15 Finance

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Preamble

The Commission's net result before capital was a surplus of $12,000, which was $266,000 higher than budgeted. A higher than budgeted other income of $236,000, which mainly related to recovered legal costs, and savings to employee related expenses, including a long service leave actuarial adjustment of $75,000, had a significant impact on the overall result.

PAYMENT PERFORMANCE INDICATORS

Table 15.1 - Aged analysis for each quarter 2012-13

Quarter	Current (i.e.) within due date $'000	Less than 30 days overdue $'000	Between 30 and 60 days overdue $'000	Between 60 and 90 days overdue $'000	More than 90 days overdue $'000
All suppliers					
September	1,498	56	–	–	–
December	1,371	50	–	–	–
March	1,332	22	–	–	–
June	1,796	45	–	–	–
Small business suppliers					
September	27	–	–	–	–
December	60	–	–	–	–
March	33	–	–	–	–
June	49	–	–	–	–

Table 15.2 - Accounts due or paid within each quarter 2012-13

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	731	713	544	725
Number of accounts paid on time	722	681	512	690
Actual percentage of accounts due for payment	98.7%	95.1%	99.6%	95.2%
Dollar amount of accounts due for payment	1,553,721	1,421,126	1,354,055	1,841,296
Dollar amount of accounts paid on time	1,498,480	1,371,544	1,331,718	1,796,447
Actual percentage of accounts paid on time (based on $)	96.4%	96.5%	98.5%	97.6%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–
Small business suppliers				
Number of accounts due for payment	22	39	29	30
Number of accounts paid on time	21	38	29	30
Actual percentage of accounts due for payment	95.4%	97.4%	100%	100%
Dollar amount of accounts due for payment	27,277	59,971	33,663	49,427
Dollar amount of accounts paid on time	27,277	59,971	33,663	49,427
Actual percentage of accounts paid on time (based on $)	100%	100%	100%	100%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–

The Commission did not make any interest payments for late payment of accounts. Where there were delays in the payment of accounts, the reasons can be attributed to inaccuracies/incompleteness of the original invoices and/or minor disputes requiring the adjustment of invoice details prior to eventual payment.

All small business number of accounts were paid on time during the reporting period.

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Health Care Complaints Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Health Care Complaints Commission (the Commission), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2013, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *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 of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the Commissioner determines is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

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. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 control relevant to the entity's preparation of the financial statements that give 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 Commissioner, as well as evaluating the overall presentation of the financial statements.

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I believe 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 or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. 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 Coulogeorgiou
Director, Financial Audit Services

20 September 2013
SYDNEY

Health Care Complaints Commission

Statement by Commissioner

In accordance with section 41C(1B) of the *Public Finance and Audit Act 1983* ("the Act"), I state that:

(a) the accompanying financial statements in respect of the year ended 30 June 2013 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Act, and Regulation 2010, and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities 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 financial performance of the Health Care Complaints Commission

(c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

Kieran Pehm
Commissioner
20th September 2013

Start of audited financial statement

Statement of comprehensive income for the year ended 30 June 2013

		Parent		Consolidated		
	Notes	Actual 2013 $'000	Actual 2012 $'000	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	–	–	8,154	8,473	7,586
Personnel services	2(a)	8,154	7,586	–	–	–
Other operating expenses	2(b)	3,286	3,303	3,286	3,205	3,303
Depreciation and amortisation	2(c)	240	280	240	219	280
Total expenses excluding losses		**11,680**	**11,169**	**11,680**	**11,897**	**11,169**
Revenue						
Sale of goods and services	3(a)	–	–	–	–	–
Interest revenue	3(b)	42	50	42	45	50
Grants and contributions	3(c)	11,458	10,181	11,458	11,485	10,181
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	58	218	58	216	218
Other revenue	3(e)	612	490	612	372	490
Total revenue		**12,170**	**10,939**	**12,170**	**12,118**	**10,939**
Net result		**490**	**(231)**	**490**	**221**	**(231)**
Total other comprehensive income		**–**	**–**	**–**	**–**	**–**
TOTAL COMPREHENSIVE INCOME		**490**	**(231)**	**490**	**221**	**(231)**

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2013

		Parent		Consolidated		
	Notes	Actual 2013 $'000	Actual 2012 $'000	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000
ASSETS						
Current assets						
Cash and cash equivalents	5	731	846	731	524	846
Receivables	6	388	214	388	258	214
Total current assets		**1,119**	**1,060**	**1,119**	**782**	**1,060**
Non-current assets						
Property, plant and equipment	7					
Leasehold improvements		110	172	110	–	172
Plant and equipment		355	113	355	422	113
Total property, plant and equipment		**465**	**285**	**465**	**422**	**285**
Intangible assets	8	129	119	129	70	119
Total non-current assets		**594**	**404**	**594**	**492**	**404**
Total assets		**1,713**	**1,464**	**1,713**	**1,274**	**1,464**
LIABILITIES						
Current liabilities						
Payables	9	282	488	282	275	488
Provisions	10	768	816	768	802	816
Total current liabilities		**1,050**	**1,304**	**1,050**	**1,077**	**1,304**
Non-current liabilities						
Provisions	10	260	248	260	–	248
Total non-current liabilities		**260**	**248**	**260**	**–**	**248**
Total liabilities		**1,310**	**1,552**	**1,310**	**1,077**	**1,552**
Net assets		**403**	**(87)**	**403**	**197**	**(87)**
EQUITY						
Accumulated funds		403	(87)	403	197	(87)
Total equity		**403**	**(87)**	**403**	**197**	**(87)**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2013

		Parent		Consolidated	
	Notes	Accumulated Funds $'000	Total $'000	Accumulated Funds $'000	Total $'000
Balance at 1 July 2012		**(87)**	**(87)**	**(87)**	**(87)**
Net result for the year		490	490	490	490
Total other comprehensive income		–	–	–	–
Total comprehensive income for the year		490	490	490	490
Balance at 30 June 2013		**403**	**403**	**403**	**403**
Balance at 1 July 2011		144	144	144	144
Net result for the year		(231)	(231)	(231)	(231)
Total other comprehensive income		–	–	–	–
Total comprehensive income for the year		(231)	(231)	(231)	(231)
Balance at 30 June 2012		**(87)**	**(87)**	**(87)**	**(87)**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2013

		Parent		Consolidated		
	Notes	Actual 2013 $'000	Actual 2012 $'000	Actual 2013 $'000	Budget 2013 $'000	Actual 2012 $'000
Cash flows from operating activities						
Payments						
Employee related		–	–	(7,860)	(8,250)	(7,565)
Personnel services		(7,860)	(7,565)	–	–	–
Other payments		(4,026)	(3,050)	(4,026)	(3,504)	(3,050)
Total payments		**(11,886)**	**(10,615)**	**(11,886)**	**(11,754)**	**(10,615)**
Receipts						
Sale of goods and services		–	21	–	–	21
Interest received		47	50	47	45	50
GST		94	–	94	–	–
Grants and contributions	3(c)	11,458	10,181	11,458	11,485	10,181
Legal cost recoveries		601	425	601	525	425
Other receipts		–	93	–	146	93
Total receipts		**12,200**	**10,770**	**12,200**	**12,201**	**10,770**
Net cash flows from operating activities		**314**	**155**	**314**	**447**	**155**
Cash flows from investing activities						
Proceeds from sale of plant and equipment		–	–	–	–	–
Purchases of plant and equipment		(429)	(9)	(429)	(445)	(9)
Other		–	–	–	(30)	–
Net cash flows from investing activities		**(429)**	**(9)**	**(429)**	**(475)**	**(9)**
Net increase/(decrease) in cash and cash equivalents		**(115)**	**146**	**(115)**	**(28)**	**146**
Opening cash and cash equivalents		846	700	846	552	700
Closing cash and cash equivalents	5	**731**	**846**	**731**	**524**	**846**

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2013

1. Summary of significant accounting policies

(a) Reporting entity

The Health Care Complaints Commission is a NSW Government statutory body, responsible for protecting the health and safety of the public by dealing with complaints about sub-standard health services and incompetent and unethical health practitioners.

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

The HCCC is an agency within the NSW Ministry of Health cluster and received grant funding directly from the Ministry. These consolidated financial statements for the year ended 30 June 2013 have been authorised for issue by the Commissioner on 20 September 2013.

(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 Financial Reporting Code for NSW General Government Sector Entities 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) Insurance

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

(d) 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 are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Notes to and forming part of the financial statements for the year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(e) 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) Grants and contributions

Grants and contributions from other bodies (including grants from the NSW Ministry of Health) are generally recognised as income when the HCCC obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

(ii) Rendering of services

Revenue is recognised when the service is provided.

(ii) Interest 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 guilty of unsatisfactory professional conduct or professional misconduct, are recognised as revenue when agreement is reached with the respondent on settlement of the amount of legal cost recovered.

(f) 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, that is 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.

(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' Policy and Guidelines Paper (TPP 07-1) (as amended by NSWTC12/05 and NSWTC 10/07). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property.*

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses 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.

Notes to and forming part of the financial statements for the year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 Impairment of Assets effectively is not applicable to the HCCC. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the HCCC 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 useful life of the various categories of non-current assets is as follows:

Asset category	Depreciation life in years 2012-13	Depreciation life in years 2011-12
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 part or component of an asset, in which case the costs are capitalised and depreciated.

(vii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and benefits. The HCCC does not have any finance leases.

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 cost 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. 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.

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 to paragraph (f)(iv)).

(ix) Receivables

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 net result 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.

Notes to and forming part of the financial statements for the year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(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 net result for the year. Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence.

Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

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

A financial asset is de-recognised 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.

(g) 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 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. >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 12/06) 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 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.

Notes to and forming part of the financial statements for the year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(iii) Other provisions

The HCCC has a present legal obligation to make good its current accommodation premises when the current lease agreement terminates on the 30 April 2015. This liability was recognised for the first time in the 2011-12 financial year as the lease – make good provision (Note 10). This is because it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount ofthe obligation.

As the effect of the time value of money is material, provisions are discounted at 5.5%, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(h) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the HCCC's policy on the revaluation of property, plant and equipment as discussed in Note 1(f)(iii).

(ii) Accumulated funds

The category 'Accumulated funds' includes all current and prior period retained funds

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. Revaluation surplus and foreign currency translation reserve).

(i) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the *Public Finance and Audit Act* where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(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

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application includes:

AASB 9 and AASB 2010-7, Financial Instruments have mandatory application from 1 July 2015 and comprise changes to improve and simplify the approach for classification and measurement of financial assets. AASB 2011-8 and AASB 2012-6 are updates of AASB 9 for amendments to other accounting standards. The change is not expected to materially impact the financial statements.

AASB 10, Consolidated Financial Statements has mandatory application from 1 July 2013 and provides replacement criteria for the assessment of control in lieu of the provisions of AASB 127. Changes to the reporting of consolidated entities is not expected as a result of this amendment.

AASB 13, AASB 2011-8 and AASB 2012-1, Fair Value Measurement have mandatory application from 1 July 2013 and address, inter alia, the assumption that market participants would use when pricing the asset of liability. Future impact is assessed as minimal.

AASB 119, AASB 2011-10 and AASB 2011-11, regarding employee entitlements, have mandatory application from 1 July 2013 and cover the recognition and measurement of short term and long term employee benefits. Any changes to the 2012/13 financial statements will be dependent on the policy of the NSW Treasury.

AASB 1053 and AASB 2010-2, Application of Tiers of Australian Accounting Standards, have application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 1055, Budgetary Reporting, has application from 1 July 2013. Any changes in future disclosures will be determined by the policies adopted by NSW Treasury for whole of government reporting.

AASB 2010-10 regarding removal of fixed dates for first time adopters has mandatory application from 1 July 2013 and based on current activities, is assessed as having no impact on the HCCC.

AASB 2011-2, Trans Tasman Convergence Project - Reduced Disclosure Requirements, has mandatory application from 1 July 2013 and may result in a lessening of reporting requirements, dependent on the mandate of Treasury.

AASB 2011-6, Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (AASB 127, AASB 128 and AASB 131),applies from 1 July 2013. The exemption is not expected to have a material impact.

Notes to and forming part of the financial statements for the year ended 30 June 2013

2. Expenses including losses

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(a) Employee related expenses				
Salaries and wages (including annual leave)	–	–	7,103	6,477
Superannuation - defined benefits plans	–	–	87	114
Superannuation - defined contributions plans	–	–	499	456
Long service leave	–	–	(33)	98
Workers' compensation insurance	–	–	56	34
Payroll tax and fringe benefits tax	–	–	442	407
Personnel services	8,154	7,586	–	–
	8,154	**7,586**	**8,154**	**7,586**
(b) Other operating expenses include the following:				
Auditors remuneration				
- audit of the financial statements	18	12	18	12
Consultancy	15	13	15	13
Contractors	–	–	–	–
Equipment and plant	25	18	25	18
Fees for services rendered	459	495	459	495
Fees - legal witness	84	78	84	78
Fees - peer review reports	175	134	175	134
Fees - translators	12	16	12	16
Insurance	14	16	14	16
Legal fees and adverse costs	828	928	828	928
Maintenance*	–	–	–	–
Operating lease rental expense				
- minimum lease payments	942	914	942	914
Printing	21	12	21	12
Stores	146	177	146	177
Telephone, postal and internet	129	129	129	129
Training	64	71	64	71
Transcript fees	60	39	60	39
Travelling	51	62	51	62
Other operating expenses	243	189	243	189
	3,286	**3,303**	**3,286**	**3,303**
* Reconciliation - Total maintenance				
Maintenance expense - contracted labour and other (non-employee related), as above	–	–	–	–
Employee related maintenance expense included in Note 2(a)	–	–	–	–
Total maintenance expenses included in Note 2(a) + 2(b)	**–**	**–**	**–**	**–**

Notes to and forming part of the financial statements for the year ended 30 June 2013

2. Expenses including losses (continued)

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(c) Depreciation and amortisation expense				
Depreciation				
Leasehold improvements	62	80	61	80
Computer equipment	82	95	83	95
Plant equipment	21	22	21	22
Total depreciation	**165**	**197**	**165**	**197**
Amortisation - Intangible assets	75	83	75	83
Total depreciation and amortisation	**240**	**280**	**240**	**280**

3. Revenue

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(a) Sale of goods and services	–	–	–	–
(b) Interest revenue	**42**	**50**	**42**	**50**
(c) Grants and contributions				
Recurrent - (NSW Ministry of Health)	10,983	10,156	10,983	10,156
Capital - (NSW Ministry of Health)	475	25	475	25
	11,458	**10,181**	**11,458**	**10,181**
(d) Acceptance by the Crown Entity of employee benefits and other liabilities				
The following liabilities and/or expenses have been assumed by the Crown Entity:				
Superannuation - defined benefit	87	114	87	114
Long service leave	(34)	98	(34)	98
Payroll tax	5	6	5	6
	58	**218**	**58**	**218**
(e) Other revenue				
Legal cost recoveries	601	426	601	426
Other	11	64	11	64
	612	**490**	**612**	**490**

Notes to and forming part of the financial statements for the year ended 30 June 2013

4. Service group of the Health Care Complaints Commission

Complaints handling

The HCCC has one service group - complaint handling. This service group covers the processing, assessment and management of health care complaints, which can be dealt with through assisted resolution, facilitated conciliation or referral for investigation. Serious cases of inappropriate health care, are investigated and prosecuted, and recommendations made to health organisations to address systemic health care issues.

5. Current assets - cash and cash equivalents

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash at bank and on hand	**731**	**846**	**731**	**846**
For the purpose of the statement of cash flows, cash and cash equivalents include cash at bankand cash on hand.				
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)	731	846	731	846
Closing cash and cash equivalents (per statement of cash flows)	**731**	**846**	**731**	**846**

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. Current assets - receivables

	Parent 2013 $'000	Parent 2012 $'000	Consolidated 2013 $'000	Consolidated 2012 $'000
Legal cost recoveries	216	148	216	148
Prepayment	30	32	30	32
GST Receivables	110	-	110	-
Other	32	35	32	35
Less allowance for impairment	-	-	-	-
	388	**214**	**388**	**214**
Movement in the allowance for impairment				
Balance at 1 July 2012	-	(21)	-	(21)
Amounts written off during the year	-	-	-	-
Amounts recovered during the year	-	21	-	21
Increase/(decrease) in allowance recognised in profit or loss	-	-	-	-
Balance at 30 June 2013	**-**	**-**	**-**	**-**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

Notes to and forming part of the financial statements for the year ended 30 June 2013

7. Non-current assets - plant and equipment

	Consolidated and parent				
	Leasehold improvements $'000	Computer equipment $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
At 30 June 2012 - fair value					
Gross carrying amount	882	602	172	11	1,667
Accumulated depreciation and impairment	(710)	(518)	(154)	–	(1,382)
Net carrying amount	**172**	**84**	**18**	**11**	**285**
At 30 June 2013 - fair value					
Gross carrying amount	882	771	283	75	2,011
Accumulated depreciation and impairment	(772)	(600)	(174)	–	(1,546)
Net carrying amount	**110**	**171**	**109**	**75**	**465**

Reconciliation

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

	Consolidated and parent				
	Leasehold improvements $'000	Computer equipment $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
Year ended 30 June 2013					
Net carrying amount at start of year	172	84	18	11	285
Additions	–	169	99	77	345
Transfers to/(from) other asset classes	–	–	13	(13)	–
Depreciation expense	(62)	(82)	(21)	–	(165)
Net carrying amount at end of year	**110**	**171**	**109**	**75**	**466**
At 1 July 2011 - fair value					
Gross carrying amount	646	610	172	–	1,428
Accumulated depreciation and impairment	(631)	(434)	(131)	–	(1,196)
Net carrying amount	**15**	**176**	**41**	**–**	**232**
At 30 June 2012 - fair value					
Gross carrying amount	882	602	172	11	1,667
Accumulated depreciation and impairment	(710)	(518)	(154)	–	(1,382)
Net carrying amount	**172**	**84**	**18**	**11**	**285**

Notes to and forming part of the financial statements for the year ended 30 June 2013

7. Non-current assets - plant and equipment (continued)

Reconciliation

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

	Consolidated and parent				
	Leasehold improvements $'000	Computer equipment $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
Year ended 30 June 2012					
Net carrying amount at start of year	15	176	41	–	232
Additions	237	3	–	11	251
Depreciation expense	(80)	(95)	(23)	–	(198)
Net carrying amount at end of year	**172**	**84**	**18**	**11**	**285**

8. Intangible assets - computer software

	Consolidated and parent
	Software $'000
At 1 July 2012	
Cost (gross carrying amount)	880
Accumulated amortisation and impairment	(761)
Net carrying amount	**119**
At 30 June 2013	
Cost (gross carrying amount)	965
Accumulated amortisation and impairment	(836)
Net carrying amount	**129**
Year ended 30 June 2013	
Net carrying amount at start of year	119
Additions	85
Amortisation (recognised in 'depreciation and amortisation')	(75)
Net carrying amount at end of year	**129**
At 1 July 2011	
Cost (gross carrying amount)	871
Accumulated amortisation and impairment	(678)
Net carrying amount	**193**

Notes to and forming part of the financial statements for the year ended 30 June 2013

8. Intangible assets - computer software (continued)

	Consolidated and parent
	Software $'000
At 30 June 2012	
Cost (gross carrying amount)	880
Accumulated amortisation and impairment	(761)
Net carrying amount	**119**
Year ended 30 June 2012	
Net carrying amount at start of year	193
Additions	9
Amortisation (recognised in 'depreciation and amortisation')	(83)
Net carrying amount at end of year	**119**

9. Current liabilities - payables

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Accrued salaries, wages and on costs	–	–	161	165
Payable for personnel services	161	165	–	–
Creditors	–	4	–	4
GST payable	–	165	–	165
Accrued expenses	121	154	121	154
	282	**488**	**282**	**488**

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 16.

10. Current/non-current liabilities - provisions

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Employee benefits and related on-costs - current				
Annual leave	–	–	507	537
Payroll tax on recreation leave	–	–	25	30
Payroll tax on long service leave	–	–	82	86
Long service leave on-costs	–	–	119	124
Annual leave on-costs	–	–	35	39
Provision for personnel services	768	816	–	–
Total current provisions	**768**	**816**	**768**	**816**

Annual leave expected to be settled in the next 12 months is $382K.

Notes to and forming part of the financial statements for the year ended 30 June 2013

10. Current/non-current liabilities - provisions (continued)

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Employee benefit and related on-costs - non-current				
Payroll tax on long service leave	–	–	11	11
Long service leave on-costs	–	–	–	–
Provision for personnel services	11	11	–	–
Total	**11**	**11**	**11**	**11**
Other provisions - non-current				
Lease - make good provision	249	237	249	237
Total non-current provisions	**249**	**237**	**249**	**237**
Total employee benefit and related on-costs non-current	**260**	**248**	**260**	**248**

2013	'Make good' provision $'000
Carrying amount at the beginning of financial year	237
Unwinding of the discount rate	12
Carrying amount at end of financial year	**249**

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Aggregate employee benefits and related on costs				
Provisions - current		–	768	816
Provisions - non-current		–	11	11
Provision for personnel services - current	768	816	–	–
Provision for personnel services - non-current	11	11	–	–
Accrued salaries, wages and on-costs (Note 9)	–	–	161	165
Payable for personnel services	161	165	–	–
	940	**992**	**940**	**992**

11. Commitments for expenditure

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(a) Capital commitments				
Aggregate other expenditure for the acquisition of ICT Infrastructure Upgrade hardware contracted for at balance date and not provided for:				
Not later than one year	53	–	53	–
Later than one year and not later than five years	–	–	–	–
Later than five years	–	–	–	–
Total (including GST)	**53**	**–**	**53**	**–**

Total capital commitments included input tax credits of $4,818 (2011-12: $nil)

Notes to and forming part of the financial statements for the year ended 30 June 2013

11. Commitments for expenditure (continued)

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	1,110	1,053	1,110	1,053
Later than one year and not later than five years	1,001	2,008	1,001	2,008
Later than five years	–	–	–	–
Total (including GST)	**2,111**	**3,061**	**2,111**	**3,061**

Total commitments above included input tax credits of $191,887 (2011-12: $278,325) that are expected to be recovered from the Australian Taxation Office. Total commitments include the HCCC's premises lease at Levels 12 and 13, 323 Castlereagh Street, Sydney. The lease terminates on the 30 April 2015 and lease conditions included a market rent review on 1 May 2013 and 1 May 2014.

12. Contingent assets

There are legal costs awarded in favour of the HCCC arising from prosecution of serious cases of complaints of health care where the respondents have been found to be guilty of unsatisfactory professional conduct and/or professional misconduct. The amounts are subject to negotiation and determination and total $1,305,411 (2011-12: $772,607).

13. Contingent liabilities

Adverse costs awarded against the HCCC, across a range of cases, and are estimated to be $nil at 30 June 2013 (2011-12: $nil).

The HCCC has contingent liabilities estimated at $268,100 representing potential legal expenses for which the Crown Solicitor is acting on behalfof the HCCC as at 30 June 2013 (2012: $162,000). The total amount of $232,100 will be reimbursed by the Treasury Managed Fund if the liabilities are realised.

14. Budget review

Net result

The HCCC's favourable net result of $490,000 is higher than budget net result by $269,000. The positive variance can be explained by the unanticipated increase of revenues received from legal cost recovered during 2012-13 of $240,000 and general under-expenditure for employee related expenses.

Assets and Liabilities

The HCCC upgraded its ICT Infrastructure during 2012-13 with a capital expenditure outlay of approximately $445,000. Cash and cash equivalents assets slightly increased compared to budget while provisions and payables maintained its budget levels.

Cash flows

Closing cash balance is slightly higher than budgeted due to higher revenue than anticipated and lower expenditure than budget.

15. Reconciliation of cash flows from operating activities to net result

	Parent		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Net cash used on operating activities	314	155	314	155
Depreciation	(240)	(280)	(240)	(280)
Decrease/(increase) in provisions	36	(140)	36	(140)
Increase/(decrease) in receivables and other assets	174	(49)	174	(49)
Decrease/(increase) in creditors	206	83	206	83
Net result	**490**	**(231)**	**490**	**(231)**

Notes to and forming part of the financial statements for the year ended 30 June 2013

16. 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 Commissioner 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.

From time to time, compliance with policies is reviewed by the Audit and Risk Committee.

(a) Financial instrument categories

			Parent		Consolidated	
	Note	Category	2013 $'000 Carrying Amount	2012 $'000 Carrying Amount	2013 $'000 Carrying Amount	2012 $'000 Carrying Amount
Financial assets						
Class:						
Cash and cash equivalents	5	N/A	731	846	731	846
Receivables[1]	6	Receivables at amortised cost	248	176	248	176
Financial liabilities						
Class:						
Payables[2]	9	Financial liabilities measured at amortised cost	121	154	121	154

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 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 4.23%. The average rate for the year ended 2011-12 was 3.27%.

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.

Notes to and forming part of the financial statements for the year ended 30 June 2013

Receivables - trade debtors (continued)

The HCCC is not exposed to concentrations of credit risk to trade debtors as they are mainly other government departments. Based on past experience, debtors that are not past due (2013: $nil; 2012:$nil) and not less than 12 months past due 2013: $nil; (2012: $nil) are not considered impaired.

Debtors (legal cost recoveries) which are currently past due (2013: $55,408; 2012: $129,791) represent 100% of the total debtors overdue. 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	
	Past due but not impaired [1,2] $'000	Considered impaired [1,2] $'000	Past due but not impaired[1,2] $'000	Considered impaired [1,2] $'000
2013				
< 3 months overdue	10	–	10	–
3 months - 6 months overdue	20	–	20	–
> 6 months overdue	25	–	25	–
2012				
< 3 months overdue	29	–	29	–
3 months - 6 months overdue	–	–	–	–
> 6 months overdue	100	–	100	–

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 current and prior years, there were no defaults on any loans payable. 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 TC11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically, unless an existing contract specifies otherwise. For payments to other suppliers, the Manager Corporate Services may authorise the automatic payment of simple interest to the supplier.

(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. The HCCC does not have any interest bearing liabilities.

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short term nature of many of the financial instruments.

17. Events after the reporting period

There were no after reporting period events.

End of audited financial statement

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 comprise the statement of financial position as at 30 June 2013, the 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 and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E 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.

Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

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. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 control relevant to the Office's preparation of the financial statements that give 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 Office's internal control. 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.

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I believe 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 control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. 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 roles by the possibility of losing clients or income.

Peter Coulogeorgiou
Director, Financial Audit Services

20 September 2013
SYDNEY

Office of the Health Care Complaints Commission

Statement by Commissioner

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

(a) the accompanying financial statements in respect of the year ended 30 June 2013 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Act, and Regulation 2010, and the Treasurer's Directions

(b) the financial statements exhibit a true and fair view of the financial position and financial performance of the Office of the Health Care Complaints Commission

(c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

Kieran Pehm
Commissioner

20 September 2013

Start of audited financial statement

Statement of comprehensive income for the year ended 30 June 2013

		Actual	Actual
		2013	2012
	Notes	$'000	$'000
Expenses excluding losses			
Operating expenses			
Employee related	2	8,154	7,586
Total expenses excluding losses		**8,154**	**7,586**
Revenue			
Personnel services	3	8,154	7,586
Total revenue		**8,154**	**7,586**
Net result		**–**	**–**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**–**	**–**

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2013

	Notes	Actual 2013 $'000	Actual 2012 $'000
ASSETS			
Current assets			
Receivables	4	929	981
Total current assets		**929**	**981**
Non-current assets			
Receivables	4	11	11
Total non-current assets		**11**	**11**
Total assets		**940**	**992**
LIABILITIES			
Current liabilities			
Payables	5	161	165
Provisions	6	768	815
Total current liabilities		**929**	**981**
Non-current liabilities			
Provisions	6	11	11
Total non-current liabilities		**11**	**11**
Total liabilities		**940**	**992**
Net assets		**–**	**–**
Accumulated funds		–	–
Total equity		**–**	**–**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2013

	Notes	Actual 2013 $'000	Actual 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		–	–
Personnel services		–	–
Other		–	–
Total payments		**–**	**–**
Receipts			
Sale of goods and services		–	–
Interest received		–	–
GST		–	–
Grants and contributions		–	–
Legal cost recoveries		–	–
Other		–	–
Total receipts		**–**	**–**
NET CASH FLOWS FROM OPERATING ACTIVITIES		**–**	**–**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		–	–
Purchase of plant and equipment		–	–
NET CASH FLOWS FROM INVESTING ACTIVITIES		**–**	**–**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**–**	**–**
Opening cash and cash equivalents		–	–
CLOSING CASH AND CASH EQUIVALENTS		**–**	**–**

Statement of changes in equity for the year ended 30 June 2013

		Parent	
	Notes	Accumulated funds $'000	Total $'000
Balance at 1 July 2013		–	–
Net result for the year		–	–
Total other comprehensive income			
Total comprehensive income for the year		**–**	**–**
Balance at 30 June 2013		**–**	**–**
Balance at 1 July 2012		–	–
Net result for the year		–	–
Total other comprehensive income			
Total comprehensive income for the year		**–**	**–**
Balance at 30 June 2012		**–**	**–**

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2013

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

The financial statements for the year ended 30 June 2013 have been authorised for issue by the Commissioner on 20 September 2013.

(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 1983* and Regulation
- the Treasurer's Directions.

Judgement, key assumptions and estimations that management have 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 consolidated and parent entity 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 the fund manager 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) Assets

Receivables

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 net result 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.

Notes to and forming part of the financial statements for the year ended 30 June 2013

1. Summary of significant accounting policies (continued)

(g) 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 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 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 12/06) 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 formula 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.

(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 OHCCC has not early adopted any new Australian Accounting Standards/Interpretations issued but not yet effective. The OHCCC believes the impact of the standards issued but not yet effective would be immaterial on its financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2013

2. Expenses excluding losses

	2013 $'000	2012 $'000
Employee related expenses		
Salaries and wages (including recreation leave)	7,103	6,477
Superannuation - defined benefits plans	87	114
Superannuation - defined contributions plans	499	456
Long service leave	(33)	98
Workers' compensation Insurance	56	34
Payroll tax and fringe benefits tax	442	408
	8,154	**7,586**

3. Revenue

	2013 $'000	2012 $'000
Rendering of personnel services	**8,154**	**7,586**

4. Current/non-current assets - receivables

	2013 $'000	2012 $'000
Personnel services - current	929	981
Personnel services - non-current	11	11
	940	**992**

5. Current liabilities - payables

	2013 $'000	2012 $'000
Accrued salaries, wages and on costs	**161**	**165**

6. Current/non-current liabilities - provisions

	2013 $'000	2012 $'000
CURRENT		
Employee benefit and related on-costs		
Annual leave	507	537
Payroll tax on recreation leave	25	30
Payroll tax on long service leave	82	86
Long service leave on-costs	119	124
Annual leave on-costs	35	39
Total	**768**	**816**

Notes to and forming part of the financial statements for the year ended 30 June 2013

6. Current/non-current liabilities - provisions (continued)

	2013 $'000	2012 $'000
Aggregate employee benefits and related on costs		
Provisions - current	768	816
Provisions - non current		
Payroll tax on long service leave	4	4
Long service leave on-costs	7	7
Accrued salaries, wages and on-costs	161	165
Total	**940**	**992**

Annual leave expected to be settled in the next 12 months is $382K.

7. Contingent liabilities and contingent assets

The OHCCC has no contingent liabilities or contingent assets as at 30 June 2013 (2012 - $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. From time to time, compliance with policies is reviewed by the Audit and Risk Committee.

(a) Financial instrument categories

	Notes	Category	2013 $'000 Carrying amount	2012 $'000 Carrying amount
Financial assets				
Receivables[1]	4	Receivables	940	992
Financial liabilities				
Payables[2]	5	Financial liabilities measured at amortised cost	–	–

Notes

1. Excludes statutory receivables and prepayment (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 OHCCC, including cash and receivables. No collateral is held by the OHCCC. The OHCCC has not granted any financial guarantees.

Notes to and forming part of the financial statements for the year ended 30 June 2013

8. Financial instruments (continued)

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 (2013: $940,000; 2012: $991,000) and not less than 12 months past due (2013: $nil; 2012: $nil) are not considered impaired.

(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 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 TC11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically, unless an existing contract specifies otherwise. For payments to other suppliers, the Manager Corporate Services may authorise the automatic payment of simple interest to the supplier.

(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. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short term nature of many of the financial instruments.

9. Commitments

The OHCCC did not have any expenditure commitments as at 30 June 2013 (2012: $nil).

10. Events after the reporting period

There were no events after the reporting period.

End of audited financial statement