHM, MHA, MPH
Experience Deputy Director-General, Population Health, and NSW Chief Health Officer

Dr Rohan Hammett
Qualifications MBBS, FRACP
Experience Deputy Director-General, Strategy and Resources, NSW Health

Dr Devon Indig
Qualifications PhD, MPH, BSc
Experience Senior Researcher, Bureau of Health Information, Former Head of Research, Centre for Health Research in Criminal Justice
INFORMATION ON DIRECTORS (CONTINUED)

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

Professor Selina Redman
Qualifications AO, 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
Member, Audit and Risk Management Committee

Professor Glenn Philip Salkeld
Qualifications B.Bus, 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, The 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

Professor Rosalie Clare Viney
Qualifications PhD, MEc, BEc
Experience Professor of Health Economics, University of Technology Sydney
Director, Centre for Health Economics Research and Evaluation, University of Technology Sydney

Mr Robert William Wells
Qualifications BA
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 (excluding committees of Directors) were held. Attendances by each Director were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Board of Directors</th>
<th>Audit and Risk Management Committee</th>
<th>Research Governance Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irene Moss</td>
<td>4 4</td>
<td>1 1</td>
<td>- -</td>
</tr>
<tr>
<td>Michael Lambert</td>
<td>4 3</td>
<td>4 4</td>
<td>- -</td>
</tr>
<tr>
<td>Peter Smith</td>
<td>4 1</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Lesley Margaret Barclay</td>
<td>3 2</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Alan Cass</td>
<td>1 1</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Kerry Chant</td>
<td>2 1</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Rohan Hammett</td>
<td>2 2</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Devon Indig</td>
<td>3 3</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Christopher Maitland Paxton</td>
<td>4 3</td>
<td>4 4</td>
<td>- -</td>
</tr>
<tr>
<td>Selina Redman</td>
<td>4 4</td>
<td>4 3</td>
<td>- -</td>
</tr>
<tr>
<td>Glenn Philip Salkeld</td>
<td>4 2</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Nicholas Joseph Talley</td>
<td>4 2</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Rosalie Clare Viney</td>
<td>3 2</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Robert William Wells</td>
<td>1 1</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Mike Calford (Non-Director)</td>
<td>- -</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Cameron Johnstone (Non-Director)</td>
<td>- -</td>
<td>4 3</td>
<td>- -</td>
</tr>
</tbody>
</table>

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 2013, the number of members is 39 (2012:37).

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.

Dr Irene Moss

Director

Dated in Sydney, this 26th day of September 2013
Auditor’s Independence Declaration
Under S 307C of the Corporations Act 2001

The Sax Institute
ABN 68 095 542 886

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 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

George Venardos
Director

Dated in Sydney, this 26 day of September 2013

Econ Audit & Assurance Services Pty Ltd
ABN 36 131 973 227
The Galeries Victoria, Podium Level 1
500 George Street, SYDNEY NSW 2000
PO Box Q285, QVB Post Office, SYDNEY NSW 1290
t: 61 2 9261 2300 f: 61 2 9261 2270
www.economosgroup.com.au

Our liability is limited by a scheme approved under professional standards legislation.
Statement of Comprehensive Income

For the year ended 30 June 2013

The Sax Institute
ABN 68 095 542 886

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding revenue</td>
<td>2</td>
<td>7,197,089</td>
<td>7,619,096</td>
</tr>
<tr>
<td>T-Corp distributions</td>
<td></td>
<td>27,547</td>
<td>25,253</td>
</tr>
<tr>
<td>Project specific costs</td>
<td></td>
<td>(974,367)</td>
<td>(1,355,962)</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td></td>
<td>(4,534,747)</td>
<td>(4,567,594)</td>
</tr>
<tr>
<td>Depreciation, amortisation and impairments</td>
<td>8(a)</td>
<td>(473,985)</td>
<td>(338,942)</td>
</tr>
<tr>
<td>Administration costs</td>
<td></td>
<td>(651,988)</td>
<td>(533,262)</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td>(924,367)</td>
<td>(799,783)</td>
</tr>
<tr>
<td><strong>(Deficit)/surplus for the year</strong></td>
<td></td>
<td>(334,818)</td>
<td>48,806</td>
</tr>
</tbody>
</table>

**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 | (334,818) | 48,806 |
(Deficit)/surplus attributable to Members of the entity | (334,818) | 48,806 |
Total (deficit)/surplus attributable to Members of the entity | (334,818) | 48,806 |
# Statement of Financial Position

As at 30 June 2013

The Sax Institute

ABN 68 095 542 886

## ASSETS

<table>
<thead>
<tr>
<th>Current assets</th>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>3</td>
<td>2,746,678</td>
<td>2,657,064</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>4</td>
<td>3,732,140</td>
<td>1,732,517</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>5</td>
<td>500,000</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets</td>
<td>6</td>
<td>696,426</td>
<td>689,468</td>
</tr>
<tr>
<td>Other current assets</td>
<td>7</td>
<td>223,430</td>
<td>224,722</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>7,898,674</td>
<td>5,303,771</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment</td>
<td>8</td>
<td>515,553</td>
<td>822,414</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>515,553</td>
<td>822,414</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**                   |      | 8,414,227 | 6,126,185 |

## LIABILITIES

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>9, 21</td>
<td>5,782,866</td>
<td>2,343,346</td>
</tr>
<tr>
<td>Short-term provisions</td>
<td>10</td>
<td>278,336</td>
<td>198,579</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>6,061,202</td>
<td>2,541,925</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>9, 21</td>
<td>200,000</td>
<td>1,075,947</td>
</tr>
<tr>
<td>Other long-term provisions</td>
<td>10</td>
<td>52,965</td>
<td>73,435</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>252,965</td>
<td>1,149,382</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**              |      | 6,314,167 | 3,691,307 |

**NET ASSETS**                     |      | 2,100,060 | 2,434,878 |

## EQUITY

| Members’ Funds                    | 21   | 2,100,060 | 2,434,878 |

**TOTAL EQUITY**                   |      | 2,100,060 | 2,434,878 |
Statement of Changes in Equity

For the year ended 30 June 2013
The Sax Institute
ABN 68 095 542 886

<table>
<thead>
<tr>
<th>2013</th>
<th>Members' Funds $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restated balance at 1 July 2012</td>
<td>2,434,878</td>
<td>2,434,878</td>
</tr>
<tr>
<td>Deficit attributable to Members</td>
<td>(334,818)</td>
<td>(334,818)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2013</strong></td>
<td><strong>2,100,060</strong></td>
<td><strong>2,100,060</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2012</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July 2011</td>
<td>2,949,141</td>
<td></td>
</tr>
<tr>
<td>Surplus attributable to Members</td>
<td>48,806</td>
<td>48,806</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2012</strong></td>
<td><strong>2,997,947</strong></td>
<td></td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>21</td>
<td>(563,069)</td>
</tr>
<tr>
<td><strong>Restated balance at 30 June 2012</strong></td>
<td><strong>2,434,878</strong></td>
<td><strong>2,434,878</strong></td>
</tr>
</tbody>
</table>
# Statement of Cash Flows

For the year ended 30 June 2013

The Sax Institute
ABN 68 095 542 886

<table>
<thead>
<tr>
<th>Note</th>
<th>2013 $</th>
<th>2012 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants, donations and other receipts</td>
<td>7,970,342</td>
<td>5,538,182</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(7,310,495)</td>
<td>(6,682,702)</td>
</tr>
<tr>
<td>Interest received</td>
<td>103,056</td>
<td>294,592</td>
</tr>
<tr>
<td><strong>Net cash generated from/(used in) operating activities</strong></td>
<td>16</td>
<td>762,903</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from other short-term investments</td>
<td>-</td>
<td>2,126,560</td>
</tr>
<tr>
<td>Payments for short-term investment</td>
<td>(500,000)</td>
<td>-</td>
</tr>
<tr>
<td>Payments for available-for-sale assets</td>
<td>(4,113,697)</td>
<td>(3,362,053)</td>
</tr>
<tr>
<td>Proceeds from available-for-sale assets</td>
<td>4,108,328</td>
<td>3,428,029</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(167,920)</td>
<td>(1,053,378)</td>
</tr>
<tr>
<td><strong>Net cash (used in)/generated from investing activities</strong></td>
<td>(673,289)</td>
<td>1,139,158</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of finance lease commitments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in finance lease commitments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net increase in cash held</strong></td>
<td>89,614</td>
<td>289,230</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the financial year</td>
<td>2,657,064</td>
<td>2,367,834</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of the financial year</strong></td>
<td>3</td>
<td>2,746,678</td>
</tr>
</tbody>
</table>
The financial statements are for The Sax Institute (the “Institute” or the “Company”) 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 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).

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 (AASB) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purpose under Australian Accounting Standards.

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, except for the cash flows information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements for the year ended 30 June 2013 were authorised for issue by the Board of Directors on 26 September 2013.

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).
(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:

<table>
<thead>
<tr>
<th>Class of fixed</th>
<th>Depreciation rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment</td>
<td>10%–40%</td>
</tr>
<tr>
<td>Furniture, fixtures &amp; fittings</td>
<td>5%–7.5%</td>
</tr>
<tr>
<td>Improvements</td>
<td>2.5%–20%</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>33.33%</td>
</tr>
</tbody>
</table>

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.

(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.
Notes to the Financial Statements

For the year ended 30 June 2013
The Sax Institute
ABN 68 095 542 886

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.
Notes to the Financial Statements

For the year ended 30 June 2013

The Sax Institute
ABN 68 095 542 886

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.

(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.
**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(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.

(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 2013.

**Key judgments – provision for impairment of receivables**
The Directors believe that the full amount of receivables is recoverable and therefore no provision for impairment of receivables has been made at 30 June 2013.

(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 2013
The Sax Institute
ABN 68 095 542 886

NOTE 2: REVENUE AND OTHER INCOME

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>- Funding revenue</td>
<td>6,847,247</td>
<td>7,205,938</td>
</tr>
<tr>
<td>- Donations</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>- Conferences and training</td>
<td>-</td>
<td>19,155</td>
</tr>
<tr>
<td>- Sitting fees</td>
<td>-</td>
<td>184</td>
</tr>
<tr>
<td>- Debt recovered</td>
<td>93,000</td>
<td>-</td>
</tr>
<tr>
<td>- Other revenue</td>
<td>103,786</td>
<td>49,227</td>
</tr>
<tr>
<td>- Interest received</td>
<td>103,056</td>
<td>294,592</td>
</tr>
<tr>
<td>Total revenue</td>
<td>7,197,089</td>
<td>7,619,096</td>
</tr>
</tbody>
</table>

NOTE 3: CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>700</td>
<td>700</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>425,978</td>
<td>256,364</td>
</tr>
<tr>
<td>Short-term bank deposits</td>
<td>2,320,000</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>2,746,678</td>
<td>2,657,064</td>
</tr>
</tbody>
</table>

Short-term bank deposits represent deposits with Commonwealth Bank of Australia and earn an average interest rate of 3.72% to 5.39% and mature within 30 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:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>2,746,678</td>
<td>2,657,064</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>2,746,678</td>
<td>2,657,064</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

For the year ended 30 June 2013

The Sax Institute
ABN 68 095 542 886

### NOTE 4: TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>3,611,115</td>
<td>1,736,311</td>
</tr>
<tr>
<td>Provision for impairment</td>
<td>4a</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(93,000)</td>
</tr>
<tr>
<td></td>
<td>3,611,115</td>
<td>1,643,311</td>
</tr>
</tbody>
</table>

Deposits                          |          |          |
Prepayments and others            | 103,525  | 61,962   |
Interest receivable               | 17,270   | 27,014   |
Total trade and other receivables | 3,732,140| 1,732,517|

### (4A) PROVISION FOR IMPAIRMENT OF RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for impairment as at 30 June 2012</td>
<td>93,000</td>
</tr>
<tr>
<td>- charge for the year</td>
<td>(93,000)</td>
</tr>
<tr>
<td>- written off</td>
<td>-</td>
</tr>
<tr>
<td>Provision for impairment as at 30 June 2013</td>
<td>-</td>
</tr>
</tbody>
</table>

### NOTE 5: SHORT-TERM INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term bank deposit</td>
<td>500,000</td>
<td>-</td>
</tr>
<tr>
<td>Total short-term investments</td>
<td>500,000</td>
<td>-</td>
</tr>
</tbody>
</table>

Short-term investments represent deposits with Commonwealth Bank of Australia with an effective interest rate of 3.79%; this deposit has an average maturity of 180 days.

### NOTE 6: FINANCIAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available-for-sale financial assets comprise:</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Unlisted investments, at fair value</td>
<td>696,426</td>
<td>689,468</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>696,426</td>
<td>689,468</td>
</tr>
</tbody>
</table>

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.
Notes to the Financial Statements

For the year ended 30 June 2013
The Sax Institute
ABN 68 095 542 886

<table>
<thead>
<tr>
<th>NOTE 7: OTHER CURRENT ASSETS</th>
<th>2013 $</th>
<th>2012 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental bond</td>
<td>195,686</td>
<td>180,923</td>
</tr>
<tr>
<td>Expenditure capitalised:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Website development phase</td>
<td>26,800</td>
<td>43,799</td>
</tr>
<tr>
<td>- Other</td>
<td>944</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other current assets</strong></td>
<td><strong>223,430</strong></td>
<td><strong>224,722</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NOTE 8: PLANT AND EQUIPMENT</th>
<th>2013 $</th>
<th>2012 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, fixtures and fittings – at cost</td>
<td>1,013</td>
<td>25,103</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(1,013)</td>
<td>(23,341)</td>
</tr>
<tr>
<td><strong>Total furniture, fixtures and fittings</strong></td>
<td>-</td>
<td><strong>1,762</strong></td>
</tr>
<tr>
<td>Office equipment – at cost</td>
<td>216,490</td>
<td>323,774</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(151,905)</td>
<td>(262,240)</td>
</tr>
<tr>
<td><strong>Total office equipment</strong></td>
<td><strong>64,585</strong></td>
<td><strong>61,534</strong></td>
</tr>
<tr>
<td>Improvements – at cost</td>
<td>325,667</td>
<td>384,130</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(322,349)</td>
<td>(206,684)</td>
</tr>
<tr>
<td><strong>Total improvements</strong></td>
<td><strong>3,318</strong></td>
<td><strong>177,446</strong></td>
</tr>
<tr>
<td>Computer equipment – at cost</td>
<td>794,717</td>
<td>682,017</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(347,067)</td>
<td>(100,345)</td>
</tr>
<tr>
<td><strong>Total computer equipment</strong></td>
<td><strong>447,650</strong></td>
<td><strong>581,672</strong></td>
</tr>
<tr>
<td><strong>Total plant and equipment</strong></td>
<td><strong>515,553</strong></td>
<td><strong>822,414</strong></td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

For the year ended 30 June 2013

The Sax Institute
ABN 68 095 542 886

(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.

<table>
<thead>
<tr>
<th>2013</th>
<th>Furniture, fixtures and fittings</th>
<th>Office equipment</th>
<th>Improvements</th>
<th>Computer equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of year</td>
<td>1,762</td>
<td>61,534</td>
<td>177,446</td>
<td>581,672</td>
<td>822,414</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>51,184</td>
<td>4,037</td>
<td>112,699</td>
<td>167,920</td>
</tr>
<tr>
<td>Disposals</td>
<td>(283)</td>
<td>-</td>
<td>(513)</td>
<td>-</td>
<td>(796)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(1,479)</td>
<td>(48,133)</td>
<td>(177,652)</td>
<td>(246,721)</td>
<td>(473,985)</td>
</tr>
<tr>
<td>Carrying amount at the end of year</td>
<td>-</td>
<td>64,585</td>
<td>3,318</td>
<td>447,650</td>
<td>515,553</td>
</tr>
</tbody>
</table>

NOTE 9: TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>303,874</td>
<td>394,441</td>
</tr>
<tr>
<td>Funds received in advance</td>
<td>21</td>
<td>4,960,414</td>
</tr>
<tr>
<td>GST liabilities</td>
<td>304,120</td>
<td>100,713</td>
</tr>
<tr>
<td>Other creditors and accruals</td>
<td>132,204</td>
<td>545,135</td>
</tr>
<tr>
<td>Other payroll liabilities</td>
<td>82,254</td>
<td>70,153</td>
</tr>
<tr>
<td>Total trade and other payables – current</td>
<td>5,782,866</td>
<td>2,343,346</td>
</tr>
</tbody>
</table>

| Non-current           |        |        |
| Funds received in advance | 21  | 200,000 | 1,075,947 |
| Total trade and other payables – non-current | 200,000 | 1,075,947 |

NOTE 10: PROVISIONS

<table>
<thead>
<tr>
<th></th>
<th>Long-term employee entitlement</th>
<th>Short-term employee entitlement</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance at 1 July 2012</td>
<td>73,435</td>
<td>198,579</td>
<td>272,014</td>
</tr>
<tr>
<td>Additional provisions raised during the year</td>
<td>29,311</td>
<td>239,689</td>
<td>269,000</td>
</tr>
<tr>
<td>Amounts used</td>
<td>(14,762)</td>
<td>(194,951)</td>
<td>(209,713)</td>
</tr>
<tr>
<td>Balance at 30 June 2013</td>
<td>87,984</td>
<td>243,317</td>
<td>331,301</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements
For the year ended 30 June 2013
The Sax Institute
ABN 68 095 542 886

**NOTE 10: PROVISIONS (CONTINUED)**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Analysis of total provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>278,336</td>
<td>198,579</td>
</tr>
<tr>
<td>Non-current</td>
<td>52,965</td>
<td>73,435</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>331,301</td>
<td>272,014</td>
</tr>
</tbody>
</table>

**NOTE 11: CAPITAL AND LEASING COMMITMENTS**

*Operating lease commitments*
Non-cancellable operating leases contracted for but not capitalised in the financial statements

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payable – minimum lease payments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- not later than 12 months</td>
<td>355,792</td>
<td>328,950</td>
</tr>
<tr>
<td>- between 12 months and 5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total capital and leasing commitments</strong></td>
<td>355,792</td>
<td>328,950</td>
</tr>
</tbody>
</table>

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. The initial lease term expired at year end and the company exercised its option to renew for one (1) year.

**NOTE 12: 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 2013.

*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 2013, the company has no interest-bearing debt.
Notes to the Financial Statements

For the year ended 30 June 2013
The Sax Institute
ABN 68 095 542 886

NOTE 12: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies (continued)

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 2013, the company has an overdraft of $Nil (2012:$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.

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counterparties not rated</td>
<td>4</td>
<td>3,611,115</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,611,115</td>
</tr>
</tbody>
</table>

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.

NOTE 13: AUDITOR’S REMUNERATION

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration of the auditor of the company for:</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>- Auditing the financial reports</td>
<td>26,091</td>
<td>24,015</td>
</tr>
</tbody>
</table>

NOTE 14: 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. During the year, a new funding agreement for $1,841,000 per annum was signed and will be in effect up to 30 June 2018.

As at the date of this report, the Board of Directors has no reason to believe that the Ministry will not continue to support The Sax Institute.
NOTE 15: 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

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donation received from key management personnel</td>
<td>50,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>

The Institute acquired consulting services during the year from a company where Mr Christopher Maitland Paxton is a director. The amounts billed were based on normal market rates and amounted to $50,621 (2012:$Nil). As at year end, total outstanding balance of $28,621 (2012:$Nil) is recorded as part of Trade and Other Payables.

The Institute also used the services of a company where Dr Fiona Blyth is a director. The amounts billed were based on normal market rates and amounted to $5,362 (2012:$Nil). There were no outstanding balances as at year end.

(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 Selina Redman – Chief Executive Officer
- Mr Jeffrey Grant Warner – Chief Operating Officer (appointed 1 February 2013)
- Ms Marianne Mioduszewski (nee Karam) – Strategic Projects Director/Company Secretary
- Professor Bruce Armstrong – Senior Advisor
- Professor Louisa Jorm – Principal Scientist
- Mr Robert Wells – Policy Head – Research Assets (appointed 5 November 2012)
- Dr Bette Liu – Science Head – Research Assets (Appointed 5 November 2012)
- Dr Fiona Blyth – Division Head, Intramural Research

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

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>759,510</td>
<td>714,253</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>-</td>
<td>2,413</td>
</tr>
<tr>
<td>Total compensation</td>
<td>759,510</td>
<td>716,666</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

For the year ended 30 June 2013

The Sax Institute
ABN 68 095 542 886

NOTE 16: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with (deficit)/surplus:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (deficit)/surplus for the period</td>
<td>(334,818)</td>
<td>48,806</td>
</tr>
<tr>
<td>Cash flows excluded from surplus/(deficit) attributable to operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash flows in surplus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Depreciation</td>
<td>473,985</td>
<td>338,942</td>
</tr>
<tr>
<td>- Provision for Doubtful Debts</td>
<td>-</td>
<td>93,000</td>
</tr>
<tr>
<td>- Unrealised gains/(losses) on available-for-sale financial assets</td>
<td>(1,589)</td>
<td>(508)</td>
</tr>
<tr>
<td>Loss/(Gain) on disposal of plant and equipment</td>
<td>796</td>
<td>4,493</td>
</tr>
<tr>
<td>Changes in assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- (Increase)/decrease in trade and term receivables</td>
<td>(1,999,623)</td>
<td>(1,211,493)</td>
</tr>
<tr>
<td>- (Increase)/decrease in other assets</td>
<td>1,292</td>
<td>(23,882)</td>
</tr>
<tr>
<td>- (Increase)/decrease in trade payables and accruals</td>
<td>2,563,573</td>
<td>433,514</td>
</tr>
<tr>
<td>- (Increase)/decrease in other non-current liabilities</td>
<td>-</td>
<td>(599,066)</td>
</tr>
<tr>
<td>- (Increase)/decrease provisions</td>
<td>59,287</td>
<td>66,266</td>
</tr>
<tr>
<td>Net cash generated from/(used in) operating activities</td>
<td>762,903</td>
<td>(849,928)</td>
</tr>
</tbody>
</table>

NOTE 17: 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 18: CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities and assets as at year end.
Notes to the Financial Statements

For the year ended 30 June 2013
The Sax Institute
ABN 68 095 542 886

NOTE 19: SEGMENT REPORTING
The company’s activities are to foster and conduct health research throughout New South Wales, Australia.

NOTE 20: EVENTS AFTER THE REPORTING PERIOD
The Company will officially commence the Partnership Centre for Better Health with the theme: Systems Perspectives on Preventing Lifestyle-Related Chronic Health Problems as the Administering Institution in the 2013-2014 financial year.

NOTE 21: CHANGES IN ACCOUNTING ESTIMATES AND ERRORS
The Institute discovered a deviation from its revenue recognition policy which outlines the criteria in relation to recognition of income for the year and disclosure of amounts classified as funds received in advance. The financial records for the 2011-2012 financial year were restated as the Board of Directors is of the opinion that this will provide a more accurate and reliable assessment of the Institute’s financial position in the applicable reporting period. The restatement is in accordance with the requirements of AASB 108: Accounting Principles, Changes in Accounting Estimates and Errors.

The following table includes a summary of adjustments made to the 2011-2012 financial statements:

<table>
<thead>
<tr>
<th></th>
<th>Disclosed 30 June 2012</th>
<th>Adjustments 30 June 2012</th>
<th>Revised 30 June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds received in advance – current</td>
<td>669,835</td>
<td>563,069</td>
<td>1,232,904</td>
</tr>
<tr>
<td>Funds received in advance – non-current</td>
<td>1,075,947</td>
<td>-</td>
<td>1,075,947</td>
</tr>
<tr>
<td>Retained surplus</td>
<td>2,997,947</td>
<td>(563,069)</td>
<td>2,434,878</td>
</tr>
</tbody>
</table>

NOTE 22: COMPANY DETAILS
The registered office of the company is:

The Sax Institute
Level 2
10 Quay Street
HAYMARKET NSW 2000
Directors’ Declaration

For the year ended 30 June 2013

The Sax Institute
ABN 68 095 542 886

In accordance with a resolution of the Directors of the Sax Institute, the Directors declare that:

1. The financial statements and notes, as set out on pages 40 to 57, are in accordance with the Corporations Act 2001, and:
   a) comply with Australian Accounting Standards- Reduced Disclosure Requirements; and
   b) give a true and fair view of the financial position of the company as at 30 June 2013 and of its performance for the year ended on that date.

2. In the Directors’ opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Dr Irene Moss
Director

Dated in Sydney, this 26th day of September 2013
Independent Auditor’s Report to the Members of The Sax Institute

For the year ended 30 June 2013
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


We have audited the accompanying financial report of The Sax Institute, which comprises the Statement of Financial Position as at 30 June 2013, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information and the directors’ declaration.

Directors’ Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company’s preparation of the financial report that gives a true and fair view 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 report.

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, which has been given to the directors of The Sax Institute, would be in the same terms if given to the directors as at the time of this auditor’s report.

Econ Audit & Assurance Services Pty Ltd
ABN 36 131 973 227
The Colonnades, podium Level 1
550 George Street, SYDNEY NSW 2000
PO Box Q283, QVB Post Office, SYDNEY NSW 1220
T: 61 2 9264 2300 F: 61 2 9261 2271
www.economosgroup.com.au

PrimeGlobal

Our liability is limited by a scheme approved under professional standards legislation.
Independent Auditor’s Report to the Members of The Sax Institute

For the year ended 30 June 2013

The Sax Institute
ABN 68 095 542 886

Opinion
In our opinion, the financial report of the Sax Institute is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company’s financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

ECON AUDIT AND ASSURANCE SERVICES PTY LTD

George Venardos
Director

Dated in Sydney, this 26 day of September 2013