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Office of the Health Care Complaints Commission

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HEALTH CARE COMPLAINTS COMMISSION

Preamble

The greatest proportion of the Commission's operating expenses are employee related. In 2009-10, the Commission had an employee related expense budget of \$7.48M – which was unchanged from the previous year.

Between 2005-06 and 2009-10, there has been an actual budget increase of 5.6%. In the same period, the average salary of Commission staff increased by 21.7% due to CPI indexation of 4% annually. As a result, the Commission has decreased its staff numbers to operate within its budget, while having to deal with an increased number of complaints and inquiries. The Commission managed to finish the year with only a small deficit of \$61,000 in its net cost of services.

Chart 17.1 Employee related expenses budget and full time equivalent staff number comparison 2005-06 to 2009-10

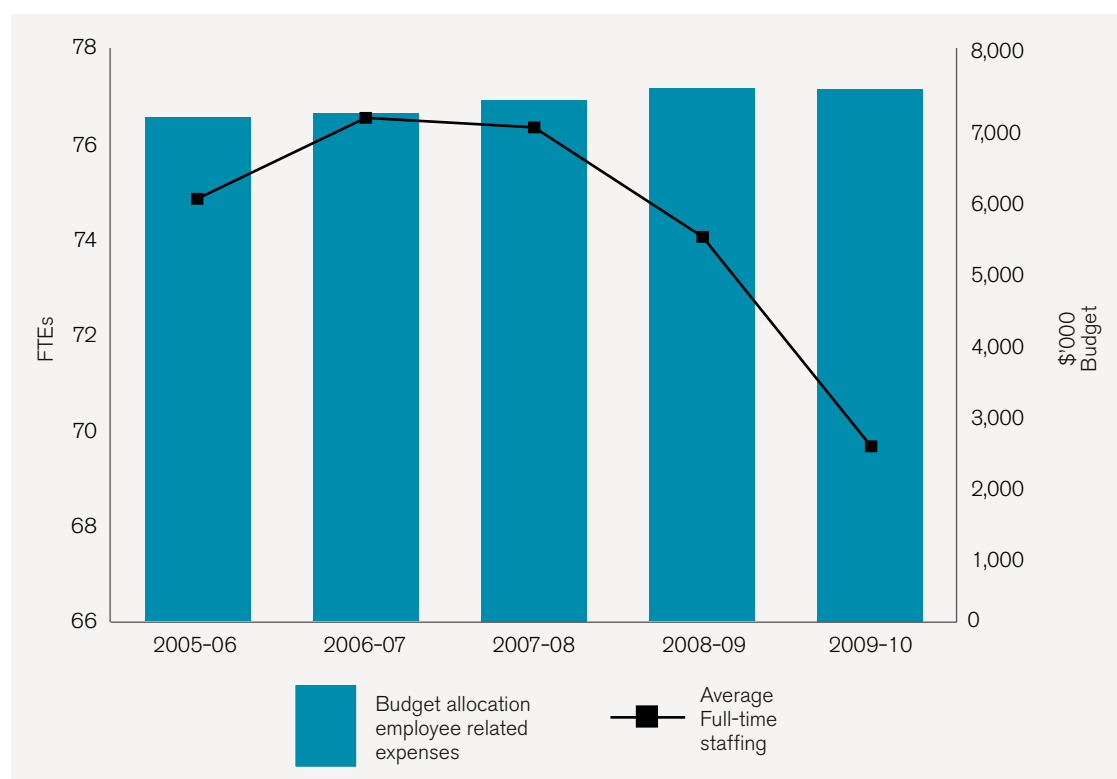


Table 17.1 Comparison of finances 2005-06 to 2009-10

Actual	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
Total expenses	10,306	10,436	10,798	11,409	10,803
Total retained revenue	323	750	590	402	450
Gain/(Loss) on sale of non-current assets	(24)	(1)	0	(7)	2
Net cost of services	10,007	9,687	10,208	11,014	10,355

HEALTH CARE COMPLAINTS COMMISSION

Table 17.2 Outline budget for 2010-11 financial year

Operating Statement		\$'000
Expenses		
Employee related		7,550
Operating expenses		3,085
Depreciation and amortisation		229
Total expenses		10,864
Less		
Retained revenue		
Sale of goods and services		-
Investment income		46
Other revenue		331
Total retained revenue		377
Net cost of services		10,487

Account Payment Performance

The processing of accounts for payment and the recording of the Commission financial data is incorporated into the Sun financial system which is maintained by the Independent Commission Against Corruption as part of the Commission's new shared corporate service arrangement.

The payment performance analysis is as follows:

Table 17.3 Aged analysis at end of each quarter 2009-10

Quarter	Current (i.e.) within due date \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September	788,472	68,680	43,128	5,659	171
December	960,732	68,224	6,944	515	21,688
March	540,881	58,490	2,497	14,829	3,795
June	1,245,646	89,689	30,981	4,943	7,427

Table 17.4 Accounts paid on time within each quarter 2009-10

Quarter	Total accounts paid on time			Total amount Paid \$
	Target %	Actual %	\$	
September	85	87	788,472	906,109
December	85	91	960,732	1,058,104
March	85	87	540,881	620,492
June	85	90	1,252,250	1,377,863

The format is in accordance with the requirements of Treasury Circular TC 06/26.
No interest was paid on overdue amounts.



HEALTH CARE COMPLAINTS COMMISSION

Statement by Commissioner

In accordance with section 45F of the *Public Finance and Audit Act, 1983*, I state that:

- (a) the accompanying financial statements in respect of the year ended 30 June 2010 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* (the Act), and Regulation 2010, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2) of the Act;
- (b) the financial statements exhibit a true and fair view of the financial position and transactions of the Health Care Complaints Commission; and
- (c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'Kieran Pehm', is written over a light blue circular stamp.

**Kieran Pehm
Commissioner**

19 October 2010



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Health Care Complaints Commission and its Controlled Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Health Care Complaints Commission & its controlled entity (the Commission), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows, service group statements and a summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Commission as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Commissioner's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

HEALTH CARE COMPLAINTS COMMISSION

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

My opinion does not provide assurance:

- about the future viability of the Commission
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal controls
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the Independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes Independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

20 October 2010
SYDNEY

HEALTH CARE COMPLAINTS COMMISSION

Statement of comprehensive income for the year ended 30 June 2010

	Notes	Parent			Consolidated		
		Actual 2010 \$'000	Budget 2010 \$'000	Actual 2009 \$'000	Actual 2010 \$'000	Budget 2010 \$'000	Actual 2009 \$'000
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	-	-	-	7,415	7,484	7,662
Personnel services	2(a)	7,415	7,484	7,662	-	-	-
Other operating expenses	2(b)	2,993	2,948	3,371	2,993	2,948	3,371
Depreciation and amortisation	2(c)	404	255	376	404	255	376
Total expenses excluding losses		10,812	10,687	11,409	10,812	10,687	11,409
Revenue							
Sale of goods and services	3(a)	3	2	-	3	2	-
Investment revenue	3(b)	42	82	81	42	82	81
Other revenue	3(c)	384	290	321	384	290	321
Total revenue		429	374	402	429	374	402
Gain/(loss) on disposal	4	9	-	(7)	9	-	(7)
Net Cost of Services		10,374	10,313	11,014	10,374	10,313	11,014
Government contributions							
Recurrent appropriation	5	9,487	9,593	9,469	9,487	9,593	9,469
Capital appropriation	5	-	-	191	-	-	191
Acceptance by the Crown Entity of employee benefits and other liabilities	6	431	347	383	431	347	383
Total government contributions		9,918	9,940	10,043	9,918	9,940	10,043
(DEFICIT) FOR THE YEAR		(456)	(373)	(971)	(456)	(373)	(971)
Other comprehensive income							
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		-	-	-	-	-	-
Other comprehensive income for the year		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(456)	(373)	(971)	(456)	(373)	(971)

The accompanying notes form part of these financial statements.

HEALTH CARE COMPLAINTS COMMISSION

Statement of financial position as at 30 June 2010

	Notes	Parent			Consolidated		
		Actual 2010 \$'000	Budget 2010 \$'000	Actual 2009 \$'000	Actual 2010 \$'000	Budget 2010 \$'000	Actual 2009 \$'000
ASSETS							
Current assets							
Cash and cash equivalents	8	715	633	809	715	633	809
Receivables	9	296	312	312	296	312	312
Other		-	-	-	-	-	-
Total current assets		1,011	945	1,121	1,011	945	1,121
Non-current assets							
Property, plant and equipment	10						
Leasehold improvements		48	63	112	48	63	112
Plant and equipment		345	570	550	345	570	550
Intangible assets	11	245	209	295	245	209	295
Total non-current assets		638	842	957	638	842	957
Total assets		1,649	1,787	2,078	1,649	1,787	2,078
LIABILITIES							
Current liabilities							
Payables	12	215	242	221	215	242	221
Provisions	13	815	782	782	815	782	782
Total current liabilities		1,030	1,024	1,003	1,030	1,024	1,003
Non-current liabilities							
Provisions	13	8	8	8	8	8	8
Total non-current liabilities		8	8	8	8	8	8
Total liabilities		1,038	1,032	1,011	1,038	1,032	1,011
Net assets		611	755	1,067	611	755	1,067
EQUITY							
Accumulated funds		611	755	1,067	611	755	1,067
Total equity		611	755	1,067	611	755	1,067

The accompanying notes form part of these financial statements.

HEALTH CARE COMPLAINTS COMMISSION

Statement of changes in equity for the year ended 30 June 2010

	Notes	Parent		Consolidated	
		Accumulated Funds \$'000	Total \$'000	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2009		1,067	1,067	1,067	1,067
Surplus/(deficit) for the year		(456)	(456)	(456)	(456)
Other comprehensive income:		-	-	-	-
Total other comprehensive income		-	-	-	-
Total comprehensive income for the year		(456)	(456)	(456)	(456)
Transactions with owners in their capacity as owners					
Increase/(decrease) in net assets from equity transfers		-	-	-	-
Balance at 30 June 2010		611	611	611	611
Balance at 1 July 2008		2,038	2,038	2,038	2,038
Surplus/(deficit) for the year		(971)	(971)	(971)	(971)
Other comprehensive income:					
Total other comprehensive income		-	-	-	-
Total comprehensive income for the year		(971)	(971)	(971)	(971)
Transactions with owners in their capacity as owners					
Increase/(decrease) in net assets from equity transfers		-	-	-	-
Balance at 30 June 2009		1,067	1,067	1,067	1,067

The accompanying notes form part of these financial statements.

HEALTH CARE COMPLAINTS COMMISSION

Statement of cash flows for the year ended 30 June 2010

	Notes	Parent			Consolidated		
		Actual 2010 \$'000	Budget 2010 \$'000	Actual 2009 \$'000	Actual 2010 \$'000	Budget 2010 \$'000	Actual 2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee Related		-	-	-	(6,992)	(7,511)	(7,131)
Personnel Services		(6,992)	(7,511)	(7,131)	-	-	-
Fees – barristers/reviews		(809)	(604)	(986)	(809)	(604)	(986)
Fees – shared corporate services		(333)	(333)	(429)	(333)	(333)	(429)
Fees – rental charges		(862)	(858)	(834)	(862)	(858)	(834)
Other		(1,276)	(1,465)	(1,961)	(1,276)	(1,465)	(1,961)
Total payments		(10,272)	(10,771)	(11,341)	(10,272)	(10,771)	(11,341)
Receipts							
Sale of goods and services		111	2	60	111	2	60
Interest received		41	82	126	41	82	126
Legal cost recoveries		359	270	293	359	270	293
Other		267	318	347	267	318	347
Total receipts		778	672	826	778	672	826
Cash Flows from Government							
Recurrent appropriation	5	9,487	9,683	9,469	9,487	9,683	9,469
Capital appropriation	5	-	-	191	-	-	191
Cash reimbursements from Crown Entity		-	-	-	-	-	-
Net Cash Flows from Government		9,487	9,683	9,660	9,487	9,683	9,660
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	7	(416)	(855)	7	(416)	(855)
Cash Flows from Investing Activities							
Proceeds from sale of plant and equipment		-	-	-	-	-	-
Purchase of plant and equipment		(87)	(140)	(474)	(87)	(140)	(474)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(111)	(140)	(474)	(111)	(140)	(474)
Cash Flows from Financing Activities							
Other		-	-	-	-	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(94)	(556)	(1,329)	(94)	(556)	(1,329)
Opening cash and cash equivalents		809	1,189	2,138	809	1,189	2,138
CLOSING CASH AND CASH EQUIVALENTS	8	715	633	809	715	633	809

The accompanying notes form part of these financial statements.

HEALTH CARE COMPLAINTS COMMISSION

Service group statements for the year ended 30 June 2010

AGENCY'S EXPENSES & INCOME	Service Group 1*		Service Group 2*		Not Attributable		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Expenses excluding losses								
Operating expenses								
Employee related	3,038	4,214	4,377	3,448			7,415	7,662
Other operating expenses	1,227	1,854	1,766	1,517			2,993	3,371
Depreciation and amortisation	165	207	239	169			404	376
Total expenses excluding losses	4,430	6,275	6,382	5,134	-	-	10,812	11,409
Revenue								
Sale of goods and services	1	-	2	-			3	-
Investment revenue	17	45	25	36			42	81
Other revenue	157	177	227	144			384	321
Total revenue	175	222	254	180	-	-	450	402
Gain/(loss) on disposal	4	(4)	5	(3)			9	(7)
Net Cost of Services	4,251	6,057	6,123	4,957	-	-	10,374	11,014
Government contributions**					9,918	10,043	9,918	10,043
SURPLUS/(DEFICIT) FOR THE YEAR							456	(971)
Other comprehensive income								
Net increase/(decrease) in asset revaluation reserve	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME							456	(971)

* The names and purposes of each service group are summarised in Note 7.

** Appropriations are made on an agency basis and not to individual service groups. Consequently, government contributions must be included in the "Not Attributable" column.

HEALTH CARE COMPLAINTS COMMISSION

Service group statements for the year ended 30 June 2010

AGENCY'S ASSETS & LIABILITIES	Service Group 1*		Service Group 2*		Not Attributable		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current assets								
Cash and cash equivalents	293	402	422	407			715	809
Receivables	121	155	175	157			296	312
Other	-	-	-	-			-	-
Total current assets	414	557	597	564	-	-	1,011	1,121
Non-current assets								
Property, plant and equipment								
Leasehold improvements	20	54	28	59			48	113
Plant and equipment	141	275	204	274			345	549
Intangible assets	100	147	145	148			245	295
Total non-current assets	261	476	377	481	-	-	638	957
TOTAL ASSETS	675	1,033	974	1,045	-	-	1,649	2,078
Current liabilities								
Payables	88	110	127	111			215	221
Provisions	334	388	481	394			815	782
Other							-	-
Total current liabilities	422	498	608	505	-	-	1,030	1,003
Non-current liabilities								
Provisions	4	4	4	4			8	8
Total non-current liabilities	4	4	4	4	-	-	8	8
TOTAL LIABILITIES	426	502	612	509	-	-	1,038	1,011
NET ASSETS	249	531	362	536	-	-	611	1,067

* The names and purposes of each service group are summarised in Note 7.

HEALTH CARE COMPLAINTS COMMISSION

Summary of compliance with financial directives

	2010				2009			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
Appropriation Act	9,873	9,487	-	-	9,743	9,469	191	191
Additional Appropriations								
▶ s 21A PF&AA – special appropriation								
▶ s 24 PF&AA – transfers of functions between departments								
▶ s 26 PF&AA – Commonwealth specific purpose payments								
▶ Other								
	9,873	9,487	-	-	9,743	9,469	191	191
OTHER APPROPRIATIONS/ EXPENDITURE								
Treasurer's Advance								
▶ Section 22 – expenditure for certain works and services								
– Protected item (legal costs)								
▶ Transfers to/from another agency (s28 of the Appropriations Act)								
– Revised TMF Benchmark funding					2			
▶ Other	(386)				(85)			
	(386)	-	-	-	(83)	-	-	-
Total Appropriations	9,487							
Expenditure/Net Claim on Consolidated Fund (includes transfer payments)		9,487	-	-	9,660	9,469	191	191
Amount drawn down against Appropriation		9,487	-	-	9,469	-	-	191
Liability to Consolidated Fund*		-	-	-	-	-	-	-

* The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

The accompanying notes form part of these financial statements.

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The Health Care Complaints Commission (HCCC), as a reporting entity, comprises all the entities under its control, namely the Health Care Complaints Commission and the Office of the Health Care Complaints Commission.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The Health Care Complaints Commission is a NSW Government statutory body that protects the public health and safety by dealing with complaints about health service providers. The HCCC is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of NSW Total State Sector Accounts.

The HCCC was established as a body corporate under Section 75 of the *Health Care Complaints Act 1993* and is a separate reporting entity under Schedule 2 of the *Public Finance and Audit Act 1983*, outside the control of the NSW Department of Health.

These consolidated financial statements for the year ended 30 June 2010 have been authorised for issue by the Commissioner on 19 October 2010.

(b) Basis of Preparation

The HCCC's financial statements are general purpose financial statements which have been prepared in accordance with:

- ▶ applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- ▶ the requirements of the *Public Finance and Audit Act 1983* and Regulation
- ▶ the Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

The HCCC's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by Fund Managers based on past claim experience.

(e) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- ▶ the amount of GST incurred by the HCCC as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense, and
- ▶ receivables and payables are stated with the amount of GST included.

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

(f) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary Appropriation and Contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when HCCC obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon receipt of cash.

Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

(ii) Rendering of Services

Revenue is recognised when the service is provided.

(iii) Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB139 *Financial Instruments: Recognition and Measurement*.

(iv) Legal Cost Recoveries

Legal costs awarded in favour of the HCCC arising from the prosecution of health practitioners, where the respondent has been found to be negligent, are recognised as revenue when agreement is reached with the respondent on settlement of the amount of legal cost recovered.

(g) Assets

(i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisition of assets controlled by the HCCC. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of this acquisition or construction or, where applicable the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010
(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the Valuation of Physical Non-Current Assets at Fair Value (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Plant and equipment is measured on an existing use basis where there are no feasible alternative users in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The HCCC holds non-specialised assets with short useful lives and these are measured at depreciated historical cost as a surrogate for fair value.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, the HCCC is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the HCCC. The depreciation rate for computer equipment was reviewed and a revised useful life estimate of four years was applied to purchases from 2008-09 onwards. The depreciation rate for plant and equipment was also reviewed and a revised useful life estimate of five years was applied for new purchases from 2008-09 onwards. All material separately identifiable components of assets are depreciated over their shorter useful lives.

The useful life of the various categories of non-current assets is as follows:

Asset category	Depreciation life in years	
	2009-10	2008-09
Computer Hardware	4	4
Computer Software	4	4
Plant and Equipment	5	5
Leasehold Improvements	5	5

Leasehold improvement assets are amortised at the lesser of five years or the lease term.

(vi) Maintenance

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

(vii) Leased Assets

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

(viii) Intangible Assets

The HCCC recognises intangible assets only if it is probable that future economic benefits will flow to the HCCC and the costs of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the HCCC's intangible assets, the assets are carried at cost less any accumulated amortisation. The HCCC's intangible assets, computer software, are amortised using the straight-line method over a period of four years.

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the HCCC is effectively exempted from impairment testing (refer paragraph (g)(iv)).

(ix) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the surplus/(deficit) for the year when impaired, de-recognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(x) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the surplus/(deficit) for the year.

Any reversals of impairment losses are reversed through the surplus/(deficit) for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" which must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceed what the carrying amount would have been had there not been an impairment loss.

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

(xi) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or if the HCCC transfers the financial asset:

- ▶ where substantially all the risks and rewards have been transferred; or
- ▶ where HCCC has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the HCCC has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the HCCC's continuing involvement in the asset.

A financial liability is de-recognised when the obligation specified in the contract is discharged or cancelled or expires.

(h) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the HCCC and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee Benefits and Other Provisions

(a) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave paid and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled. There is no liability for long-term annual leave i.e. greater than 12 months.

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

The outstanding amounts of payroll tax, workers compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long Service Leave and Superannuation

The HCCC's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The HCCC accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Employee Benefits and other Liabilities'.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of the certain factors (specified in NSWTC 09/04) to employees with five or more years of service using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

Long service leave on-costs are not assumed by the Crown Entity and are the responsibility of the HCCC, except for the related superannuation on-costs and long service leave accruing while on long service leave.

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

(i) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations under s21A, s24 and/or s26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the statement of comprehensive income and the statement of cash flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the statement of financial position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts i.e. per the audited financial statements (rather than carried forward estimates).

(j) Comparative information

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

(k) New Australian Accounting Standards/ Interpretations issued but not effective

The following new Accounting Standards/ Interpretations have not been applied and are not yet effective (NSW TC10/08). However, the Commission is not able to reliably measure the impact of the initial application of these standards on the financial results of the Commission.

AASB 9 and AASB 2009-11 regarding financial instruments

AASB 2009-5 regarding annual improvements

AASB 2009-9 regarding first time adoption

AASB 2009-10 regarding classification of rights

AASB 2009-14 regarding prepayments of a minimum funding requirement

AASB 2010-1 regarding AASB 7 for comparatives for first time adopters.

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010**2. Expenses excluding losses**

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)		–	6,124	6,502
Superannuation – defined benefits plans		–	169	197
Superannuation – defined contributions plans		–	400	390
Workers' compensation insurance		–	41	33
Long service leave		–	252	151
Payroll tax and fringe benefits tax		–	429	389
Personnel services	7,415	7,662	–	–
	7,415	7,662	7,415	7,662
(b) Other operating expenses				
Auditors remuneration				
– Audit of the financial statements	12	11	12	11
Bad and doubtful debts	–	–	–	–
Consultancy	16	16	16	16
Equipment and plant	18	15	18	15
Equipment leasing	–	1	–	1
Fees for services rendered	451	631	451	631
Legal fees and adverse costs	659	850	659	850
Maintenance	(2)	1	(2)	1
Fees – legal witness	110	101	110	101
Fees – translators	18	36	18	36
Transcript fees	40	44	40	44
Fees – peer review reports	158	195	158	195
Training	44	49	44	49
Printing	40	25	40	25
Rental expenses relating to operating leases	889	863	889	863
Stores	170	153	170	153
Telephone, postal and internet	122	100	122	100
Travelling	55	90	55	90
Other	193	190	193	190
	2,993	3,371	2,993	3,371
(c) Depreciation and amortisation expense				
Plant and equipment – depreciation	243	246	243	246
Intangible assets – amortisation	161	130	161	130
	404	376	404	376

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

3. Revenue

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Sale of goods and services	3	–	–	–
(b) Investment revenue				
Interest	42	81	42	81
	42	81	42	81
(c) Other revenue				
Legal cost recoveries	359	293	359	293
Other	25	28	25	28
	384	321	384	321

4. Gain/(Loss) on Disposal

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Gain/(loss) on disposal of plant and equipment	9	(7)	9	(7)
Proceeds from sale	–	–	–	–
Written down value of assets disposed	–	–	–	–
Net gain/(loss) on disposal of plant and equipment	9	(7)	9	(7)

5. Appropriations

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Recurrent appropriations				
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	9,487	9,469	9,487	9,469
Comprising:				
Recurrent appropriations (per Statement of comprehensive income)	9,487	9,469	9,487	9,469
Capital Appropriations				
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	–	191	–	191
Comprising:				
Capital appropriations (per Statement of comprehensive income)	–	191	–	191

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010**6. Acceptance by the Crown Entity of Employee Benefits and Other Liabilities**

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Superannuation – defined benefit	169	197	169	197
Long service leave	252	151	252	151
Payroll tax	10	35	10	35
	431	383	431	383

7. Service Groups of the Health Care Complaints Commission**(a) Service Group 1 – Complaints Assessment and Resolution**

This service group covers processing, assessment and resolution of complaints about health care which are dealt with by assisted resolution, facilitated conciliation or referral for investigation.

This service group contributes towards the improved protection of the health and safety of the public by working towards a range of intermediate results that include the following:

- ▶ confidence that health care complaints are being properly assessed and
- ▶ consumers have an active role in health care complaint outcomes.

(b) Service Group 2 – Investigation and Prosecution of Serious Cases

This service group covers investigation and prosecution of serious cases of inappropriate health care, including recommendations to health organisations to address systemic health care issues.

This service group contributes to the improved protection of the health and safety of the public by working towards a range of intermediate results that include the following:

- ▶ confidence that complaints are being properly investigated
- ▶ systemic health care issues are addressed through recommendations to health care organisations
- ▶ the community regards the HCCC as the most effective means to prosecute serious complaints against health practitioners.

8. Current Assets – Cash and Cash Equivalents

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash at bank and on hand	715	809	715	809
	715	809	715	809
For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and cash at bank.				
Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:				
Cash and cash equivalents (per statement of financial position)	715	809	715	809
Closing cash and cash equivalents (per statement of cash flows)	715	809	715	809

Refer Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

9. Current Assets – Receivables

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Other revenue	334	434	334	434
Less allowance for impairment	(38)	(122)	(38)	(122)
	296	312	296	312
Movement in the allowance for impairment				
Balance at 1 July	(122)	(122)	(122)	(122)
Amounts written off during the year	84	–	84	–
Amounts recovered during the year	–	–	–	–
Balance at 30 June	(38)	(122)	(38)	(122)

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 19.

10. Non-current Assets – Plant and Equipment

	Parent				Consolidated	
	\$'000				\$'000	
	Leasehold Improvements	Computer Equipment	Plant and Equipment	Work in Progress	Total	Total
At 1 July 2009 – fair value						
Gross carrying amount	646	465	168	332	1,611	1,611
Accumulated depreciation and impairment	(533)	(334)	(82)	–	(949)	(949)
Net carrying amount	113	131	86	332	662	662
At 30 June 2010 – fair value						
Gross carrying amount	646	607	170	–	1,423	1,423
Accumulated depreciation and impairment	(598)	(323)	(109)	–	(1,030)	(1,030)
Net carrying amount	48	284	61	–	393	393

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010**Reconciliation**

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Parent					Consolidated
	\$'000					\$'000
	Leasehold Improvements	Computer Equipment	Plant and Equipment	Work in Progress	Total	Total
Year ended 30 June 2010						
Net carrying amount at start of year	113	131	86	332	662	662
Additions	-	-	2	-	2	2
Transfer	-	332	-	(332)	-	-
Disposals	-	(190)	-	-	(190)	(190)
Depreciation/amortisation written back on disposal	-	162	-	-	162	162
Depreciation expense	(65)	(151)	(27)	-	(242)	(242)
Net carrying amount at end of year	48	284	61	-	393	393
At 1 July 2008 – fair value						
Gross carrying amount	635	481	149	-	1,265	1,265
Accumulated depreciation and impairment	(406)	(266)	(58)	-	(730)	(730)
Net carrying amount	229	215	91	-	535	535
At 30 June 2009 – fair value						
Gross carrying amount	646	799	168	-	1,611	1,611
Accumulated depreciation and impairment	(533)	(334)	(82)	-	(949)	(949)
Net carrying amount	113	465	86	-	662	662

A reconciliation of the carrying amount of plant and equipment at the beginning and end of the previous reporting period is set out below:

	Parent					Consolidated
	\$'000					\$'000
	Leasehold Improvements	Computer Equipment	Plant and Equipment	Work in Progress	Total	Total
Year ended 30 June 2009						
Net carrying amount at start of year	229	215	91	-	535	535
Additions	10	353	18	-	380	380
Disposals	-	-	(7)	-	(7)	(7)
Depreciation expense	(127)	(103)	(16)	-	(246)	(246)
Net carrying amount at end of year	113	465	86	-	662	662

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

11. Intangible Assets – Computer software

	Parent		Consolidated
	Software \$'000	Work in Progress \$'000	\$'000
At 1 July 2009			
Cost (gross carrying amount)	688	53	741
Accumulated amortisation and impairment	(446)	–	(446)
Net carrying amount	242	53	295
At 30 June 2010			
Cost (gross carrying amount)	776	76	852
Accumulated amortisation and impairment	(607)	–	(607)
Net carrying amount	169	76	245
Year ended 30 June 2010			
Net carrying amount at start of year	242	53	295
Additions	88	23	111
Amortisation (recognised in 'depreciation and amortisation')	(161)	–	(161)
Net carrying amount at end of year	169	76	245
At 1 July 2008			
Cost (gross carrying amount)	647	–	647
Accumulated amortisation and impairment	(316)	–	(316)
Net carrying amount	331	–	331
At 30 June 2009			
Cost (gross carrying amount)	741	–	741
Accumulated amortisation and impairment	(446)	–	(446)
Net carrying amount	295	–	295
Year ended 30 June 2009			
Net carrying amount at start of year	331	–	331
Additions	41	53	94
Amortisation (recognised in 'depreciation and amortisation')	(130)	–	(130)
Net carrying amount at end of year	242	53	295

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010**12. Current Liabilities – Payables**

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Accrued salaries, wages and on costs	–	–	88	111
Payable for personnel services	88	111	–	–
Creditors	126	94	126	94
Other	1	16	1	16
	215	221	215	221

13. Current/Non-current Liabilities – Provisions

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Employee benefit and related on-costs – Current				
Recreation leave		–	615	636
Payroll tax on recreation leave		–	34	–
Payroll tax on long service leave		–	87	73
Long service leave on-costs		–	83	77
Provision for personnel services	819	786		–
Total	819	786	819	786
Employee benefit and related on-costs – Non-current				
Payroll tax on long service leave	–	–	4	4
Provision for personnel services	4	4	–	–
Total	4	4	4	4
Aggregate employee benefits and related on-costs				
Provisions – current	–	–	819	786
Provisions – non-current	–	–	4	4
Provision for personnel services – current	819	786	–	–
Provision for personnel services – non-current	4	4	–	–
Accrued salaries, wages and on-costs (Note 12)	–	–	88	111
Payable for personnel services	88	111	–	–
	911	901	911	901

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

14. Commitments for Expenditure

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Operating Lease Commitments Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	1,015	994	1,015	994
Later than one year and not later than 5 years	4,163	811	4,163	811
Later than five years	-	-	-	-
Total (including GST)	5,178	1,805	5,178	1,805

Total Commitments above included input tax creditors of \$470,739 (2008-09 \$163,073) that are expected to be recovered from the Australian Taxation Office.

15. Contingent Assets

These are legal costs awarded in favour of the HCCC arising from prosecution of health practitioners where the respondents have been found to be negligent. The amounts are subject to negotiation and determination and total \$335,846 (2008-09 \$901,057).

16. Contingent Liabilities

Adverse costs awarded against the HCCC, across a range of cases, and estimated to be \$Nil at 30 June 2010 (2008-09 \$Nil).

17. Budget Review

Net Cost of Services

The Net Cost of Services was higher than Budget by \$61,000. The variance is largely due to over expenditure for legal costs being offset by under-expenditure for protected expenditure for adverse costs and employee related expenses.

At the same time, higher than budgeted revenue from legal cost recoveries of \$115,000 also reduced the deficit.

Assets and Liabilities

Current assets were \$66,000 over budget. This mainly reflects the additional cash received for legal cost recoveries.

Cash flows

Cash flows from operating activities were higher than budget by \$423,000 as a result of under-expenditure for adverse costs and employee related expenses and higher than budgeted revenue from legal cost recoveries.

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010**18. Reconciliation of Net Cash Flows from Operating Activities to Net Cost of Services**

	Parent		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Net cash used on operating activities	7	(855)	7	(855)
Depreciation	(404)	(376)	(404)	(376)
Decrease/(increase) in provisions	(33)	(81)	(33)	(81)
Acceptance by the Crown Entity of employee benefits and other liabilities	(431)	(383)	(431)	(383)
Cash flows from Government/Appropriations	(9,487)	(9,660)	(9,487)	(9,660)
Increase/(decrease) in receivables and other assets	(41)	(16)	(41)	(16)
Decrease/(increase) in creditors	6	364	6	364
Net gain/(loss) on sale of plant and equipment	9	(7)	9	(7)
Net cost of services	(10,374)	(11,014)	(10,374)	(11,014)

19. Financial Instruments

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

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

The Manager Corporate Services has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the HCCC, to set risk limits and controls and to monitor risks.

Compliance with policies is reviewed by the HCCC's Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

	Note	Category	Parent		Consolidated	
			2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Financial Assets			Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
Class:						
Cash and cash equivalents	8	N/A	715	809	715	809
Receivables ¹	9	Loans and receivables at amortised cost	111	312	111	312
Financial Liabilities			Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
Class:						
Payables ²	12	Financial liabilities measured at amortised cost	212	221	212	221

Notes:

1. Excludes statutory receivables and prepayments (not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (not within scope of AASB 7).

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

(b) Credit risk

Credit risk arises when there is the possibility of the HCCC's debtors defaulting on their contractual obligations, resulting in a financial loss to the HCCC. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (Tcorp) 11 am unofficial cash rate adjusted for a management fee to Treasury. The average interest rate during the period was 3.60%. The average rate for the year ended 2008-09 was 4.52%.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The HCCC is exposed to concentrations of credit risk to a single trade debtor but as the HCCC is the OHCCC's single debtor, this exposure is considered immaterial. Based on past experience, debtors that are not past due (2010:\$nil; 2009:\$nil) and not less than 12 months past due (2010:\$nil; 2009:\$nil) are not considered impaired.

Debtors which are currently past due (2010: \$74,060; 2009: \$176,419) represent 99% of the total debtors. These debtors comprise debts arising from tribunal ordered costs against health care practitioners. All of the debts reported in the financial statements are being settled by agreed regular instalments and are not considered to be impaired.

	Parent		Consolidated	
	\$'000	\$'000	\$'000	\$'000
	Past due but not impaired ^{1, 2}	Considered impaired ^{1, 2}	Past due but not impaired ^{1, 2}	Considered impaired ^{1, 2}
2010				
< 3 months overdue				
3 months – 6 months overdue				
> 6 months overdue	74	–	74	–
2009				
< 3 months overdue				
3 months – 6 months overdue				
> 6 months overdue	176	–	176	–

Notes
 1. Each column in the table reports "gross receivables".
 2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the HCCC will be unable to meet its payment obligations when they fall due. The HCCC continuously manages risk through monitoring future cash flows to ensure adequate holding of liquid assets.

During the year no assets have been pledged as collateral. The HCCC's exposure to liquidity risk is deemed insignificant based on prior periods' data and other current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The HCCC has no exposure to market risk as it does not have borrowings or investments. The HCCC has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through the HCCC's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with the NSW Tcorp. The HCCC does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect surplus/deficit or equity. A reasonably possible change of +/-% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The HCCC's exposure to interest rate risk is set out below.

	\$'000				
	Carrying Amount	-1%		1%	
		Result	Equity	Result	Equity
2010					
Financial assets					
Cash and cash equivalents	715	(7)	(7)	7	7
Receivables	296	(3)	(3)	3	3
Total financial assets	1,011	(10)	(10)	10	10
Financial liabilities					
Payables	215	(2)	(2)	2	2
Borrowings	-	-	-	-	-
Total financial liabilities	215	(2)	(2)	2	2
2009					
Financial assets					
Cash and cash equivalents	809	(8)	(8)	8	8
Receivables	312	(3)	(3)	3	3
Total financial assets	1,121	(11)	(11)	11	11
Financial liabilities					
Payables	221	(2)	(2)	2	2
Borrowings	-	-	-	-	-
Total financial liabilities	221	(2)	(2)	2	2

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the Tcorp Hour-Glass facilities, which are measured at fair value.

As discussed, the value of the Hour-Glass Investments is based on the Department's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of the HCCC's financial instruments. The HCCC does not have any financial instruments where the fair value differs from the carrying amount.

20. After balance date events

There were no after balance date events (2009: None).

End of Audited Financial Statement



OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

Statement by Commissioner

In accordance with section 45F of the *Public Finance and Audit Act, 1983*, I state that:

- (a) the accompanying financial statements in respect of the year ended 30 June 2010 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* (the Act), and Regulation 2010, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2) of the Act;
- (b) the financial statements exhibit a true and fair view of the financial position and transactions of the Office of the Health Care Complaints Commission; and
- (c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'Kieran Pehm'.

**Kieran Pehm
Commissioner**

19 October 2010

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Office of the Health Care Complaints Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of the Health Care Complaints Commission (the Office), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows and a summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Office as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the *Public Finance and Audit Regulation 2010*.

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

The Commissioner's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does not provide assurance:

- about the future viability of the Office
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

20 October 2010
SYDNEY

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

Statement of comprehensive income for the year ended 30 June 2010

	Notes	Actual 2010 \$'000	Actual 2009 \$'000
EXPENSES EXCLUDING LOSSES			
Operating expenses			
Employee related	2	7,415	7,662
Total expenses excluding losses		7,415	7,662
Less:			
Revenue			
Personnel services	3	7,415	7,662
Total revenue		7,415	7,662
SURPLUS/(DEFICIT) FOR THE YEAR		-	-
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve			
		-	-
Other comprehensive income for the year			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2010

	Notes	Actual 2010 \$'000	Actual 2009 \$'000
ASSETS			
Current assets			
Receivables	4	907	897
Total current assets		907	897
Non-current assets			
Receivables	4	4	4
Total non-current assets		4	4
Total assets		911	901
LIABILITIES			
Current liabilities			
Payables	5	88	111
Provisions	6	819	786
Total current liabilities		907	897
Non-current liabilities			
Provisions	6	4	4
Total non-current liabilities		4	4
Total liabilities		911	901
Net assets		-	-
EQUITY			
Accumulated funds			
		-	-
Total equity		-	-

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2010

	Notes	Parent		Consolidated	
		Accumulated Funds \$'000	Total \$'000	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2009		-	-	-	-
Surplus/(deficit) for the year		-	-	-	-
Other comprehensive income:		-	-	-	-
Total other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	-	-
Transactions with owners in their capacity as owners					
Increase/(decrease) in net assets from equity transfers		-	-	-	-
Balance at 30 June 2010		-	-	-	-
Balance at 1 July 2008		-	-	-	-
Surplus/(deficit) for the year		-	-	-	-
Other comprehensive income:					
Total other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	-	-
Transactions with owners in their capacity as owners		-	-	-	-
Increase/(decrease) in net assets from equity transfers		-	-	-	-
Balance at 30 June 2009		-	-	-	-

The accompanying notes form part of these financial statements.

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

Statement of cash flows for the year ended 30 June 2010

	Notes	Actual 2010 \$'000	Actual 2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		-	-
Other		-	-
Total payments		-	-
Receipts			
Sale of goods and services		-	-
Interest received		-	-
Other		-	-
Total receipts		-	-
Cash flows from government			
Recurrent appropriation		-	-
Capital appropriation		-	-
Cash reimbursements from Crown Entity		-	-
Net Cash Flows from Government		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment			-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Other		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		-	-
Opening cash and cash equivalents		-	-
CLOSING CASH AND CASH EQUIVALENTS		-	-

The accompanying notes form part of these financial statements.

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

Summary of compliance with financial directives

	2010				2009			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
▶ Appropriation Act								
▶ Additional Appropriations								
▶ S21A PF&AA – special appropriation								
▶ S24 PF&AA – transfer of functions between departments								
▶ S26 PF&AA – Commonwealth specific purpose payments								
	-	-	-	-	-	-	-	-
OTHER APPROPRIATIONS/ EXPENDITURE								
▶ Treasurer's Advance								
▶ Under expenditure on protected items								
▶ Section 22 – expenditure for certain works and services								
▶ Transfers from another agency (Section 28 of the Appropriation Act)								
	-	-	-	-	-	-	-	-
Total Appropriations								
Expenditure/Net Claim on Consolidated Fund (includes transfer payments)								
Amount drawn down against Appropriation		-		-		-		-
Liability to Consolidated Fund*		-		-		-		-

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

* The "Liability to Consolidated Fund" represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure/Net Claim on Consolidated Fund".

The accompanying notes form part of these statements.

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

1. Summary of Significant Accounting Policies

(a) Reporting entity

The Office of the Health Care Complaints Commission (OHCCC) is a Division of the Government Service, established pursuant to Part 1 of Schedule 1 to the Public Sector Employment and Management Act 2002. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW State Sector Accounts. The OHCCC is a controlled entity of the Health Care Complaints Commission.

The OHCCC's objective is to provide personnel services to the Health Care Complaints Commission.

The financial statements for the year ended 30 June 2010 have been authorised for issue by the Commissioner on 19 October 2010.

(b) Basis of preparation

The OHCCC's financial statements are general purpose financial statements which have been prepared in accordance with:

- ▶ applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- ▶ the requirements of the *Public Finance and Audit Act* and Regulations, and
- ▶ the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

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

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

(d) Insurance

The OHCCC's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by Fund Managers based on past claim experience.

(e) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Revenue from rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(f) Liabilities

(i) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

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

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefit tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long service leave and superannuation

The OHCCC's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The OHCCC accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 09-04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurers' Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary.

For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(ii) Payables

These amounts represent liabilities for accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers compensation insurance) where there is certainty as to the amount and timing of settlement.

(g) Assets

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the surplus/(deficit) for the year when impaired, derecognised or through the amortisation process.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(h) Comparative information

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

(i) New Australian Accounting Standards/Interpretations issued but not effective

The following new Accounting Standards/ Interpretations have not been applied and are not effective (NSW TC10/08). However, the OHCCC is not able to reliably measure the impact of the initial application of these standards on the financial results of the OHCCC.

- ▶ AASB 9 and AASB 2009-11 regarding financial instruments
- ▶ AASB 2009-5 regarding annual improvements
- ▶ AASB 2009-9 regarding classification of rights
- ▶ AASB 2009-14 regarding prepayments of a minimum funding requirement
- ▶ AASB 2010-1 regarding AASB 7 for comparatives for first time adopters

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

2. Expenses Excluding Losses

	2010 \$'000	2009 \$'000
Employee related expenses		
Salaries and wages (including recreation leave)	6,124	6,502
Superannuation – defined benefits plans	169	197
Superannuation – defined contributions plans	400	390
Workers' compensation insurance	41	33
Long service leave	252	151
Payroll tax and fringe benefits tax	429	389
	7,415	7,662

3. Revenue

	2010 \$'000	2009 \$'000
Rendering of personnel services	7,415	7,662
	7,415	7,662

4. Current/Non-current Assets – Receivables

	2010 \$'000	2009 \$'000
Personnel Services – current	907	897
Personnel Services – non-current	4	4
	911	901

5. Current Liabilities – Payables

	2010 \$'000	2009 \$'000
Accrued salaries, wages and on-costs	88	111
	88	111

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010**6. Current/Non-current Liabilities – Provisions**

	2010 \$'000	2009 \$'000
Employee benefit and related on-costs		
Recreation leave	615	636
Payroll tax on recreational leave	34	–
Payroll tax on long service leave	87	73
Long service leave on-costs	83	77
Total	819	786
Aggregate employee benefits and related on-costs		
Provisions – current	819	786
Provisions – non-current	4	4
Accrued salaries, wages and on-costs	88	111
	911	901

7. Contingent Liabilities and Contingent Assets

The OHCCC has no contingent liabilities or contingent assets as at 30 June 2010 (30 June 2009: Nil).

8. Financial Instruments

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

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

The Manager Corporate Services has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the OHCCC, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the OHCCC's Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

			2010 \$'000	2009 \$'000
Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:				
Receivables ¹	4	Receivables	911	901
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	5	Financial liabilities measured at amortised cost	–	–

Notes:

1. Excludes statutory receivables and prepayments (not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the OHCCC's debtors defaulting on their contractual obligations, resulting in a financial loss to the OHCCC. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

Notes to and forming part of the financial statements for the year ended 30 June 2010

Receivables – debtors

All receivables are for personnel services receivable and are recognised as amounts receivable at balance date. Review of the collectability of debtors is not required as the only debtor is the HCCC.

The OHCCC is exposed to concentrations of credit risk to a single debtor but as the HCCC is the OHCCC's single debtor this exposure is not considered material. Based on past experience, debtors that are not past due (2010:\$911,000; 2009:\$901,000) and not less than 12 months past due (2010:\$nil; 2009:\$nil) are not considered impaired.

	Total	Past due but not impaired	Considered impaired
2010			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2009			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

(c) Liquidity risk

Liquidity risk is the risk that the OHCCC will be unable to meet its payment obligations when they fall due. The OHCCC continuously manages risk through monitoring future cash flows to ensure adequate holding of liquid assets.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral.

The OHCCC's exposure to liquidity risk is deemed insignificant based on prior periods' data and other current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01.

If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received.

Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The OHCCC has no exposure to market risk as it does not have borrowings or investments. The OHCCC has no exposure to foreign currency risk and does not enter into commodity contracts.

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the Tcorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the OHCCC's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of the HCCC's financial instruments. The HCCC does not have any financial instruments where the fair value differs from the carrying amount.

9. After balance date events

There were no after balance date events (2009: Nil).

10. Commitments

There were no commitments (2009: Nil).

End of Audited Financial Report