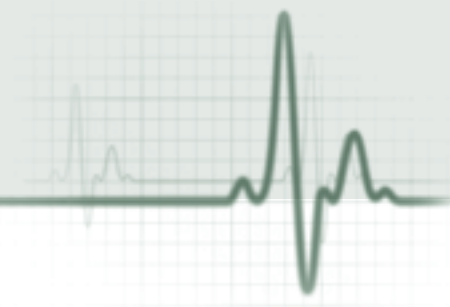


# 16

## Finance



Over the past five years, total expenses have increased from \$11.1 million to \$11.4 million. During the five year period additional funding had been provided to the Commission in 2004-05 to reform its operations, clear the backlog of investigation cases and finalise the investigation of complaints against the Macarthur Area Health Service.

Table 16.1 Comparison of finances 2004-05 to 2008-09

Actual	2004-05 \$000	2005-06 \$000	2006-07 \$000	2007-08 \$000	2008-09 \$000
Total expenses	11,080	10,306	10,436	10,798	11,409
Total retained revenue	373	323	750	590	402
(Loss) on sale of non-current assets	-	(24)	(1)	-	(7)
<b>Net cost of services</b>	<b>10,707</b>	<b>9,977</b>	<b>9,687</b>	<b>10,208</b>	<b>11,014</b>

A budget for the reporting period is given in the following audited financial statements. No significant issues were raised by the Auditor-General regarding the Commission's finances. No after-balance-date events occurred which will have a significant effect in the succeeding year on the Commission's operations or clients.

The outline budget below includes a 2.5% projected increase in employee related expenses in line with the NSW Government's Wages Policy. The NSW Government funded a 2.5% increase in employee salaries.

## HEALTH CARE COMPLAINTS COMMISSION

Table 16.2 Outline budget for 2009-10 financial year

Operating Statement	2009-10 \$000
Expenses	
Employee related	7,484
Operating expenses	1,102
Other operating expenses	1,846
Depreciation and amortisation	255
<b>Total expenses</b>	<b>10,687</b>
Less	
Retained revenue	
Sales of goods and services	2
Investment income	82
Other revenue	290
<b>Total retained revenue</b>	<b>374</b>
<b>Net cost of services</b>	<b>10,313</b>

## Account Payment Performance

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

The payment performance analysis is as follows:

Table 16.3 Aged analysis at end of each quarter 2008-09

Quarter	Current (i.e.) within due date \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September	1,196,949	115,548	62,081	9,522	6,611
December	1,406,025	27,884	7,082	3,668	3,983
March	1,007,998	99,192	54,753	9,280	12,337
June	1,706,209	171,832	69,899	7,624	14,990

Table 16.4 Accounts paid on time within each quarter

Quarter	Total accounts paid on time			Total amount paid \$
	Target %	Actual %	\$	
September	85	86	1,196,949	1,390,711
December	85	97	1,406,025	1,448,642
March	85	85	1,007,998	1,183,560
June	85	87	1,706,209	1,970,556

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



## HEALTH CARE COMPLAINTS COMMISSION

### Statement by Commissioner

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

- (a) the accompanying financial report in respect of the year ended 30 June 2009 has 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 2005, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2) of the Act;
- (b) the financial report exhibits a true and fair view of the financial position and transactions of the Health Care Complaints Commission; and
- (c) there are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'K. Pehm', written over a light blue horizontal line.

**Kieran Pehm  
Commissioner**

19 October 2009



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Health Care Complaints Commission and its Controlled Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Health Care Complaints Commission (the Commission), which comprises the balance sheets as at 30 June 2009, the operating statements, statements of recognised income and expense, cash flow statements, service group statements and summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Commission and the consolidated entity (the consolidated entity). The consolidated entity comprises the Commission and the entity it controlled at the year's end or from time to time during the financial year.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission and the consolidated entity as at 30 June 2009, and of their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

#### The Commissioner's Responsibility for the Financial Report

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

#### Auditor's Responsibility

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

## HEALTH CARE COMPLAINTS COMMISSION

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

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

*My opinion does not provide assurance:*

- about the future viability of the Commission or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

### Independence

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

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



Peter Barnes  
Director, Financial Audit Services

20 October 2009  
SYDNEY

## Operating Statement for the year ended 30 June 2009

	Note	Parent			Consolidated		
		Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
Expenses excluding losses							
Operating expenses							
Employee related	2(a)	–	–	–	7,662	7,487	7,359
Personnel services	2(a)	7,662	7,487	7,359	–	–	–
Other operating expenses	2(b)	3,371	3,038	3,234	3,371	3,038	3,234
Depreciation and amortisation	2(c)	376	293	205	376	293	205
<b>Total expenses excluding losses</b>		<b>11,409</b>	<b>10,818</b>	<b>10,798</b>	<b>11,409</b>	<b>10,818</b>	<b>10,798</b>
Revenue							
Sale of goods and services	3(a)	–	2	1	–	2	1
Investment revenue	3(b)	81	80	129	81	80	129
Other revenue	3(c)	321	290	460	321	290	460
<b>Total revenue</b>		<b>402</b>	<b>372</b>	<b>590</b>	<b>402</b>	<b>372</b>	<b>590</b>
(Loss) on disposal		(7)	–	–	(7)	–	–
<b>Net Cost of Services</b>		<b>11,014</b>	<b>10,446</b>	<b>10,208</b>	<b>11,014</b>	<b>10,446</b>	<b>10,208</b>
Government contributions							
Recurrent appropriations	5	9,469	9,743	9,494	9,469	9,743	9,494
Capital appropriation	5	191	191	–	191	191	–
Acceptance by the Crown Entity of employee benefits and other liabilities	6	383	325	472	383	325	472
<b>Total government contributions</b>		<b>10,043</b>	<b>10,259</b>	<b>9,966</b>	<b>10,043</b>	<b>10,259</b>	<b>9,966</b>
<b>(DEFICIT) FOR THE YEAR</b>		<b>(971)</b>	<b>(187)</b>	<b>(242)</b>	<b>(971)</b>	<b>(187)</b>	<b>(242)</b>

The accompanying notes form part of these financial statements.

## Statement of recognised income and expense for the year ended 30 June 2009

	Note	Parent			Consolidated		
		Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		–	–	–	–	–	–
(Deficit) for the year	15	(971)	(187)	(242)	(971)	(187)	(242)
<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>		<b>(971)</b>	<b>(187)</b>	<b>(242)</b>	<b>(971)</b>	<b>(187)</b>	<b>(242)</b>
EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS		–	–	–	–	–	–

The accompanying notes form part of these financial statements.

## HEALTH CARE COMPLAINTS COMMISSION

### Balance Sheet as at 30 June 2009

	Note	Parent			Consolidated		
		Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	8	809	2,058	2,138	809	2,058	2,138
Receivables	9	312	311	311	312	311	311
Other	10	–	10	10	–	10	10
<b>Total current assets</b>		<b>1,121</b>	<b>2,379</b>	<b>2,459</b>	<b>1,121</b>	<b>2,379</b>	<b>2,459</b>
<b>Non-current assets</b>							
Plant and equipment	11	662	509	535	662	509	535
Intangible assets	12	295	255	331	295	255	331
<b>Total non-current assets</b>		<b>957</b>	<b>764</b>	<b>866</b>	<b>957</b>	<b>764</b>	<b>866</b>
<b>Total assets</b>		<b>2,078</b>	<b>3,143</b>	<b>3,325</b>	<b>2,078</b>	<b>3,143</b>	<b>3,325</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Payables	13	221	597	576	221	597	576
Provisions	14	782	705	705	782	705	705
<b>Total current liabilities</b>		<b>1,003</b>	<b>1,302</b>	<b>1,281</b>	<b>1,003</b>	<b>1,302</b>	<b>1,281</b>
<b>Non-current liabilities</b>							
Provisions	14	8	6	6	8	6	6
<b>Total non-current liabilities</b>		<b>8</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>6</b>
<b>Total liabilities</b>		<b>1,011</b>	<b>1,308</b>	<b>1,287</b>	<b>1,011</b>	<b>1,308</b>	<b>1,287</b>
<b>Net assets</b>		<b>1,067</b>	<b>1,835</b>	<b>2,038</b>	<b>1,067</b>	<b>1,835</b>	<b>2,038</b>
<b>EQUITY</b>							
Accumulated funds	15	1,067	1,835	2,038	1,067	1,835	2,038
<b>Total equity</b>		<b>1,067</b>	<b>1,835</b>	<b>2,038</b>	<b>1,067</b>	<b>1,835</b>	<b>2,038</b>

The accompanying notes form part of these financial statements.

**Cash Flow Statement for the year ended 30 June 2009**

	Note	Parent			Consolidated		
		Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee related		–	–	–	(7,131)	(7,143)	(6,931)
Personnel services		(7,131)	(7,143)	(6,931)	–	–	–
Fees – barristers/reviews		(986)	(547)	(710)	(986)	(547)	(710)
Fees – shared corporate services		(429)	(527)	(676)	(429)	(527)	(676)
Fees – rental charges		(834)	(816)	(771)	(834)	(816)	(771)
Other		(1,961)	(1,465)	(859)	(1,961)	(1,465)	(859)
<b>Total payments</b>		<b>(11,341)</b>	<b>(10,498)</b>	<b>(9,947)</b>	<b>(11,341)</b>	<b>(10,498)</b>	<b>(9,947)</b>
<b>Receipts</b>							
Sale of goods and services		60	2	–	60	2	–
Interest received		126	80	119	126	80	119
Legal cost recoveries		293	270	416	293	270	416
Other		347	323	92	347	323	92
<b>Total receipts</b>		<b>826</b>	<b>675</b>	<b>627</b>	<b>826</b>	<b>675</b>	<b>627</b>
<b>Cash Flows from Government</b>							
Recurrent appropriation	5	9,469	9,743	9,494	9,469	9,743	9,494
Capital appropriation (excluding equity appropriations)	5	191	191	–	191	191	–
Cash reimbursements from the Crown Entity		–	–	–	–	–	–
<b>Net Cash Flows from Government</b>		<b>9,660</b>	<b>9,934</b>	<b>9,494</b>	<b>9,660</b>	<b>9,934</b>	<b>9,494</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(855)</b>	<b>111</b>	<b>174</b>	<b>(855)</b>	<b>111</b>	<b>174</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sale of plant and equipment		–	–	–	–	–	–
Purchase of plant and equipment		(474)	(140)	(161)	(474)	(140)	(161)
Other		–	(51)	–	–	(51)	–
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(474)</b>	<b>(191)</b>	<b>(161)</b>	<b>(474)</b>	<b>(191)</b>	<b>(161)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,329)</b>	<b>(80)</b>	<b>13</b>	<b>(1,329)</b>	<b>(80)</b>	<b>13</b>
Opening cash and cash equivalents		2,138	2,138	2,125	2,138	2,138	2,125
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>8</b>	<b>809</b>	<b>2,058</b>	<b>2,138</b>	<b>809</b>	<b>2,058</b>	<b>2,138</b>

The accompanying notes form part of these financial statements.



## HEALTH CARE COMPLAINTS COMMISSION

### Service group statements\* for the year ended 30 June 2009

AGENCY'S EXPENSES & INCOME	Service Group 1**		Service Group 2**		Not Attributable		Total	
	2009 \$'000	2008*** \$'000	2009 \$'000	2008*** \$'000	2009 \$'000	2008*** \$'000	2009 \$'000	2008 \$'000
Expenses excluding losses								
Operating expenses								
Employee related	4,214	4,047	3,448	3,312			7,662	7,359
Other operating expenses	1,854	1,779	1,517	1,455			3,371	3,234
Depreciation and amortisation	207	113	169	92			376	205
<b>Total expenses excluding losses</b>	<b>6,275</b>	<b>5,939</b>	<b>5,134</b>	<b>4,859</b>	<b>-</b>	<b>-</b>	<b>11,409</b>	<b>10,798</b>
Revenue								
Sale of goods and services	-	1	-	-			-	1
Investment revenue	45	71	36	58			81	129
Other revenue	177	253	144	207			321	460
<b>Total revenue</b>	<b>222</b>	<b>325</b>	<b>180</b>	<b>265</b>	<b>-</b>	<b>-</b>	<b>402</b>	<b>590</b>
(Loss) on disposal	(4)	-	(3)	-			(7)	-
<b>Net Cost of Services</b>	<b>6,057</b>	<b>5,614</b>	<b>4,957</b>	<b>4,594</b>	<b>-</b>	<b>-</b>	<b>11,014</b>	<b>10,208</b>
Government contributions****					10,043	9,966	10,043	9,966
<b>NET EXPENDITURE/(INCOME) FOR THE YEAR</b>							<b>971</b>	<b>242</b>

**Service group statements\* for the year ended 30 June 2009**

AGENCY'S ASSETS & LIABILITIES	Service Group 1**		Service Group 2**		Not Attributable		Total	
	2009 \$'000	2008*** \$'000	2009 \$'000	2008*** \$'000	2009 \$'000	2008*** \$'000	2009 \$'000	2008 \$'000
<b>Current assets</b>								
Cash and cash equivalents	402	1,044	407	1,094			809	2,138
Receivables	155	152	157	159			312	311
Other	-	5	-	5			-	10
<b>Total current assets</b>	<b>557</b>	<b>1,201</b>	<b>564</b>	<b>1,258</b>			<b>1,121</b>	<b>2,459</b>
<b>Non-current assets</b>								
Property, plant and equipment	329	261	333	274			662	535
Intangibles	147	162	148	169			295	331
<b>Total non-current assets</b>	<b>476</b>	<b>423</b>	<b>481</b>	<b>443</b>			<b>957</b>	<b>866</b>
<b>TOTAL ASSETS</b>	<b>1,033</b>	<b>1,624</b>	<b>1,045</b>	<b>1,701</b>			<b>2,078</b>	<b>3,325</b>
<b>Current liabilities</b>								
Payables	110	281	111	295			221	576
Provisions	388	344	394	361			782	705
Other	-	-	-	-			-	-
<b>Total current liabilities</b>	<b>498</b>	<b>625</b>	<b>505</b>	<b>656</b>			<b>1,003</b>	<b>1,281</b>
<b>Non-current liabilities</b>								
Provisions	4	3	4	3			8	6
<b>Total non-current liabilities</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>3</b>			<b>8</b>	<b>6</b>
<b>TOTAL LIABILITIES</b>	<b>502</b>	<b>628</b>	<b>509</b>	<b>659</b>			<b>1,011</b>	<b>1,287</b>
<b>NET ASSETS</b>	<b>531</b>	<b>996</b>	<b>536</b>	<b>1,042</b>			<b>1,067</b>	<b>2,038</b>

\* NSW Budget Paper No. 3 has replaced program statements with service group statements. Service group statements focus on the key measures of service delivery performance.

The HCCC was identified by one program 'Health Care Complaints' under the program structure in prior years. This program has been split into two service groups 'Complaints Assessment and Resolution' and 'Investigation and Prosecution of Serious Cases' to better identify the two services being provided by the HCCC.

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

\*\*\* Comparative amounts have been reclassified to align with the change in focus from programs to service groups.

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

## HEALTH CARE COMPLAINTS COMMISSION

### Summary of compliance with financial directives

	2009				2008			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE</b>								
Appropriation Act	9,743	9,469	191	191	9,594	9,494	-	-
Additional Appropriations								
▶ s21A PF&AA – special appropriation								
▶ s24 PF&AA – transfer of functions between departments								
▶ s26 PF&AA – Commonwealth specific purpose payments								
	9,743	9,469	191	191	9,594	9,494	-	-
<b>OTHER APPROPRIATIONS/EXPENDITURE</b>								
▶ Treasurer's Advance								
▶ Section 22 – expenditure for certain works and services – Protected item (legal cost)					(100)			
▶ Transfer to/from another agency (§31 of the Appropriation Act) – Revised TMF Benchmark funding	2							
▶ Other	(85)							
	(83)	-	-	-	(100)	-	-	-
<b>Total Appropriations</b>								
Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	9,660	9,469	191	191	9,494	9,494	-	-
Amount drawn down against Appropriation		9,469		191		9,494		-
Liability to Consolidated Fund		-		-		-		-

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

The accompanying notes form part of these statements.

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

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

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

The Health Care Complaints Commission is a NSW Government statutory body, responsible for protecting the public from 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 was established as a body corporate under Section 75 of the *Health Care Complaints Act, 1993* and is a separate reporting entity under Schedule 2 of the *Public Finance and Audit Act 1983*, outside the control of the NSW Department of Health.

This consolidated financial report for the year ended 30 June 2009 has been authorised for issue by the Commissioner on 19 October 2009.

#### (b) Basis of preparation

The HCCC's financial report is a general purpose financial report which has 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, and
- ▶ the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

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

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

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

#### (c) Statement of compliance

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

#### (d) Insurance

The HCCC's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by Fund Managers based on matters including 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 cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

#### (f) Income recognition

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

#### (i) Parliamentary appropriation and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the agency obtains control over the assets comprising the appropriations/contributions. Control over appropriations

and contributions is normally obtained upon receipt of cash. Appropriations are not recognised in the following circumstance:

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

#### (ii) Rendering of services

Revenue is recognised when the service is provided.

#### (iii) Investment revenue

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

#### (iv) Legal cost recoveries

Legal costs awarded in favour of the HCCC arising from the prosecution of serious cases of complaints of health care 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.

#### (g) Assets

##### (i) Acquisitions of assets

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

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

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

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

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies (continued)

#### (ii) Capitalisation thresholds

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

#### (iii) Revaluation of Plant and Equipment

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

Plant and equipment is measured on an existing use basis where there are no feasible alternative 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 plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

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

#### (iv) Impairment of Plant and Equipment

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

#### (v) Depreciation of Plant and Equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the HCCC. The depreciation rate for computer equipment and computer software was reviewed and a revised useful life estimate of four years was applied to purchases from 2008-09 onwards. The depreciation rate for

plant and equipment was also reviewed and a revised useful life estimate of five years was applied for new purchases from 2008-09 onwards. All material separately identifiable components of assets are depreciated over their shorter useful lives.

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

Asset category	Depreciation life in years	Depreciation life in years
	2008-09	2007-08
Computer Hardware	4	5
Computer Software	4	5
Plant and Equipment	5	10
Leasehold Improvements	5	5

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

#### (vi) Maintenance

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

#### (vii) Leased Assets

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.

#### (viii) Intangible Assets

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

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

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

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the HCCC's intangible assets, the assets are carried at cost less any accumulated amortisation.

The HCCC's intangible assets, computer software are amortised using the straight line method over a period of five years.

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

#### (ix) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Operating Statement 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.

#### (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 operating statement.

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

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

A financial asset is derecognised when the contractual rights to the cash flows from

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies (continued)

the financial assets expire, or if the HCCC transfers the financial asset:

- ▶ where substantially all the risks and rewards have been transferred;

or

- ▶ where the HCCC has not transferred 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.

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 derecognised when the obligation specified in the contract is discharged or cancelled or expires.

#### (h) Liabilities

##### (i) Payables

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

##### (ii) Employee benefits and other provisions

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave paid and sick leave that falls due wholly within 12 months of the reporting date and 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 HCCC's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The HCCC accounts for the liability as having been extinguished; resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Employee Benefits and other Liabilities'.

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

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

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Circular (TC 09/01). The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

##### (i) Budgeted amounts

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

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

#### (j) Comparative information

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

Comparative information in respect of the previous period (2007-08) for:

Note 2(b)

- ▶ consultancy
- ▶ fees for services rendered
- ▶ rentals expenses relating to operating leases
- ▶ travelling
- ▶ other

Note 13

- ▶ creditors
- ▶ other

Note 14

- ▶ long service leave on-costs
- ▶ provision for personnel services

was re-stated to achieve consistency with financial year 2008-09.

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

The following new Accounting Standards/ Interpretations have not been applied and are not yet effective (NSW TC 09/03). However, the Commission is not able to reliably measure the impact of the initial application of these standards on the financial results of the Commission.

- ▶ AASB 101 (Sept 2007), AASB 2007-8 and AASB 2007-10 regarding presentation of financial statements
- ▶ AASB 1039 regarding concise financial reports
- ▶ AASB 2008-5 and AASB 2008-6 regarding amendments to Australian Accounting Standards arising from the Annual Improvements Project
- ▶ AASB 2008-9 regarding AASB 1049 amendments consistent with AASB 101
- ▶ AASB 2009-2 regarding financial instrument disclosures.

## HEALTH CARE COMPLAINTS COMMISSION

### Notes to the financial statements

#### 2. Expenses Excluding Losses

	Parent		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Employee related expenses</b>				
Salaries and wages (including recreation leave)	–	–	6,502	6,196
Superannuation – defined benefits plans	–	–	197	178
Superannuation – defined contributions plans	–	–	390	324
Workers' compensation insurance	–	–	33	37
Long service leave	–	–	151	274
Payroll tax and fringe benefit tax	–	–	389	350
Personnel services	7,662	7,359	–	–
	7,662	7,359	7,662	7,359
<b>(b) Other operating expenses include the following:</b>				
Auditors remuneration – audit or review of financial reports	11	11	11	11
Bad and doubtful debts	–	35	–	35
Consultancy	16	16	16	16
Equipment and plant	15	34	15	34
Equipment leasing	1	6	1	6
Fees for services rendered	631	676	631	676
Legal fees and adverse costs	850	653	850	653
Maintenance	1	4	1	4
Fees – legal witness	101	45	101	45
Fees – translators	36	48	36	48
Transcript fees	44	52	44	52
Fees – peer review reports	195	156	195	156
Training	49	90	49	90
Printing	25	49	25	49
Rental expenses relating to operating leases	863	800	863	800
Stores	153	187	153	187
Telephone, postal and internet	100	129	100	129
Travelling	90	78	90	78
Other	190	165	190	165
	3,371	3,234	3,371	3,234
<b>(c) Depreciation and amortisation expense</b>				
Plant and equipment – depreciation	246	89	246	89
Intangible assets – amortisation	130	116	130	116
	376	205	376	205

## Notes to the financial statements

### 3. Revenue

	Parent		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Sale of goods and services</b>	–	1	–	1
	–	1	–	1
<b>(b) Investment revenue</b>				
Interest	81	129	81	129
	81	129	81	129
<b>(c) Other revenue</b>				
Legal cost recoveries	293	417	293	417
Other	28	43	28	43
	321	460	321	460

### 4. (Loss) on Disposal

(Loss) on disposal of plant and equipment	(7)	–	(7)	–
Proceeds from sale	–	–	–	–
Written down value of assets disposed	–	–	–	–
(Loss) on disposal of plant and equipment	(7)	–	(7)	–

### 5. Appropriations

<b>Recurrent appropriations</b>				
Total recurrent draw-down from NSW Treasury (per Summary of Compliance)	9,469	9,494	9,469	9,494
	9,469	9,494	9,469	9,494
<b>Capital appropriations</b>				
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	191	–	191	–
	191	–	191	–

### 6. Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

Superannuation – defined benefit	197	178	197	178
Long service leave	151	278	151	278
Payroll tax	35	16	35	16
	383	472	383	472



## HEALTH CARE COMPLAINTS COMMISSION

### Notes to the financial statements

#### 7. Service Groups of the Health Care Complaints Commission

##### (a) Service Group 1 – Complaints assessment and resolution

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

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

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

##### (b) Service Group 2 – Investigation and prosecution of serious cases

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

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

- ▶ systemic health care issues are addressed through recommendations to health care organisations
- ▶ the community regards the HCCC as the most effective means to prosecute serious health care cases.

#### 8. Current Assets – Cash and Cash Equivalents

	Parent		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and on hand	809	2,138	809	2,138
	809	2,138	809	2,138
For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash on hand and cash at bank. Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:				
Cash and cash equivalents (per Balance Sheet)	809	2,138	809	2,138
Closing cash and cash equivalents (Per Cash Flow Statement)	809	2,138	809	2,138

#### 9. Current Assets – Receivables

Other revenue	434	433	434	433
Less allowance for impairment	(122)	(122)	(122)	(122)
	312	311	312	311

#### 10. Current Assets – Other

Other	–	10	–	10
	–	10	–	10

## Notes to the financial statements

### 11. Non-current Assets – Plant and Equipment

	Parent				Consolidated
	Leasehold Improvements \$'000	Computer Equipment \$'000	Plant & Equipment \$'000	Total \$'000	Total \$'000
<b>At 1 July 2008 – fair value</b>					
Gross carrying amount	635	481	149	1,265	1,265
Accumulated depreciation and impairment	(406)	(266)	(58)	(730)	(730)
<b>Net carrying amount</b>	<b>229</b>	<b>215</b>	<b>91</b>	<b>535</b>	<b>535</b>
<b>At 30 June 2009 – fair value</b>					
Gross carrying amount	646	797	168	1,611	1,611
Accumulated depreciation and impairment	(533)	(334)	(82)	(949)	(949)
<b>Net carrying amount</b>	<b>113</b>	<b>463</b>	<b>86</b>	<b>662</b>	<b>662</b>
<b>Reconciliation</b>					
A reconciliation of the carrying amount of plant and equipment at the beginning and end of the current reporting period is set out below:					
<b>Year ended 30 June 2009</b>					
Net carrying amount at start of year	229	215	91	535	535
Additions	10	352	18	380	380
Disposals	–	(7)	–	(7)	(7)
Depreciation expense	(127)	(103)	(16)	(246)	(246)
<b>Net carrying amount at end of year</b>	<b>112</b>	<b>457</b>	<b>93</b>	<b>662</b>	<b>662</b>
<b>At 1 July 2007 – fair value</b>					
Gross carrying amount	635	458	132	1,225	1,225
Accumulated depreciation and impairment	(386)	(176)	(79)	(641)	(641)
<b>Net carrying amount</b>	<b>249</b>	<b>282</b>	<b>53</b>	<b>584</b>	<b>584</b>
<b>At 30 June 2008 – fair value</b>					
Gross carrying amount	635	481	149	1,265	1,265
Accumulated depreciation and impairment	(406)	(266)	(58)	(730)	(730)
<b>Net carrying amount</b>	<b>229</b>	<b>215</b>	<b>91</b>	<b>535</b>	<b>535</b>
<b>Reconciliation</b>					
A reconciliation of the carrying amount of plant and equipment at the beginning and end of the previous reporting period is set out below:					
<b>Year ended 30 June 2008</b>					
Net carrying amount at start of year	249	282	53	584	584
Additions	–	23	17	40	40
Disposals	–	–	–	–	–
Depreciation Expense	(20)	(90)	21	(89)	(89)
<b>Net carrying amount at end of year</b>	<b>229</b>	<b>215</b>	<b>91</b>	<b>535</b>	<b>535</b>

HEALTH CARE COMPLAINTS COMMISSION

## Notes to the financial statements

### 12. Intangible Assets – Computer software

	Parent \$'000	Consolidated \$'000
<b>At 1 July 2008</b>		
Cost (gross carrying amount)	647	647
Accumulated amortisation and impairment	(316)	(316)
<b>Net carrying amount</b>	<b>331</b>	<b>331</b>
<b>At 30 June 2009</b>		
Cost (gross carrying amount)	741	741
Accumulated amortisation and impairment	(446)	(446)
<b>Net carrying amount</b>	<b>295</b>	<b>295</b>
<b>Year ended 30 June 2009</b>		
Net carrying amount at start of year	331	331
Additions (acquired separately)	94	94
Disposals	–	–
Amortisation (recognised in 'depreciation and amortisation')	(130)	(130)
<b>Net carrying amount at end of year</b>	<b>295</b>	<b>295</b>
<b>At 1 July 2007</b>		
Cost (gross carrying amount)	525	525
Accumulated amortisation and impairment	(201)	(201)
<b>Net carrying amount</b>	<b>324</b>	<b>324</b>
<b>At 30 June 2008</b>		
Cost (gross carrying amount)	647	647
Accumulated amortisation and impairment	(316)	(316)
<b>Net carrying amount</b>	<b>331</b>	<b>331</b>
<b>Year ended 30 June 2008</b>		
Net carrying amount at start of year	324	324
Additions (acquired separately)	123	123
Disposals	–	–
Amortisation (recognised in 'depreciation and amortisation')	(116)	(116)
<b>Net carrying amount at end of year</b>	<b>331</b>	<b>331</b>

**Notes to the financial statements****13. Current Liabilities – Payables**

	Parent		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Accrued salaries, wages and on costs	–	–	111	58
Payable for personnel services	111	58	–	–
Creditors	94	516	94	516
Other	16	2	16	2
	221	576	221	576

**14. Current/Non-Current Liabilities – Provisions**

<b>Employee benefit and related on-costs – Current</b>				
Recreation leave	–	–	636	595
Payroll tax on long service leave	–	–	73	70
Long service leave on-costs	–	–	73	40
Provision for personnel services	782	705	–	–
<b>Total</b>	<b>782</b>	<b>705</b>	<b>782</b>	<b>705</b>
<b>Employee benefit and related on-costs – Non-current</b>				
Payroll tax on long service leave	–	–	8	6
Provision for personnel services	8	6	–	–
<b>Total</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>6</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions – current	–	–	–	–
Provisions – non-current	–	–	–	–
Provision for personnel services – current	782	705	782	705
Provision for personnel services – non-current	8	6	8	6
Accrued salaries, wages and on-costs (Note 13)	–	–	111	58
Payable for personnel services	111	58	–	–
	901	769	901	769

**15. Changes in Equity**

<b>Accumulated Funds</b>				
Balance at the beginning of the financial year	2,038	2,281	2,038	2,281
(Deficit) for the year from ordinary activities	(971)	(243)	(971)	(243)
<b>Balance at the end of the financial year</b>	<b>1,067</b>	<b>2,038</b>	<b>1,067</b>	<b>2,038</b>

HEALTH CARE COMPLAINTS COMMISSION

## Notes to the financial statements

### 16. Commitments for Expenditure

	Parent		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Other Expenditure Commitments</b>				
Aggregate other expenditure for the acquisition of stationery contracted for at balance date and not provided for:				
Not later than one year				
Other	-	-	-	-
<b>Total (including GST)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(b) Operating Lease Commitments</b>				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	994	902	994	902
Later than one year not later than 5 years	811	1,626	811	1,626
Later than five years	-	-	-	-
<b>Total (including GST)</b>	<b>1,805</b>	<b>2,528</b>	<b>1,805</b>	<b>2,528</b>

Total commitments above included input tax creditors of \$164,073 (2007-08 \$229,000) that are expected to be recovered from the Australian Taxation Office.

### 17. Contingent Liabilities and Contingent Assets

#### Contingent assets

These 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 negligent. The amounts are subject to negotiation and determination and total \$901,057 (2007-08 \$902,457).

#### Contingent liabilities

Adverse costs awarded against the HCCC, across a range of cases, and estimated to be nil at 30 June 2009 (2007-08 \$Nil).

### 18. Budget Review

#### Net cost of services

The Net cost of services was lower than Budget by \$567,388. The variance is largely due to higher than forecast legal expenses arising from two unusual and complex prosecution cases.

Consequently, the Commission obtained approval to increase its 2008-09 Net cost of services limit by \$220,000 in May 2009.

#### Assets and liabilities

Current assets were \$1,258,000 below budget. This mainly reflects a decrease in cash balances resulting from the use of the Commission's own funds for computer equipment purchases and payment of higher than budget legal expenses.

#### Cash flows

Cash flows from operating activities were above budget by \$966,000 as a result of unanticipated legal fees, lower than anticipated legal costs recovered and less than anticipated adverse costs (protected item).

## Notes to the financial statements

### 19. Reconciliation of Cash Flows from Operating Activities to Net Cost of Services

	Parent		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net cash used on operating activities	(855)	174	(855)	174
Depreciation	(376)	(205)	(376)	(205)
Increase/(decrease) in provisions	(81)	4	(81)	4
Acceptance by the Crown Entity of employee benefits and other liabilities	(383)	(472)	(383)	(472)
Cash flows from Government/Appropriations	(9,660)	(9,494)	(9,660)	(9,494)
Increase/(decrease) in receivables and other	(16)	(58)	(16)	(58)
Decrease/(increase) in creditors	364	(158)	364	(158)
Net gain/(loss) on sale of plant and equipment	(7)	–	(7)	–
<b>Net cost of services</b>	<b>(11,014)</b>	<b>(10,209)</b>	<b>(11,014)</b>	<b>(10,209)</b>

### 20. 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 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 HCCC, to set risk limits and controls and to monitor risks.

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

#### (a) Financial instrument categories

	Note	Category	Parent		Consolidated	
			2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Financial Assets</b>			<b>Carrying Amount</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
<b>Class:</b>						
Cash and cash equivalents	8	N/A	809	2,138	809	2,138
Receivables <sup>1</sup>	9	Loans and receivables (at amortised cost)	312	321	312	321
<b>Financial Liabilities</b>			<b>Carrying Amount</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
<b>Class:</b>						
Payables <sup>2</sup>	13	Financial liabilities measured at amortised cost	221	576	221	576

#### Notes

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

## HEALTH CARE COMPLAINTS COMMISSION

**Notes to the financial statements****20. Financial Instruments (continued)****(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 4.52%. The average rate for the year ended 2007-08 was 5.84%.

**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 materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009: \$Nil; 2008: \$165) and not less than 12 months past due (2009: \$Nil; 2008: \$Nil) are not considered impaired and together these represent 1% of the total trade debtors.

Debtors which are currently past due (2009: \$176,419; 2008: \$217,335) represent 99% of the total debtors. These debtors comprise debts arising from tribunal ordered costs against medical 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
	Past due but not impaired	Considered impaired	Past due but not impaired	Considered impaired
<b>2009</b>				
< 3 months overdue				
3 months – 6 months overdue				
> 6 months overdue	176	–	176	–
<b>2008</b>				
< 3 months overdue				
3 months – 6 months overdue				
> 6 months overdue	217	–	217	–

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the balance sheet.

**(c) Liquidity risk**

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

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

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

## Notes to the financial statements

### 20. Financial Instruments (continued)

#### (d) Market risk

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

#### Interest rate risk

Exposure to interest rate risk arises primarily through the HCCC's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with the NSW Tcorp. The HCCC does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/-1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The HCCC's exposure to interest rate risk is set out below.

	\$'000				
	Carrying Amount	-1%		1%	
		Profit	Equity	Profit	Equity
<b>2009</b>					
<b>Financial assets</b>					
Cash and cash equivalents	809	(8)	(8)	8	8
Receivables	312	(3)	(3)	3	3
Financial assets at fair value	–	–	–	–	–
Other financial assets	–	–	–	–	–
<b>Financial liabilities</b>					
Payables	221	(2)	(2)	2	2
Borrowings	–	–	–	–	–
<b>2008</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,138	(21)	(21)	21	21
Receivables	311	(3)	(3)	3	3
Financial assets at fair value	–	–	–	–	–
Other financial assets	10	–	–	–	–
<b>Financial liabilities</b>					
Payables	576	(6)	(6)	6	6
Borrowings	–	–	–	–	–

### 21. After Balance Date Events

The NSW Premier announced the creation of 13 new super Departments and the transfer of staff and functions to these entities on the 11 June 2009. The Public Sector Employment and Management (Departmental amalgamations) order was issued on the 27 July 2009 encompassing changes to the current taxation, financial reporting and annual reporting regime.

The Health Care Complaints Commission (and the Office of the Health Care Complaints Commission) are part of the new super Department of Health pursuant to the amalgamations order.

End of Audited Financial Statements





**OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION**

**Statement by Commissioner**

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

- (a) the accompanying financial report in respect of the year ended 30 June 2009 has 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 2005, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2) of the Act;
- (b) the financial report exhibits a true and fair view of the financial position and transactions of the Office of the Health Care Complaints Commission; and
- (c) there are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'K. Pelm', written over a faint, illegible background.

**Kieran Pelm  
Commissioner**

19 October 2009

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GPO BOX 52  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### Office of the Health Care Complaints Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Office of the Health Care Complaints Commission (the Office), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense, cash flow statement and summary of compliance with financial directives for the year then ended, a summary of significant accounting policies and other explanatory notes for the Office.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Office as at 30 June 2009, and of its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 413 of the *Public Finance and Audit Act 1983* (the PF&A Act) and the *Public Finance and Audit Regulation 2005*.

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

#### The Commissioner's Responsibility for the Financial Report

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

#### Auditor's Responsibility

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

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

## OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

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

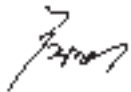
My opinion does not provide assurance:

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

### Independence

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

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



Peter Barnes  
Director, Financial Audit Services

20 October 2009  
SYDNEY

**Start of Audited Financial Statements**

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

**Operating Statement for the year ended 30 June 2009**

	Note	Actual 2009 \$'000	Actual 2008 \$'000
Expenses excluding losses			
Operating expenses			
Employee related	2	7,662	7,359
Total expenses excluding losses		7,662	7,359
Less:			
Revenue			
Personnel services	3	7,662	7,359
Total revenue		7,662	7,359
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**Statement of recognised income and expense for the year ended 30 June 2009**

	Note	Parent			Consolidated		
		Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-	-	-	-	-
Surplus/(Deficit) for the year		-	-	-	-	-	-
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		-	-	-	-	-	-
EFFECT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS		-	-	-	-	-	-

The accompanying notes form part of these financial statements.

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

## Balance Sheet as at 30 June 2009

	Note	Actual 2009 \$'000	Actual 2008 \$'000
<b>ASSETS</b>			
Current assets			
Receivables	4	897	763
<b>Total current assets</b>		<b>897</b>	<b>763</b>
Non-current assets			
Receivables	4	4	6
<b>Total non-current assets</b>		<b>4</b>	<b>6</b>
<b>Total assets</b>		<b>901</b>	<b>769</b>
<b>LIABILITIES</b>			
Current liabilities			
Payables	5	–	58
Provisions	6	897	705
<b>Total current liabilities</b>		<b>897</b>	<b>763</b>
Non-current liabilities			
Provisions	6	4	6
<b>Total non-current liabilities</b>		<b>4</b>	<b>6</b>
<b>Total liabilities</b>		<b>901</b>	<b>769</b>
<b>Net assets</b>		<b>–</b>	<b>–</b>
<b>EQUITY</b>			
Accumulated funds		–	–
<b>Total equity</b>		<b>–</b>	<b>–</b>

The accompanying notes form part of these financial statements.

**Cash Flow Statement for the year ended 30 June 2009**

	Note	Actual 2009 \$'000	Actual 2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee related		-	-
Other		-	-
<b>Total payments</b>		-	-
<b>Receipts</b>			
Sale of goods and services		-	-
Interest received		-	-
Other		-	-
<b>Total receipts</b>		-	-
<b>Cash flows from government</b>			
Recurrent appropriation		-	-
Capital appropriation (excluding equity appropriations)		-	-
Cash reimbursements from the Crown Entity		-	-
<b>Net Cash Flows from Government</b>		-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		-	-
Opening cash and cash equivalents		-	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		-	-

The accompanying notes form part of these financial statements.

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

### Summary of compliance with financial directives

	2009				2008			
	Recurrent appropriation	Expenditure/Net claim on consolidated fund	Capital appropriation	Expenditure/Net claim on consolidated fund	Recurrent appropriation	Expenditure/Net claim on consolidated fund	Capital appropriation	Expenditure/Net claim on consolidated fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE</b>								
Appropriation Act								
Additional Appropriations								
▶ s21A PF&AA – special appropriation								
▶ s24 PF&AA – transfers of functions between departments								
▶ s26 PF&AA – Commonwealth specific purpose payments								
	-	-	-	-	-	-	-	-
<b>OTHER APPROPRIATIONS/EXPENDITURE</b>								
▶ Treasurer's Advance								
▶ Section 22 – expenditure for certain works and services – Protected item (legal costs)								
▶ Transfer to/from another agency (s31 of the Appropriation Act) – Revised TMF Benchmark funding								
▶ Other								
	-	-	-	-	-	-	-	-
<b>Total Appropriations</b>								
<b>Expenditure/Net Claim on Consolidated Fund (includes transfer payments)</b>	-	-	-	-	-	-	-	-
<b>Amount drawn down against Appropriation</b>		-		-		-		-
<b>Liability to Consolidated Fund</b>		-		-		-		-

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

The accompanying notes form part of these statements.

## Notes to the financial statements

### 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 NSW Total State Sector Accounts.

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

#### (b) Basis of preparation

The OHCCC's financial report is a general purpose financial report which has been prepared in accordance with:

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

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

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

#### (c) Statement of compliance

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

#### (d) Insurance

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

#### (e) Income recognition

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

#### (f) Liabilities

##### (i) Employee benefits and other provisions

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

Liabilities for salaries and wages (including non-monetary benefits), annual leave paid and sick leave that falls due wholly within 12 months of the reporting date and 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 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 the Employee Benefits and other Liabilities'.

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

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Circular (TC09/01). 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 oncosts (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

#### (g) Assets

##### (i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost 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 Operating Statement 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.



OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies

#### (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.

- ▶ AASB 101 (Sept 2007), AASB 2007-8 and AASB 2007-10 regarding presentation of financial statements
- ▶ AASB 1039 regarding concise financial reports
- ▶ AASB 2008-5 and AASB 2008-6 regarding amendments to Australian Accounting Standards arising from the Annual Improvements Project
- ▶ AASB 2008-9 regarding AASB 1049 amendments consistent with AASB 101
- ▶ AASB 2009-2 regarding financial instrument disclosures.

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

The following new Accounting Standards/ Interpretations have not been applied and are not yet effective (NSW TC 09/03). However, the Commission is not able to reliably measure the impact of the initial application of these standards on the financial results of the Commission.

### 2. Expenses Excluding Losses

	2009 \$'000	2008 \$'000
<b>Employee related expenses</b>		
Salaries and wages (including recreation leave)	6,502	6,196
Superannuation – defined benefits plans	197	178
Superannuation – defined contributions plans	390	324
Workers' compensation insurance	33	37
Long service leave	151	274
Payroll tax and fringe benefit tax	389	350
	<b>7,662</b>	<b>7,359</b>

### 3. Revenue

Rendering of personnel services	7,662	7,359
	<b>7,662</b>	<b>7,359</b>

### 4. Current/Non-current Assets – Receivables

Personnel Services – current	897	763
Personnel Services – non-current	4	6
	<b>901</b>	<b>769</b>

### 5. Current Liabilities – Payables

Accrued salaries, wages and on costs	–	58
	<b>–</b>	<b>58</b>

## Notes to the financial statements

### 6. Current/Non-current Liabilities – Provisions

	2009 \$'000	2008 \$'000
<b>Employee benefit and related on-costs</b>		
Recreation leave	636	595
Payroll tax on long service leave	73	70
Long service leave on-costs	77	46
<b>Total</b>	<b>786</b>	<b>711</b>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions – current	786	705
Provisions – non-current	4	6
Accrued salaries, wages and on-costs	111	58
	<b>901</b>	<b>769</b>

### 7. Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets at 30 June 2009 (2008 – \$Nil).

### 8. Financial Instruments

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

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

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

#### (a) Financial instrument categories

			2009 \$'000	2008 \$'000
<b>Financial Assets</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
<b>Class:</b>				
Receivables <sup>1</sup>	4	Loans and receivables (at amortised cost)	901	769
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
<b>Class:</b>				
Payables <sup>2</sup>	5	Financial liabilities measured at amortised cost	–	58

#### Notes

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

OFFICE OF THE HEALTH CARE COMPLAINTS COMMISSION

## Notes to the financial statements

### 8. Financial Instruments (continued)

#### (b) Credit risk

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

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

#### Receivables – debtors

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

The OHCCC is not materially exposed to concentrations of credit risk to a single debtor or to a group of debtors. Based on past experience, debtors that are not past due (2009:\$901,000; 2008:\$755,000) and not less than 12 months past due (2009:\$nil, 2008:\$nil) are not considered impaired and together these represent 1% of the total debtors.

	Total	Past due but not impaired	Considered impaired
<b>2009</b>			
< 3 months overdue	–	–	–
3 months – 6 months overdue	–	–	–
> 6 months overdue	–	–	–
<b>2008</b>			
< 3 months overdue	–	–	–
3 months – 6 months overdue	–	–	–
> 6 months overdue	217	217	–

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

#### (c) Liquidity risk

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

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The OHCCC's exposure to liquidity risk is deemed insignificant based on prior periods' data and other current assessment of risk.

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

#### (d) Market risk

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

### 9. After Balance Date Events

The NSW Premier announced, on the 11 June 2009, the creation of 13 new super Departments and the transfer of staff and functions to these entities. The Public Sector Employment and Management (Department and amalgamations) order was issued on the 27 July 2009 encompassing changes to the current taxation, financial reporting and annual reporting regime.

The Office of the Health Care Complaints Commission (and the Health Care Complaints Commission) are part of the new super Department of Health pursuant to the amalgamations order.

End of Audited Financial Statements