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Preamble

The Commission's Net Result was a surplus of \$65,000 which was marginally lower than the \$81,000 surplus foreshadowed in the Budget. The result was primarily due to higher than budgeted expenditure associated with systems improvements and equipment upgrade and maintenance.

PAYMENT PERFORMANCE INDICATORS

Aged analysis at end of each quarter 2017-18

	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
Quarter	\$'000	\$'000	\$'000	\$'000	\$'000
All suppliers					
September	316	397	52	19	12
December	386	510	58	8	5
March	265	375	74	94	4
June	596	1,844	47	3	14
Small business suppliers					
September	1	–	–	–	–
December	5	–	–	–	–
March	1	–	–	–	–
June	–	–	–	–	–

Accounts due or paid within each quarter				
Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	408	368	346	524
Number of accounts paid on time	340	318	269	497
Actual percentage of accounts due for payment	83.33%	86.41%	77.75%	94.85%
Dollar amount of accounts due for payment	880,881	907,501	788,136	2,503,836
Dollar amount of accounts paid on time	758,289	858,796	604,301	2,450,159
Actual percentage of accounts paid on time (based on \$)	86.08%	94.63%	76.67%	97.86%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–
Small business suppliers				
Number of accounts due for payment	5	11	2	–
Number of accounts paid on time	5	11	2	–
Actual percentage of accounts due for payment	100%	100%	100%	100%
Dollar amount of accounts due for payment	589	5,101	348	–
Dollar amount of accounts paid on time	589	5,101	348	–
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 current reporting period.



INDEPENDENT AUDITOR'S REPORT

Health Care Complaints Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Health Care Complaints Commission (the Commission), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

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 2018, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Commission and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

Other information comprises the information included in the annual report of the Commission and the consolidated entity for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Commissioner of the Commission is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Commissioner.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Commissioner's Responsibilities for the Financial Statements

The Commissioner is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner is responsible for assessing the ability of the Commission and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will be dissolved by an Act of Parliament or otherwise cease.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Commission or the consolidated entity carried out their activities effectively, efficiently and economically
- 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 which may have been hyperlinked to/from the financial statements.



Dominika Ryan
Director, Financial Audit Services

25 September 2018
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 2018 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Act, Regulation 2015, 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.

Sue Dawson
Commissioner
25 September 2018

**Health Care Complaints Commission
Consolidated Financial Statements
for the year ended 30 June 2018**

Health Care Complaints Commission
Statement of Comprehensive Income
for the year ended 30 June 2018

	Notes	Parent		Consolidated		
		Actual	Actual	Actual	Budget	Actual
		2018	2017	2018	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	-	-	11,122	10,208	10,277
Personnel services	2(a)	10,897	9,959	-	-	-
Other operating expenses	2(b)	5,030	4,580	5,030	5,162	4,580
Depreciation and amortisation	2(c)	135	243	135	247	243
Total expenses excluding losses		16,062	14,782	16,287	15,617	15,100
Revenue						
Grants and contributions	3(a)	14,959	13,902	14,959	14,959	13,902
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	-	-	225	289	318
Other revenue	3(c)	1,168	767	1,168	450	767
Total revenue		16,127	14,669	16,352	15,698	14,987
Net result		65	(113)	65	81	(113)
Other comprehensive income		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		65	(113)	65	81	(113)

The accompanying notes form part of these financial statements.

Health Care Complaints Commission
Statement of Financial Position
as at 30 June 2018

	Notes	Parent		Consolidated		
		Actual	Actual	Actual	Budget	Actual
		2018	2017	2018	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Current assets						
Cash and cash equivalents	5	132	324	305	261	590
Receivables	6	517	468	392	356	337
Total current assets		649	792	697	617	927
Non-current assets						
Receivables	6	85	137	85	211	137
Property, plant and equipment						
Leasehold improvements		483	26	483	76	26
Plant and equipment		308	129	308	86	129
Total property, plant and equipment	7	791	155	791	162	155
Intangible assets	8	29	52	29	143	52
Total non-current assets		905	344	905	516	344
Total assets		1,554	1,136	1,602	1,133	1,271
LIABILITIES						
Current liabilities						
Payables	9	387	300	390	383	369
Provisions	10	1,198	960	1,243	820	1,026
Total current liabilities		1,585	1,260	1,633	1,203	1,395
Non-current liabilities						
Provisions	10	383	355	383	353	355
Total non-current liabilities		383	355	383	353	355
Total liabilities		1,968	1,615	2,016	1,556	1,750
Net assets/(liabilities)		(414)	(479)	(414)	(423)	(479)
EQUITY						
Accumulated funds/(deficit)		(414)	(479)	(414)	(423)	(479)
Total equity		(414)	(479)	(414)	(423)	(479)

The accompanying notes form part of these financial statements.

Health Care Complaints Commission
Statement of Changes in Equity
for the year ended 30 June 2018

	Parent		Consolidated	
	Accumulated Funds \$'000	Total \$'000	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2017	(479)	(479)	(479)	(479)
Net result for the year	65	65	65	65
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	65	65	65	65
Balance at 30 June 2018	(414)	(414)	(414)	(414)
Balance at 1 July 2016	(366)	(366)	(366)	(366)
Net result for the year	(113)	(113)	(113)	(113)
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	(113)	(113)	(113)	(113)
Balance at 30 June 2017	(479)	(479)	(479)	(479)

The accompanying notes form part of these financial statements.

Health Care Complaints Commission
Statement of Cash Flows
for the year ended 30 June 2018

	Notes	Parent		Consolidated		
		Actual	Actual	Actual	Budget	Actual
		2018	2017	2018	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		-	-	(10,680)	(10,043)	(9,727)
Personnel services		(10,678)	(9,993)	-	-	-
Other expenses		(5,482)	(5,064)	(5,546)	(5,461)	(5,064)
Total payments		(16,160)	(15,057)	(16,226)	(15,504)	(14,791)
Receipts						
Grants and contributions		14,959	13,902	14,959	14,959	13,902
Other		1,757	1,286	1,730	749	1,286
Total receipts		16,716	15,188	16,689	15,708	15,188
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	556	131	463	204	397
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment		(737)	(40)	(737)	(325)	(40)
Purchases of intangible assets		(11)	(23)	(11)	-	(23)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(748)	(63)	(748)	(325)	(63)
NET INCREASE/(DECREASE) IN CASH		(192)	68	(285)	(121)	334
Opening cash and cash equivalents		324	256	590	382	256
CLOSING CASH AND CASH EQUIVALENTS	5	132	324	305	261	590

The accompanying notes form part of these financial statements.

The HCCC had no cash flows from financing activities during 2016-17 & 2017-18.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1. Summary of significant accounting policies

(a) Reporting entity

The Health Care Complaints Commission (HCCC) is a NSW Government statutory body, responsible for protecting the health and safety of the public by dealing with complaints about health service providers which affects, or is likely to affect, the clinical management or care of an individual client.

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 Health Care Complaints Commission Staff Agency.

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 and like transactions and other events are accounted for using uniform accounting policies.

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 1983*, outside the control of the NSW Ministry of Health.

These consolidated financial statements for the year ended 30 June 2018 have been authorised for issue by the Commissioner on (TBA).

(b) Basis of preparation

The HCCC's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2015, and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment assets 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.

(i) Going concern

The Commission is a 'going concern' public sector entity. The Commission receives annual grant funding from the Ministry of Health to fund its operations. As presented in the NSW Governments 2017 -18 Budget Paper 3, NSW Treasury through the NSW Ministry of Health, provides grant funding to the Commission to meet its legislative responsibilities each year including meeting its liabilities inclusive of its financial liquidity and balance sheet provisions. Allocated funds, combined with other revenues earned (legal cost recoveries), are applied to pay debts as and when they become due and payable. The commission has the capacity to review timing of grant payments from the NSW Ministry of Health to ensure that debts can be paid when they become due and payable.

The closing cash balance is as a result of NSW Treasury's cash management reforms outlined in Circular 15-01 Cash Management - Expanding the Scope of the Treasury Management system which requires all non-restricted cash and cash equivalents in excess of a readily assessable short term level to be held within the Treasury Banking System.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1. Summary of significant accounting policies (cont'd)

The closing cash balance of \$305,000 at 30 June 2018 is higher than the agreed Treasury cash buffer of \$250,000 due to the timing of creditor invoices falling due for payment.

(c) Statement of compliance

The 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 entities. The expense (premium) is determined by the fund manager 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 are 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) Grants and contributions

Grants and contributions from other bodies (including grants from the NSW Ministry of Health) are 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.

(iii) 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, are recognised as revenue when agreement is reached with the respondent on settlement of the amount of legal cost recovered.

(g) Property, Plant & Equipment

(i) Acquisition cost

Assets acquired are initially recognised at cost. 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 its acquisition or construction or, recognised 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 price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1. Summary of significant accounting policies (cont'd)

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, that is the deferred payment amount, is effectively discounted over the period of credit.

(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 14-1). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(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.

All material identifiable components of assets are depreciated separately over their useful lives.

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

Asset category	Gross value measurement bases	Depreciation method	Depreciation life in years 2017-18	Depreciation life in years 2016-17
Computer equipment	Purchase price	Straight line	4	4
Plant and equipment	Purchase price	Straight line	5	5

Leasehold improvement assets are depreciated on a straight line basis 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.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1. Summary of significant accounting policies (cont'd)

(h) Leases

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

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Property, plant and equipment acquired under finance leases are depreciated over the asset's useful life. However if there is no reasonable certainty that the lessee entity will obtain ownership at the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the entity's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the entity's net investment outstanding in respect of the leases.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Lease income from operating leases where the entity is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included by the lessor entity in the Statement of Financial Position based on their nature.

(i) 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 (g)(iv)).

The useful life of the Commission's Intangible assets is as follows:

Asset category	Gross value measurement bases	Amortisation method	Amortisation life in years 2017-18	Amortisation life in years 2016-17
Software	Purchase price	Straight line	4	4

(j) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The HCCC determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1. Summary of significant accounting policies (cont'd)

(i) Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

■ **Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. 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 unless the effect of discounting is material.

(ii) Financial liabilities

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

■ **Financial liabilities at amortised cost (including borrowings and trade payables)**

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the HCCC and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Borrowings are financial liabilities at amortised cost. Gains or losses are recognised in the net result for the year on de-recognition of borrowings.

Finance lease liabilities are determined in accordance with AASB 117.

(iii) 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. In that case, the HCCC also recognises an associated liability measured on a basis that reflects the rights and obligations that the HCCC has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified such an exchange or modification is treated as the de-recognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognised in the net results.

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1. Summary of significant accounting policies (cont'd)

(k) 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

Salaries and wages (including non-monetary benefits), and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts based on the amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach using nominal annual leave plus annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability.

The HCCC has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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 15-09) 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.

(c) Consequential on-costs

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

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1. Summary of significant accounting policies (cont'd)

(iii) Other provisions

The HCCC has a present legal obligation which amortises costs to the expiration date of the lease term on the 30 June 2018.

As the effect of the time value of money is material, provision was discounted at 2.18% 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.

(l) Fair value hierarchy

As disclosed in Note 1(g)(iii), the HCCC holds non-specialised assets with short useful lives and these are measured at depreciated historical cost as a surrogate for fair value. Consequently there are no further disclosures made in relation to the AASB 13 fair value hierarchy.

(m) Equity and reserves

(i) Accumulated funds

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

(n) 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 1983* where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(o) 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.

(p) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year except for the following list of new/revised Accounting Standards applicable for the first time in year ending 30 June 2018.

- AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1. Summary of significant accounting policies (cont'd)

(ii) Issued but not yet 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 represent some of the new standards not yet applied and hence not yet effective.

- AASB 9 Financial Instruments
- AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions
- AASB 15, AASB 2014-5, AASB 2015-8, 2016-3, 2016-7 and AASB 2016-8 regarding Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not for profit Entities
- AASB 2016-6 Amendments to Australian Accounting Standards - Applying AASB 9 with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
Effective - For profit (FP): 2018-19; Not-for-profit (NFP): 2019-20
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The HCCC anticipates that adoption of these standards in the period of initial application will have no material impact on the financial statements.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2. EXPENSES EXCLUDING LOSSES

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) Employee related expenses				
Salaries and wages (including annual leave)	-	-	9,574	8,677
Redundancy	-	-	-	76
Superannuation - defined benefits plans	-	-	47	46
Superannuation - defined contributions plans	-	-	747	678
Long service leave	-	-	179	272
Workers' compensation insurance	-	-	34	28
Payroll tax and fringe benefits tax	-	-	541	500
Personnel services	10,897	9,959	-	-
	10,897	9,959	11,122	10,277
(b) Other operating expenses include the following:				
Auditors remuneration				
- audit of the financial statements	31	32	31	32
Contractors	825	1,173	825	1,173
Equipment and plant	17	22	17	22
Insurance	4	11	4	11
Postage and telephone	125	150	125	150
Printing	53	57	53	57
Operating lease rental expense				
- minimum lease payments	1,093	994	1,093	994
Training	100	43	100	43
Travelling	65	81	65	81
Fees - legal witness	71	46	71	46
Fees - translators	6	15	6	15
Legal fees and adverse costs	1,105	998	1,105	998
Fees for services rendered	451	278	451	278
Fees - peer review reports	224	257	224	257
Other operating expenses	316	297	316	297
Stores	544	126	544	126
	5,030	4,580	5,030	4,580
(c) Depreciation and amortisation expense				
Depreciation				
Leasehold improvements	22	76	22	76
Plant equipment	24	28	24	28
Computer equipment	55	91	55	91
Total depreciation	101	195	101	195

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2. EXPENSES EXCLUDING LOSSES (cont'd)

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Amortisation				
Software	34	48	34	48
Total depreciation and amortisation	135	243	135	243

3. REVENUE

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) Grants and contributions				
Recurrent - (NSW Ministry of Health)	14,634	13,764	14,634	13,764
Capital - (NSW Ministry of Health)	325	65	325	65
Redundancy	-	73	-	73
	14,959	13,902	14,959	13,902
(b) Acceptance by the Crown Entity of employee benefits and other liabilities				
The following liabilities and/or expenses have been assumed by the Crown Entity:				
Long service leave	-	-	176	270
Superannuation - defined benefit plans	-	-	47	46
Payroll tax	-	-	2	2
	-	-	225	318
(c) Other revenue				
Legal cost recoveries	1,168	762	1,168	762
Other	-	5	-	5
	1,168	767	1,168	767

4. PROGRAM GROUP OF THE HEALTH CARE COMPLAINTS COMMISSION

Complaints handling

The HCCC has one program group - complaints handling. This program group covers processing, assessing and resolving of health care complaints through assisted resolution, facilitated conciliation or referral for investigation. The HCCC also investigates and prosecutes any serious cases of inappropriate health care and makes recommendations to health organisations to address any systemic health care issues.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and on hand	132	324	305	590

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank and 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)	132	324	305	590
Closing cash and cash equivalents (per statement of cash flows)	132	324	305	590

6. CURRENT/NON-CURRENT ASSETS - RECEIVABLES

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current assets				
Legal cost recoveries	133	225	169	225
GST receivables	151	55	151	55
Other	18	9	18	18
Intercompany receivable	161	140	-	-
Prepayment	54	39	54	39
	517	468	392	337
Non-current assets				
Legal cost recoveries	85	137	85	137
Total current/non-current assets - receivables	602	605	477	474

7. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated and Parent				
	Leasehold improvements \$'000	Computer equipment \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
At 1 July 2017 - fair value					
Gross carrying amount	1,114	576	260	-	1,950
Accumulated depreciation and impairment	(1,088)	(493)	(214)	-	(1,795)
Net carrying amount	26	83	46	-	155

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

7. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Consolidated and Parent				
	Leasehold improvements	Computer equipment	Plant and equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2018 - fair value					
Gross carrying amount	1,114	640	277	656	2,687
Accumulated depreciation and impairment	(1,110)	(548)	(238)	-	(1,896)
Net carrying amount	4	92	39	656	791

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:

Year ended 30 June 2018

Net carrying amount at start of year	26	83	46	-	155
Purchases	-	64	17	656	737
Disposals	-	-	-	-	-
Transfers to/(from) other asset classes	-	-	-	-	-
Depreciation expense	(22)	(55)	(24)	-	(101)
Net carrying amount at end of year	4	92	39	656	791

At 1 July 2016 - fair value

Gross carrying amount	1,088	670	262	38	2,058
Accumulated depreciation and impairment	(1,012)	(532)	(204)	-	(1,748)
Net carrying amount	76	138	58	38	310

At 30 June 2017 - fair value

Gross carrying amount	1,114	576	260	-	1,950
Accumulated depreciation and impairment	(1,088)	(493)	(214)	-	(1,795)
Net carrying amount	26	83	46	-	155

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:

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

7. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Consolidated and Parent				
	Leasehold improvements	Computer equipment	Plant and equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2017					
Net carrying amount at start of year	76	138	58	38	310
Additions	-	24	16	-	40
Disposals	-	-	-	-	-
Transfers to/(from) other asset classes	26	12	-	(38)	-
Depreciation expense	(76)	(91)	(28)	-	(195)
Net carrying amount at end of year	26	83	46	-	155

8. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	Consolidated and Parent	
		Software \$'000
At 1 July 2017		
Cost (gross carrying amount)		1,098
Accumulated amortisation and impairment		(1,046)
Net carrying amount		52
At 30 June 2018		
Cost (gross carrying amount)		1,109
Accumulated amortisation and impairment		(1,080)
Net carrying amount		29
Year ended 30 June 2018		
Net carrying amount at start of year		52
Additions		11
Amortisation (recognised in 'depreciation and amortisation')		(34)
Net carrying amount at end of year		29
At 1 July 2016		
Cost (gross carrying amount)		1,075
Accumulated amortisation and impairment		(998)
Net carrying amount		77
At 30 June 2017		
Cost (gross carrying amount)		1,098
Accumulated amortisation and impairment		(1,046)
Net carrying amount		52

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

8. INTANGIBLE ASSETS - COMPUTER SOFTWARE (cont'd)

Consolidated and Parent		Software \$'000
Year ended 30 June 2017		
Net carrying amount at start of year		77
Additions		23
Amortisation (recognised in 'depreciation and amortisation')		(48)
Net carrying amount at end of year		52

9. CURRENT LIABILITIES - PAYABLES

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Payables				
Accrued salaries, wages and on costs	-	-	28	27
Payable for personnel services	30	27	-	-
Creditors	32	111	37	180
Accrued expenses	325	162	325	162
	387	300	390	369

10. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Employee benefits and related on-costs - current				
Annual leave	-	-	918	720
Payroll tax	-	-	171	187
Fringe benefits tax	-	-	3	5
Long service leave	-	-	151	114
Provision for personnel services	1,198	960	-	-
Total current employee provisions	1,198	960	1,243	1,026
Other provisions - non-current				
Lease make good provision	363	334	363	334
Long service leave	-	-	20	21
Provision for personnel services	20	21	-	-
Total other non-current provisions	383	355	383	355

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

10. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS (cont'd)

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Aggregate employee benefits and related on costs				
Provisions - current	-	-	1,243	1,026
Provisions - non-current	-	-	20	21
Provision for personnel services - current	1,198	960	-	-
Provision for personnel services - non-current	20	21	-	-
Accrued salaries, wages and on-costs (Note 9)	-	-	28	27
Payable for personnel services	30	27	-	-
	1,248	1,008	1,291	1,074

11. COMMITMENTS FOR EXPENDITURE

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000

(a) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	1,122	1,168	1,122	1,168
Later than one year and not later than five years	2,172	3,289	2,172	3,289
Later than five years	-	-	-	-
Total (including GST)	3,294	4,457	3,294	4,457

Total commitments above included input tax credits of \$299,464 (2016-17: \$405,181) that are expected to be refunded from the Australian Taxation Office. Total commitments include the HCCC's lease on its premises at Levels 12 and 13, 323 Castlereagh Street, Sydney. The HCCC entered into a new lease with a three year term commencing on 1 May 2018.

(b) Capital Expenditure Commitments

The HCCC has commenced a partial refurbishment of its premises at Level 12 and 13, Castlereagh Street, Sydney. At 30 June 2018, the HCCC has a commitment to capital expenditure of \$361,775.

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 \$1,651,775 (2016-17: \$1,273,830).

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

13. CONTINGENT LIABILITIES

Adverse costs awarded against the HCCC, were \$160,244 at 30 June 2018 (2016-17: \$110,000).

The HCCC has contingent liabilities estimated at \$145,500 representing potential legal expenses for which the Crown Solicitor is acting on behalf of the HCCC as at 30 June 2018 (2017: \$581,050). Approximately \$115,350 will be reimbursed by the Treasury Managed Fund if the liabilities are realised.

14. BUDGET REVIEW

Net result

The actual net result of \$65,000 surplus was lower than budget by \$16,000, primarily due to:

Expenses

The HCCC's total expenditure was higher than budget by \$670,000, comprising of employee expenses over expenditure of \$914,000, following an increase to the Labour Expense Cap (LEC) post budget load. With the increase, actual employee related expenses are within the LEC. Operating expenses of \$244,000 below budget, mainly in depreciation expenses and other savings across the HCCC to adjust for the increase in the LEC.

Revenue

The HCCC's total revenue was higher than budget by \$654,000 mainly due to higher Legal Cost Recoveries during 2017 -18.

Assets and liabilities

Current assets were higher than budget by \$80,000 due to higher cash balances and debtor receivables in 2017 -18.

Plant and equipment non-current assets were higher than budget due to the purchase of additional equipment relating to the office refurbishment and IT upgrades across the HCCC.

Total liabilities were higher than budget due to increase in employee provisions.

Cash Flows

The HCCC's cash balance of \$305,000 was higher than budget by \$44,000 due to the timing of invoices being due, the closing cash balance was within the acceptable limits set by Treasury.

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	Parent		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net cash used on operating activities	556	131	463	397
Depreciation and amortisation	(135)	(243)	(135)	(243)
Decrease/(increase) in provisions	(240)	(167)	(217)	(232)
Increase/(decrease) in receivables and other assets	(3)	65	3	(66)
Decrease/(increase) in creditors	(113)	101	(49)	31
Net result	65	(113)	65	(113)

The HCCC had no investing and financing transactions which did not result in cash flows.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

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

	Note	Category	Parent		Consolidated	
			2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
			Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
Financial assets						
Class:						
Cash and cash equivalents	5	N/A	132	324	305	590
Receivables ¹	6	Receivables (at amortised cost)	218	362	254	362
Financial liabilities						
Class:						
Payables ²	9	Financial liabilities (at amortised cost)	387	300	390	369

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.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

16. FINANCIAL INSTRUMENTS (cont'd)

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

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 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 (2018: \$nil; 2017:\$nil) and not less than 12 months past due 2018: \$nil; (2017: \$nil) are not considered impaired.

Receivable - other debtors

Debtors (legal cost recoveries) which are currently past due (2018: \$209,191; 2017: \$321,100) represent 100% of the total debtors overdue. These debtors comprise debts arising from tribunal ordered costs against health care practitioners. The majority of the debts reported in the financial statements are being settled by agreed regular instalments and are not considered to be impaired in a material way.

	Parent		Consolidated	
	Past due but not impaired	Considered impaired	Past due but not impaired	Considered impaired
	\$'000	\$'000	\$'000	\$'000
2018				
< 3 months overdue	30	-	49	-
3 months - 6 months overdue	15	-	17	-
> 6 months overdue	130	-	143	-
2017				
< 3 months overdue	88	-	88	-
3 months - 6 months overdue	21	-	21	-
> 6 months overdue	212	-	212	-

Notes

- Each column in the table reports 'gross receivables'.
- 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.

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

16. FINANCIAL INSTRUMENTS (cont'd)

(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. Related Party Disclosures

The entity's key management personnel compensation was paid by the Health Care Commission Staff Agency and details for the year ending 30 June 2018 are as follows:

Short term employee benefits:	2018	2017
	\$'000	\$'000
Salaries	1,259	1,301
Other monetary allowances	5	9
Non-monetary benefits	21	15
Other long-term employee benefits	24	55
Post-employment benefits	-	-
Termination benefits	-	-
Total remuneration	1,309	1,380

Health Care Complaints Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2018

17. Related Party Disclosures (cont'd)

During the year, the Health Care Complaints Commission did not enter into any other transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

In addition, the Health Care Complaints Commission entered into transactions on arm's length terms and conditions with other entities controlled by NSW Government. These transactions include:

- Payments into the icare TMF Scheme
- Long Service Leave and Defined Benefit Superannuation assumed by the Crown
- Payment for Payroll Tax
- Allocations from NSW Ministry of Health
- Payment for the audit of our financial statements
- Grants and contributions related to funding specific programs and projects
- Government Property NSW

18. EVENTS AFTER THE REPORTING PERIOD

There were no after reporting period events.

End of audited financial statements.



INDEPENDENT AUDITOR'S REPORT

Health Care Complaints Commission Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Health Care Complaints Commission Staff Agency (the Staff Agency), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2018, 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 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Staff Agency in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

The Commissioner's Responsibilities for the Financial Statements

The Commissioner is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner is responsible for assessing the Staff Agency's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Staff Agency will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Staff Agency carried out its activities effectively, efficiently and economically
- 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 which may have been hyperlinked to/from the financial statements.



Dominika Ryan
Director, Financial Audit Services

25 September 2018
SYDNEY



Health Care Complaints Commission Staff Agency

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 2018 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Act, Regulation 2015, 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 Staff Agency
- c) There are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'Sue Dawson', with a long, sweeping underline.

Sue Dawson
Commissioner
25 September 2018

**Health Care Complaints Commission
Staff Agency
Financial Statements
for the year ended 30 June 2018**

**Health Care Complaints Commission Staff Agency
Statement of Comprehensive Income
For the year ended 30 June 2018**

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
Expenses excluding losses			
Operating expenses			
Employee related expenses	2	11,122	10,277
		<u>11,122</u>	<u>10,277</u>
Total Expenses excluding losses			
Revenue			
Personnel services	3	10,897	9,959
Acceptance by the Crown Entity of employee benefits and other liabilities	3	225	318
		<u>11,122</u>	<u>10,277</u>
Total Revenue			
		<u>11,122</u>	<u>10,277</u>
Net result		-	-
Other comprehensive income		-	-
Total Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Health Care Complaints Commission Staff Agency
Statement of Financial Position
As at 30 June 2018**

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
ASSETS			
Current Assets			
Cash & cash equivalents	4	172	266
Receivables	5	<u>1,263</u>	<u>997</u>
Total Current Assets		<u>1,435</u>	<u>1,263</u>
Non-Current Assets			
Receivables	5	<u>20</u>	<u>21</u>
Total Non-Current Assets		<u>20</u>	<u>21</u>
Total Assets		<u>1,455</u>	<u>1,284</u>
LIABILITIES			
Current Liabilities			
Payables	6	192	237
Provisions	7	<u>1,243</u>	<u>1,026</u>
Total Current Liabilities		<u>1,435</u>	<u>1,263</u>
Non-Current Liabilities			
Provisions	7	<u>20</u>	<u>21</u>
Total Non-Current Liabilities		<u>20</u>	<u>21</u>
Total Liabilities		<u>1,455</u>	<u>1,284</u>
Net Assets		<u>-</u>	<u>-</u>
EQUITY			
Total Equity		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Health Care Complaints Commission Staff Agency
Statement of Changes in Equity
For the year ended 30 June 2018**

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2017	-	-
Net result for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>
Balance at 30 June 2018	<u>-</u>	<u>-</u>
Balance at 1 July 2016	-	-
Net result for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>
Balance at 30 June 2017	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Health Care Complaints Commission Staff Agency
Statement of Cash Flows
For the year ended 30 June 2018**

	Actual 2018 \$'000	Actual 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related expenses	(11,122)	(10,277)
Increase in payables/provisions	171	442
Total Payments	<u>(10,951)</u>	<u>(9,835)</u>
Receipts		
Personnel services related	10,897	9,959
Acceptance by the Crown Entity of employee benefits	225	318
Increase in receivables	(265)	(176)
Total Receipts	<u>10,857</u>	<u>10,101</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	9 <u>(94)</u>	<u>266</u>
NET INCREASE /(DECREASE) IN CASH	<u>(94)</u>	<u>266</u>
Opening cash and cash equivalents	<u>266</u>	<u>-</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>172</u>	<u>266</u>

The accompanying notes form part of these financial statements

**Health Care Complaints Commission Staff Agency
Notes to the Financial Statements
For the year ended 30 June 2018**

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Health Care Complaints Commission Staff Agency (the Agency) is a division of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Government Sector Employment Act 2013*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts.

The Staff Agency's objective is to provide personnel services to the Health Care Complaints Commission. The staff agency is controlled by the Health Care Complaints Commission (immediate parent) and by the State of New South Wales (ultimate parent).

The financial statements for the year ended 30 June 2018 have been authorised for issue by the Commissioner on (TBA)

(b) Basis of preparation

The Staff Agency's financial statements are general purpose financial statements which have been prepared on accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015 and*
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Judgements, key assumptions and estimations that 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 Staff Agency's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

The Staff Agency'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 is received for cost of providing personnel services for the year to the Health Care Complaints Commission.

(f) Assets

(i) 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 accounted for in the statement of comprehensive income 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.

(g) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Staff Agency and other amounts.

**Health Care Complaints Commission Staff Agency
Notes to the Financial Statements
For the year ended 30 June 2018**

1 Summary of Significant Accounting Policies (cont'd)

Payables are recognised initially at fair value, usually based on the transaction cost or face value. 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

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

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9%) of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Staff Agency has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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 amount 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 Staff Agency's liabilities for long service leave are assumed by the Crown Entity. The Staff Agency 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 of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to the certain factors based on actuarial review, included future wage and salary levels, experience of employee departures, and periods of service. The expected future payments are discounted using common wealth government bond rate at the reporting date.

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 employee's superannuation contributions.

(c) Consequential on-costs:

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

(d) Personnel Services:

The Personnel Services are provided by the Health Care Complaints Commission Staff Agency according to the Administrative Arrangements Order 2014 and is pursuant to Part 2 of Schedule 1 of the *Government Sector Employment Act 2013* (formerly the Health Care Complaints Commission Division established under the former *Public Sector Employment and Management Act 2002*).

**Health Care Complaints Commission Staff Agency
Notes to the Financial Statements
For the year ended 30 June 2018**

1 Summary of Significant Accounting Policies (cont'd)

(e) Revision of estimates:

As a result of an actuarial valuation of long service leave performed by Treasury's actuary (NSWTC 15-09), the Staff Agency has adjusted defined benefit superannuation on-cost as well as the defined contribution superannuation on-cost for 2017-2018. The factor for defined benefit superannuation on-cost and for defined contribution superannuation on-cost is 1.2% and 3.8% respectively.

(h) Comparative information:

Except when 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) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year except for the following list of new/revised Accounting Standards applicable for the first time in year ending 30 June 2018.

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

(ii) Issued but not yet 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 represent some of the new standards not yet applied and hence not yet effective.

- AASB 9 Financial Instruments
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based payment transactions
- AASB 15, AASB 2014-5, AASB 2015-8, 2016-3, 2016-7 and AASB 2016-8 regarding Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-profit Entities
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
Effective – For profit (FP): 2018-19; Not-for-profit (NFP): 2019-20
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Staff Agency anticipates that adoption of these standards in the period of initial application will have no material impact on the financial statements.

Health Care Complaints Commission Staff Agency
Notes to the Financial Statements
For the year ended 30 June 2018

2 Expenses Excluding Losses

	2018	2017
	\$'000	\$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	9,574	8,677
Redundancy	-	76
Superannuation - defined benefits plans	47	46
Superannuation - defined contribution plans	747	678
Long service leave	179	272
Workers compensation insurance	34	28
Payroll tax and fringe benefit tax	541	500
	11,122	10,277

3 Revenue

	2018	2017
	\$'000	\$'000
Rendering of personnel services	10,897	9,959
Acceptance by the Crown Entity of employee benefits and other liabilities	225	318
	11,122	10,277

4 Current Assets – Cash and Cash Equivalents

	2018	2017
	\$'000	\$'000
Cash at bank and on hand	172	266
	172	266

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank; cash on hand, short-term deposits and bank overdraft.

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.

Cash & cash equivalents (per statement of financial position)	172	266
Closing cash and cash equivalents (per statement of cash flows)	172	266

5 Current / Non-Current Assets – Receivables

	2018	2017
	\$'000	\$'000
Personnel services - current	1,227	988
Other	36	9
Personnel services – non - current	20	21
	1,283	1,018

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 10.

Health Care Complaints Commission Staff Agency
Notes to the Financial Statements
For the year ended 30 June 2018

6 Current Liabilities – Payables

	2018 \$'000	2017 \$'000
Accrued salaries, wages and on-costs	28	27
Creditors	3	70
Intercompany payable	161	140
	<u>192</u>	<u>237</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 10.

7 Current / Non-Current Liabilities – Provisions

	2018 \$'000	2017 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	918	720
Long service leave	151	114
Payroll tax	171	187
Fringe Benefits Tax	3	5
Total current provisions	<u>1,243</u>	<u>1,026</u>

	2018 \$'000	2017 \$'000
Non-current		
Employee benefits and related on-costs		
Long service leave	20	21
Total provisions	<u>1,263</u>	<u>1,047</u>

Aggregate employee benefits and related on-costs

Provisions - current	1,243	1,026
Provisions - non-current	20	21
Accrued salaries, wages and on-costs (Note 6)	28	27
	<u>1,291</u>	<u>1,074</u>

8 Contingent Liabilities and Contingent Assets

The Staff Agency is not aware of any contingent liabilities and/or contingent assets associated with its operations.

9 Reconciliation of Cash Flows from Operating Activities to Net Result

	2018 \$'000	2017 \$'000
Net cash from operating activities	(94)	266
Decrease / (increase) in provisions	(216)	(206)
Increase / (decrease) in receivables	265	176
Decrease / (increase) in creditors	45	(236)
Net result	<u>-</u>	<u>-</u>

The HCCC SPSE had no investing and financing transactions which did not result in cash flows.

**Health Care Complaints Commission Staff Agency
Notes to the Financial Statements
For the year ended 30 June 2018**

10 Financial Instruments

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

The Staff Agency's main risks arising from financial instruments are outlined below, together with the Staff Agency's objectives, policies and processes for measuring and managing risk. 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 approves policies for managing risks. The risk policy and framework are established to identify and analyse the risks faced by the Commission, to set risk appetite, controls and monitor risks. Supporting the Commissioner with this governance responsibility and compliance with the policy is the Audit and Risk Committee, internal auditors and Executive Director on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2018 \$'000	Carrying Amount 2017 \$'000
Class:				
Cash and cash equivalents	4	Cash	172	266
Receivables ¹	5	Receivables (at amortised cost)	1,283	1,018
Financial Liabilities				
Class:				
	6	Financial liabilities measured at amortised cost	192	167
Payables ²				

Notes:

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

(b) Credit Risk

Credit risk arises when there is the possibility of the Staff Agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the Staff Agency. 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 Staff Agency, including cash, receivables and authority deposits. No collateral is held by the Staff Agency. The Staff Agency has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

Receivables - trade 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 Staff Agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. There are no debtors which are currently past due or impaired.

**Health Care Complaints Commission Staff Agency
Notes to the Financial Statements
For the year ended 30 June 2018**

10 Financial Instruments (cont'd)

(c) Liquidity risk

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

During the current and prior years, there were no defaults on or breaches of any loans payable. No assets have been pledged as collateral. The Staff Agency's exposure to liquidity risk is deemed insignificant based on prior periods' data and 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 NSW TC 11/12. 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 period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. No interest for the late payment was paid during the year (2017 -2018 nil).

(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 price.

The Staff Agency has no borrowings, no exposure to foreign currency risk and does not enter into commodity contracts.

(e) Fair value measurement

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. There are no financial instruments where the fair value differs from the carrying amount.

11 Commitments

The agency did not have any expenditure commitments as at 30 June 2018 (2017: \$nil)

12 Related Party Disclosures

All transactions and outstanding balances in these financial statements relate to the Staff Agency's function as the provider of personnel services to the immediate parent. The Staff Agency's total income is sourced from the immediate parent, and cash receipts and payments are affected by the immediate parent on the Staff Agency's behalf.

Key management personnel compensation are borne by the immediate parent. There were no other transactions with the ultimate parent during the financial year.

13 Events after the Reporting Period

There are no events subsequent to balance date which materially affect the financial statements.

End of audited financial statements.