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Office of the  
Health and Disability Commissioner

Te Toihau Hauora, Hauātanga

**Statement of Performance Expectations**

2023/2024

Published by the Health and Disability Commissioner

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# Our Statement of Performance Expectations

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Performance Expectations (SPE) for the Health and Disability Commissioner.

This SPE contains the annual financial and non-financial measures by which the Office of the Health and Disability Commissioner (HDC) will be assessed.

This SPE has been prepared in accordance with, and is submitted in compliance with, the Crown Entities Act 2004.

Morag McDowell

**Health and Disability Commissioner**

30 June 2023

# 1.0 Statement of Performance Expectations

The Health and Disability Commissioner (HDC) promotes and protects the rights of people who use health and disability services, as set out in the Code of Health and Disability Services Consumers’ Rights (the Code). HDC protects people’s rights under the Code primarily through the resolution of complaints about infringements of those rights. HDC is an independent Crown entity, established by the Health and Disability Commissioner Act 1994. HDC’s independence enables the Office to be an effective and impartial guardian of consumers’ rights in the health and disability system.

HDC assists to mitigate the inherent power imbalance between consumers and providers by funding an independent Nationwide Health & Disability Advocacy Service (the Advocacy Service). The Advocacy Service supports people to resolve their concerns directly with their provider. Promoting awareness of the rights of consumers is also a central part of an advocate’s role.

This Statement of Performance Expectations outlines what HDC will achieve in 2023/24, how this will be assessed, and the associated revenues and expenses by reportable output class. It takes into account the Minister of Health’s Letter of Expectations of 19 May 2023 for the 2023/24 financial year.

## 1.1 Alignment with our Statement of Intent

This Statement of Performance Expectations is provided under the Crown Entities Act 2004. The Statement of Performance Expectations aligns with HDC’s strategy as provided in the Statement of Intent.

HDC’s vision is for the rights of people using health and disability services to be understood, upheld, and protected.

HDC has been working to ensure that honouring our responsibilities under Te Tiriti o Waitangi is central to everything we do.

HDC has three **outcomes**, which outline the impact we seek to make over the long term to support the wellbeing of New Zealanders:

* People understand their rights and are empowered to exercise them, and providers understand and comply with their obligations.
* People are assisted to resolve their concerns and have their resolution needs met wherever possible, and providers are held to account where appropriate.
* Systems, organisations and individuals learn from complaints, and quality, safety and consumer experience is improved.

Our strategic **priorities** for 2024–2027 bring focus to how we deliver our core business and respond to government expectations. HDC’s strategic priorities are:

* Being a culturally safe organisation;
* Having a timely, people-centred complaints process;
* Focusing on rights promotion;
* Demonstrating tangible system impact; and
* Responding sustainably to growing demand.

## 1.2 HDC’s strategic framework

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## 1.3 Key influences on our Statement of Performance Expectations

Our Statement of Intent 2024–2027 provides the strategic direction that leads our SPE and is the central influence in our planning and in the development of our deliverables. Our priorities are also shaped by the broader context in which we operate, including Government policy and expectations and the needs of consumers and providers. Other influences include health sector reform, a significant increase in demand for our services, and our current funding levels.

### 1.3.1 Pae Ora (Healthy Futures) Act 2022

The Health and Disability Commissioner Act 1994 requires the Commissioner to take account of the Government Policy Statement on Health and any health strategy issues under the Pae Ora (Healthy Futures) Act 2022, so far as those strategies are applicable. The work of HDC contributes to the interim Government Policy Statement (iGPS) in the following ways:

|  |  |
| --- | --- |
| **iGPS priority** | **HDC contribution** |
| Achieving equity in health outcomes | HDC was established to address the inherent power imbalance that exists between consumers and providers by ensuring that people have a voice and an independent avenue for them to raise concerns about the health and disability service they received. We provide an important platform for equity issues to be raised and addressed — both locally and system-wide. Our complaints data provides important information about people’s experience of the system. The Advocacy Service has a particular focus on raising awareness of the Code among populations who experience poor health outcomes and are particularly reliant on the care provided. Ensuring our ability to contribute to equitable health outcomes will be a focus of the upcoming review of the HDC Act and Code. |
| Embedding Te Tiriti o Waitangi across the health sector | HDC is committed to honouring our responsibilities under Te Tiriti o Waitangi, and we have an important role to play in supporting the Crown to meet their responsibilities in the health and disability system. HDC has been focused on increasing our internal cultural knowledge and competence and strengthening our ability to recognise and respond effectively to Māori complainants. We have also strengthened our data collection and reporting in relation to Māori experience of care. |
| Keeping people well in their communities | HDC funds a Nationwide Advocacy Service. Advocates are embedded in their communities, supporting people to resolve their concerns directly with their local providers. Advocates also provide community-level promotion and education, raising community awareness of people’s rights under the Code and avenues for complaints. |
| Developing the health workforce of the future | HDC undertakes a number of educational initiatives to support providers’ understanding of their obligations under the Code and how this can be embedded in their day-to-day practice. Staffing capacity and capability are a common issue identified by HDC in the assessment of complaints, and we work to bring these issues to the attention of relevant agencies. |
| Ensuring a financially sustainable health sector | HDC continues to focus on sustainability and managing its resources in an efficient and cost-effective way to respond to growing demand for our service. |
| Laying the foundations for the ongoing success of the health sector | The Code sets the benchmark for consumer-centred care, and HDC’s focus is on ensuring that the Code is embedded into the foundations of the system as it reforms. By resolving complaints and holding providers to account where appropriate, HDC assists consumers to have a voice, improves quality and safety, strengthens trust in the system, and ensures that public safety issues are addressed. HDC’s complaint data is grounded in the consumer experience, and we are well placed to monitor and escalate the impacts of the current reforms on people and their whānau. HDC’s review of the Act and Code will also ensure that these legislative instruments are fit for purpose in the context of the new system. |

### 1.3.2 Code of expectations for health entities’ engagement with consumers and whānau (code of expectations)

While the Pae Ora (Healthy Futures) Act 2022 does not require HDC to act in accordance with the code of expectations, HDC will continue to ensure that the principles and intent of the code are built into our work. Some of the ways in which we are doing this currently includes:

* The use of our complaints data to highlight the consumer and whānau voice in quality and safety;
* Engaging with our Consumer Advisory Group to assist in identifying organisational priorities and issues of strategic importance in the health and disability system;
* The development of an equitable engagement strategy that prioritises Māori during our review of the Act and Code;
* Monitoring consumer and whānau experience of our complaints process and using this information to inform quality improvement in those processes;
* Providing accessible information and educational resources about the Code and avenues for complaint;
* Working with our Kaitohu Mātāmua Māori to improve the responsiveness of our complaints process to Māori;
* Using HDC’s levers to promote equitable health outcomes, and collaborating with other agencies to share information and take action in regard to equity; and
* The Aged Care Commissioner’s focus on meaningful engagement with older people and their whānau to inform her monitoring report, with a particular focus on Māori and promoting the principles of Te Tiriti.

### 1.3.3 Minister’s expectations 2023/24

The Minister’s key priorities for the Health and Disability Commissioner in 2023/24 include:

* Identifying and pursuing opportunities to work collaboratively and collectively with other entities where this will result in health gains;
* Continuing to share information with Manatū Hauora in regard to its system monitoring role, including early notification of system issues; and
* Ensuring that all voices are being captured in the upcoming review of the Act and Code, with a focus on Māori voice as treaty partners.

### 1.3.4 Health reforms

HDC has been focused on establishing relationships with the new entities in the health system, including Whaikaha, Te Whatu Ora and Te Aka Whai Ora to ensure that we are escalating any issues of concern in a timely and effective way. HDC is well placed to monitor and escalate information and insights relating to the impacts of the current reforms on people and their whānau.

HDC has regard to Te Pae Tata (the interim New Zealand Health Plan) in our work, which identified HDC as a partner in quality and safety of service delivery. We are committed to working collaboratively, where appropriate, with the sector to improve the system and ensure the consumer voice is heard.

### 1.3.5 Growing demand

Complaints to HDC are increasing, and in 2021/22 HDC experienced an unprecedented and unexpected 25% increase in complaint volume. Much of this increase was due to the impacts of the COVID-19 pandemic. While complaint numbers have decreased slightly in the current year to date, they are still significantly higher than pre-COVID-19 numbers. HDC is currently receiving around 280 complaints a month. The annual complaint receipts are anticipated to be over 35% above the pre-COVID-19 volumes.

These rising complaint volumes have placed significant pressure on the time it takes HDC to assess and resolve complaints, and there is a concerning growth of cases on hand. We are investing in developing innovative, efficient and people-centred initiatives to help address delay in our process. While these initiatives have had a positive impact, it is difficult to undertake process change in the context of growing volumes and complexity.

# 2.0 HDC’s Output Classes

HDC achieves its purpose and strategic priorities through four **output classes**. These are:

1. Complaints resolution

* Supporting timely and appropriate resolution pathways
* Provider accountability

1. Promotion and education
2. System monitoring and impact
3. Focus populations

* Older people
* Tāngata whaikaha (disabled people)
* Māori

## 2.1 Complaints resolution

HDC is tasked with the fair, simple, speedy, and efficient resolution of complaints about health and disability services providers. HDC is focused on resolution at the lowest appropriate level, and has a number of options for resolution, including referring the complaint for direct and early resolution between the parties; making recommendations for systemic change; referring complaints to other agencies; and undertaking a formal investigation, which may result in a provider being found in breach of the Code.

The volume of complaints has increased significantly in recent years, primarily due to the impacts of COVID-19. HDC is projecting to receive over 3,300 complaints in 2023/24, representing an increase of over 35% compared to the pre-COVID year.

Growth in complaint volumes and complexity continues to put pressure on the time it takes to assess, investigate, and resolve complaints. This has reinforced the need to do things differently, and currently we are trialling and implementing a number of process redesign initiatives to streamline our processes and make them more people-centred and culturally appropriate. This includes placing a stronger focus on early, local resolution. However, there is no quick solution to the challenges we face, particularly in the context of a significant and sustained increase in complaint volume and complexity, a growing volume of open complaints, and outdated digital complaints management systems. It is important that we remain realistic and transparent about the impact of these challenges, especially within the resource-constrained environment in which we operate.

### Supporting appropriate and timely resolution

Where appropriate, HDC is focused on facilitating early resolution. In this respect, the work of the Advocacy Service is greatly aligned with the work of HDC.

The Advocacy Service assists people to resolve complaints directly with providers, and receives around 3,000 complaints a year. All complaints to the Advocacy Service are closed within nine months. Advocates are located throughout Aotearoa New Zealand. They guide and support people to clarify their concerns and the outcomes they seek, and this clarity in turn enables providers to respond effectively and directly. The process often helps people to rebuild relationships.

HDC has been trialling and implementing a number of process re-design changes to assist in ensuring that our processes are culturally safe and support appropriate and timely resolution. This will continue to be a focus for HDC in 2023/24. Recent initiatives include:

* Introducing initiatives to fast-track some complaints where appropriate;
* Modifying our ‘front door’ triage process to focus on equity and support early resolution where possible;
* Introducing clinical navigator roles to guide people through the complaints process and support early resolution;
* Introducing hui-a-whānau; and
* More proactive work with complainants and providers to achieve earlier resolution of more complex complaints.

### Provider accountability

HDC provides an important mechanism for providers to be held to account for failing to uphold consumers’ rights. HDC may formally investigate a complaint where a provider’s actions appear to be in breach of the Code. Investigations tend to focus on more serious departures from acceptable standards or professional boundaries, public safety concerns, and significant systems or equity issues.

In very serious cases, HDC can refer a provider found in breach of the Code to the Director of Proceedings (an independent statutory role), who will decide whether or not to take legal proceedings against that provider. The Director can lay a disciplinary charge before the Health Practitioners Disciplinary Tribunal or issue proceedings before the Human Rights Review Tribunal, or both.

HDC’s accountability functions assist to ensure that providers and organisations are held to account where needed, public safety is protected, recurrent behaviour and systemic issues are addressed, and preventative action is taken and public trust strengthened.

## 2.2 Promotion and education

HDC’s promotional and educational initiatives help to promote and build an understanding of people’s rights and providers’ obligations under the Code.

We aim to focus our promotional and educational activities on those communities who experience poor outcomes in the health and disability system, with a particular focus on Māori and tāngata whaikaha. Currently we are working on refreshing our promotional material to ensure that it is fit for purpose, culturally appropriate, and accessible. We are also developing an online education resource for consumers to raise awareness of rights and how to exercise them. This resource is being developed in consultation with consumers.

HDC is also focused on raising providers’ awareness of their obligations under the Code and how to apply the Code in their day-to-day practice. In addition, we aim to increase providers’ capability to resolve complaints directly with the complainant in order to facilitate local and early resolution. Our online education modules for providers on the Code, informed consent, and managing complaints, which were introduced in November 2022, have currently been accessed by over 3,400 providers.

HDC also funds the Advocacy Service to promote the Code through community-level educational initiatives. Advocates focus on the most marginalised communities, and services that support people who may be least able to self-advocate and whose welfare may be most at risk, such as those residing in aged care and disability residential facilities.

## 2.3 System monitoring and impact

HDC closely monitors the trends that emerge across complaints and aims to take a timely, collaborative approach to raising issues of systemic concern. HDC works closely with sector leaders and other agencies who have an interest in quality and safety, to share intelligence, amplify the consumer voice, and ensure that timely action is taken on public safety concerns and, where appropriate, take a multi-agency approach to areas of shared concern. HDC also uses the insights gained from complaints to influence legislation, policies and practice, including through submissions and strategic engagement. Our public statements and published decisions serve to highlight areas of concern and share learnings from complaints.

HDC has made a number of improvements to our data collection methods, allowing us to report on equity issues more comprehensively, including Māori experience of care and the experience of tāngata whaikaha in the health and disability system.

HDC also makes around 400 quality improvement recommendations in relation to individual complaints each year. HDC’s recommendations have a high compliance rate, with around 98% complied with. HDC has been focused on further improving our recommendations to ensure that they remain effective for improving quality and safety.

Currently we are scoping a review of the Act and Code, with a view to consulting publicly at the end of this year and making recommendations to the Minister of Health at the end of 2024. This will be an opportunity to ensure that the Act and Code remain fit for purpose in the new health and disability landscape, and continue to be effective mechanisms for the promotion and protection of the rights of all people using health and disability services.

## 2.4Focus populations

HDC has a focus on those populations who experience poor health outcomes and who are particularly reliant on the care they are receiving. Noting our commitment to our responsibilities under Te Tiriti, our focus on equity, as well as our statutory obligations, we have placed particular focus on Māori, tāngata whaikaha (disabled people) and older people.

### Māori

HDC has employed dedicated resource to assist us in meeting our responsibilities under Te Tiriti. Our Kaitohu Mātāmua Māori sits on HDC’s leadership team and, together with a cultural team, has been focused on improving our internal capability and strengthening our ability to recognise and respond effectively to Māori complainants and complaints with a cultural dimension. HDC’s cultural team supports effective engagement with Māori communities, including partnering with communities to increase their understanding of the Code and avenues for complaint.

Supported by our Kaitohu Mātāmua Māori, HDC has introduced a number of initiatives to improve the cultural responsiveness of our process, including:

* Inclusion of cultural advice as a routine part of our triaging of complaints;
* Refreshing our triage process to have an enhanced focus on equity when considering complaint pathways or resolution options;
* Introduction of an option for people who would like cultural support with their complaint; and
* Introduction of a hui-a-whānau option for Māori consumers and their whānau.

### Tāngata whaikaha (disabled people)

HDC has a key role to play in protecting the rights of tāngata whaikaha. The Deputy Commissioner, Disability has a particular focus on the rights of tāngata whaikaha when using health and disability services. The goal is to ensure that the health and disability system is improved to better meet the needs of tāngata whaikaha, now and into the future, with a strong focus on equity and a ‘nothing about us without us’ approach.

HDC will focus on working with tāngata whaikaha to improve HDC processes, so that tāngata whaikaha are knowledgeable about their rights and are empowered to raise their voices, and barriers for engagement with HDC are reduced.

HDC has been working on improving our data collection to allow us to better analyse and report on the experience of tāngata whaikaha in the health and disability system. Currently HDC is developing a monitoring framework to assess the performance of the health and disability sector in regard to upholding the rights of tāngata whaikaha.

The Deputy Commissioner, Disability also liaises closely with Whaikaha (Ministry of Disabled People) to share information in circumstances where there is a risk to the immediate safety and wellbeing of disabled people, and where there is an opportunity to take a timely, collaborative approach to systemic concerns within the disability sector.

### Older people

The Aged Care Commissioner provides advocacy for better health and disability services on behalf of older people and their whānau and provides strategic oversight and stronger sector leadership to drive quality improvement across the continuum of care.

The Aged Care Commissioner monitors the responsiveness of the health and disability system to meet the needs of older people, with a particular focus on Māori and promoting the principles of Te Tiriti. To support this, she is focused on establishing effective relationships and meaningful engagement with stakeholders and monitoring and reporting on the performance of the sector.

# 3.0 Annual Information

## 3.1 Statement of Forecast Service Performance

HDC has **five strategic priorities**, which outline the impact we seek to make while delivering on our purpose of promoting and protecting the rights of health and disability services consumers:

1. Being a culturally safe organisation;
2. Having a timely, people-centred complaints process;
3. Focusing on rights promotion;
4. Demonstrating tangible system impact; and
5. Responding sustainably to growing demand.

The services provided under the Health and Disability Commissioner Act 1994 are complaints resolution, promotion and education, system monitoring and impact, and focus population, which we undertake through four output classes.



## Output Class 1 — Complaints resolution

| **Output 1.1 — Complaints Management (HDC)** | | | |
| --- | --- | --- | --- |
|  | **Performance Measures** | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | **2021/22 Actual** |
| Supporting timely and appropriate resolution pathways (HDC)  *(which contributes to achievement of Strategic Objectives 2).* | Assume 3,200–3,400 complaints will be received.  Close an estimated 2,700–3,000 complaints. The above figure includes 180–200 investigations.  Manage complaints so that of closed complaints:   * At least 60% are closed within 3 months * At least 80% are closed within 12 months * At least 95% are closed within 24 months   Manage complaints so that of open complaints:   * No more than 7–9% are over 24 months old | Assume 3,200–3,400 complaints will be received.  Close an estimated 2,700–2,900 complaints. The above figure includes 180–200 investigations.  Manage complaints so that of closed complaints:[[1]](#footnote-2)   * At least 60% are closed within 3 months * At least 80% are closed within 12 months * At least 95% are closed within 24 months   Manage complaints so that of open complaints:   * No more than 4–6% are over 24 months old | 3,413 complaints were received  during the year.  2,627 complaints were closed  during the year, including 121  investigations.  Total number of open files at year end was 2,037.  Age of open complaints at 30 June 2022:   * 6–12 months old, 663 out of 2,037 — 32.55% * 12–24 months old, 507 out of 2,037 — 24.89% * Over 24 months old, 124 out of 2,037 — 6.09% |
| Supporting timely and appropriate resolution pathways (HDC)  *(which contributes to achievement of Strategic Objective 2)*. | Use HDC’s levers effectively and appropriately to resolve complaints. Report on:   * % of complaints referred for resolution directly between the parties * # of complaints in which recommendations are made * # of complaints notified * # of hui-ā-whānau completed (Director Māori)   Provide early notification of systemic and public safety issues to Manatū Hauora, Whaikaha, Te Whatu Ora, Te Aka Whai Ora and/or other relevant agencies. Report on total number. | Use HDC’s levers effectively and appropriately to resolve complaints. Report on:   * % of complaints referred for resolution directly between the parties * # of complaints in which recommendations are made * # of complaints notified * # of complaints referred to Director of Proceedings   Provide early notification of systemic issues to the Ministry and/or other relevant agencies. Report on total number. | New measures. |

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| **Output 1.2 — Complaints Management (Advocacy Services)** | | | |
|  | **Performance Measures** | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | **2021/22 Actual** |
| Supporting timely and appropriate resolution pathways (Advocacy Services)  *(which contributes to achievement of Strategic Objective 2).* | Assume 2,600–3,100 complaints will be received.  Close an estimated 2,600–3,100 complaints.  Manage complaints so that:   * 80% are closed within 3 months. * 95% are closed within 6 months. * 100% are closed within 9 months. | Assume 2,600–3,100 complaints will be received.  Close an estimated 2,600–3,100 complaints.  Manage complaints so that:   * 80% are closed within 3 months. * 95% are closed within 6 months. * 100% are closed within 9 months. | 2,971 new complaints were received by the Advocacy Service in the year ended 30 June 2022.  For the year ended 30 June 2022, 2,922 complaints were closed.  Complaints were managed so that:  • 78% were closed within 3 months.  • 97% were closed within 6 months.  • 100% were closed within 9 months. |
| Consumers and providers are satisfied with Advocacy’s complaints management processes *(which contributes to achievement of Strategic Objective 2)*. | Undertake consumer satisfaction surveys, with 80% of respondents satisfied with Advocacy’s complaints management processes.  Undertake provider satisfaction surveys, with 80% of respondents satisfied with Advocacy’s complaints management processes. | Undertake consumer satisfaction surveys, with 80% of respondents satisfied with Advocacy’s complaints management processes.  Undertake provider satisfaction surveys, with 80% of respondents satisfied with Advocacy’s complaints management processes. | 92% of consumers and 96% of providers who responded to satisfaction surveys were satisfied or very satisfied with the Advocacy Service’s complaints management processes. |

| **Output 1.3 — Provider Accountability** | | | |
| --- | --- | --- | --- |
|  | **Performance Measures** | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | **2021/22 Actual** |
| On referral of a complaint from the Commissioner, a decision is made whether to take further action (including disciplinary or HRRT proceedings, or resolution by way of a restorative approach) where it is appropriate to do so *(which contributes to achievement of Strategic Objective 4)*. | The Director makes decisions on complaints referred to its office.  Report on:  • The number of providers referred to the Director.  • The number of decisions made. | * Proceedings are taken where appropriate. Report on the number of proceedings taken. | New measure. |
| Proceedings are taken in the relevant forum (HPDT or HRRT) where the Director determines it warranted *(which contributes to achievement of Strategic Objective 4)*. | The Director takes proceedings in the HPDT and HRRT in cases where determined warranted.[[2]](#footnote-3)  In relation to both the HRRT and HPDT, report on:   * Number of proceedings filed. * Number of proceedings concluded. * Outcome of proceedings concluded. | * Professional misconduct is found in 75% of disciplinary proceedings. * A breach of the Code is found in 75% of HRRT proceedings. * An award of damages is made in 75% of cases where damages are sought. * An agreed outcome is reached in 75% of cases in which a restorative approach is adopted. | * For the year ended 30 June 2022, professional misconduct was found in 100% (2 of 2) of disciplinary proceedings. * For the year ended 30 June 2022, a breach of the Code was found in 100% (12 out of 12) of HRRT proceedings concluded. * For the year ended 30 June 2022, an award was made in 100% (10 of 10) of cases where damages were sought. * For the year ended 30 June 2022, an agreed outcome was reached in 100% (4 of 4) of cases in which a restorative approach was adopted. |

## Output Class 2 — Promotion and education

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| --- | --- | --- | --- | --- |
| **Output 2.1 — Access to Advocacy** | | | | |
|  | **Performance Measures** | | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | | **2021/22 Actual** |
| Network to promote awareness of the Code and access to the Advocacy Service in local communities *(which contributes to achievement of Strategic Objective 3)*. | Advocates carry out 3,500 scheduled visits or meetings with community groups and provider organisations for the purpose of providing information about the Code, HDC, and the Advocacy Service.  At least 75% of these visits and meetings are focused on vulnerable consumers (including those in residential aged care and disability services, inpatient mental health services and prisons) and the family/whānau members who support them. | Advocates carry out 3,500 scheduled visits or meetings with community groups and provider organisations for the purpose of providing information about the Code, HDC, and the Advocacy Service.  At least 75% of these visits and meetings are focused on vulnerable consumers (including those in residential aged care and disability services, inpatient mental health services and prisons) and the family/whānau members who support them. | | **Certified aged care facilities**  For the year ended 30 June 2022, 3,304 scheduled visits or meetings with community groups and provider organisations were carried out.  80% were focused on vulnerable consumers and the family/whānau members who support them. These include 947 aged-care and residential disability facility visits. |
| **Output 2.2 — Advocacy Education** | | | | |
|  | **Performance Measures** | | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | **2021/22 Actual** | |
| Promote awareness of, respect for, and observance of, the rights of consumers and how they may be enforced *(which contributes to achievement of Strategic Objective 3)*. | Advocates provide an estimated 1,500 education sessions. Consumers and providers are satisfied with the education sessions.  Seek evaluations on sessions, with 80% of respondents satisfied. | Advocates provide an estimated 1,500 education sessions. Consumers and providers are satisfied with the education sessions.  Seek evaluations on sessions, with 80% of respondents satisfied. | A total of 851 education sessions were provided.  88% of consumers and providers who responded to a survey were satisfied with the Advocacy Service’s education session they attended. | |
| Advocacy Services respond to enquiries from consumers, providers, and other agencies about the Act, the Code, and consumer rights under the Code[[3]](#footnote-4) *(which contributes to achievement of Strategic Objective 3)*. | Provide responses to enquiries as requested.  Report on the total number. | New measure. | New measure. | |

| **Output 2.3 — HDC Education** | | | |
| --- | --- | --- | --- |
|  | **Performance Measures** | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | **2021/22 Actual** |
| Respond to enquiries from consumers, providers, and other agencies about the Act, the Code, and consumer rights under the Code (HDC)  *(which contributes to achievement of Strategic Objective 3)*. | Provide responses to enquiries as requested.  Report on the total number. | Provide responses to queries as requested.  Report on the total number. | For the year ended 30 June 2022, HDC had received a total of 2,482 enquiries, including 984 simple enquiries and 1,498 extended enquiries. |
| Promote awareness of, respect for, and observance of, the rights of consumers and how they may be enforced *(which contributes to achievement of Strategic Objective 3)*. | Provide educational presentations.  Report on total number.  Monitor reach of online education modules for **providers** on the application of the Code. Report on number of providers who have completed the modules.  Develop and implement promotional resources for **consumers**, including an online educational resource. | Provide educational presentations.[[4]](#footnote-5) Report on total number of presentations provided and who they were provided to. Seek evaluations of presentations, with 80% of respondents reporting that the presentation improved their awareness and understanding of HDC and the Code of Rights.  Develop and implement 5 online education modules for consumers and providers to promote understanding of the Code and how it applies in practice, and methods for measuring reach and effectiveness. Report on activity. | For the year ended 30 June 2022, 30 educational presentations were made.  For the year ended 30 June 2022, 100% of respondents who provided feedback reported that they were satisfied with the presentations. |

3 We have removed a target number of presentations provided (last year we aimed to provide 20 educational presentations). With the development and implementation of an online learning platform, HDC intends to focus our educational presentations on priority groups rather than number completed. We will therefore be reporting on audience rather than aiming to achieve a certain number. The number of presentations will continue to be reported on.

## Output Class 3 — System monitoring and impact

| **Output 3 — System impact** | | | |
| --- | --- | --- | --- |
|  | **Performance Measures** | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | **2021/22 Actual** |
| Use HDC complaints management processes to facilitate quality improvement *(which contributes to achievement of Strategic Objective 3)*. | Make recommendations to improve quality of services, and monitor compliance with the implementation of recommendations by providers:   * Providers make quality improvements as a result of HDC recommendations. Verify provider’s compliance with HDC’s quality improvement recommendations, with a target of 97% compliance. | Make recommendations and educational comments to providers to improve quality of services, monitor compliance with the implementation of recommendations, and encourage better management of complaints by providers:  • Providers make quality improvements as a result of HDC recommendations and/or educational comments. Verify provider’s compliance with HDC’s quality improvement recommendations, with a target of 97% compliance. | Between 1 July 2021 and 30 June 2022, compliance with quality improvement recommendations on 264 complaints was due to be reported to HDC by 225 providers. 395 out of a total 403 recommendations (98%) were fully complied with.  Of the recommendations that were not fully complied with: five were due to the providers ceasing practice, two had been superseded with alternative recommendations, and the other was due to the provider not submitting evidence of completion despite consistent follow-up communication by HDC.  98% compliance. |
| Monitor complaint trends and provide regular reports to Te Whatu Ora and other stakeholders as relevant *(which contributes to achievement of Strategic Objective 3)*. | Publish six-monthly complaint trend reports about hospital-level services provided by Te Whatu Ora districts.  Provide quarterly reports on complaints about assisted dying services to the Registrar (assisted dying). | Publish six-monthly complaint trend reports.  Provide quarterly reports on assisted dying complaints to the Registrar (assisted dying). | Two six-monthly DHB complaint trend reports for each DHB were produced and provided to all DHBs.  New measure. |
| Engage with key sector stakeholders to promote the Code, share intelligence and insights relating to complaint trends, and collaborate on issues of shared concern *(which contributes to achievement of Strategic Objective 3)*. | Maintain engagement with key stakeholders to share intelligence, collaborate on issues of shared concern and promote people’s rights. Report on number of engagements.  Provide briefings, and raise issues or make recommendations, suggestions, or submissions to any person or organisation in relation to the Code and/or trends identified through complaints. Report on activity.  Participate in the National Quality Forum with the purpose of sharing intelligence and collaborating with other agencies to implement systemic improvements. Report on activity towards achieving system impact quarterly. | Maintain engagement with key sector stakeholders to share intelligence, collaborate on issues of shared concern and promote people’s rights. Report on number of engagements.  Provide briefings or make recommendations, suggestions, or submissions to any person or organisation in relation to the Code and/or issues or trends identified through complaints. Report on total number.  Participate in the National Quality Forum with the purpose of sharing intelligence and collaborating with other agencies on areas of shared concern. Report on activity quarterly. | For the year ended 30 June 2022, HDC had undertaken 239 engagements with key external stakeholders.  For the year ended 30 June 2022, 26 submissions were made.  New measure. |
| Review the HDC Act and Code to ensure fit for purpose in a transformed health system  *(which contributes to achievement of Strategic Objective 3)*. | Undertake review of Code and operation of HDC Act. Report on activity quarterly. | Scope review of Code and operation of HDC Act. Report on activity quarterly. | N/A |
| Make public statements and publish reports in relation to matters affecting the rights of consumers *(which contributes to Strategic Objective 2).* | Produce and publish key Commissioner decision reports and related articles on the HDC website. Report on total number.  Work with the media to generate 200 media stories on HDC decision reports or other matters of public interest that affect consumer rights. | Produce and publish key Commissioner decision reports and related articles on the HDC website. Report on total number.  Work with the media to generate 50 media stories on HDC decision reports or other matters of public interest that affect consumer rights. | For the year ended 30 June 2022, 83 decisions relating to matters affecting the rights of consumers were published at www.hdc.org.nz.  For the year ended 30 June 2022, 233 media stories had been generated. |

## Output Class 4 — Focus populations

| **Output 4.1 — Māori** | | | |
| --- | --- | --- | --- |
|  | **Performance Measures** | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | **2021/22 Actual** |
| Promote awareness of, respect for, and observance of, the rights of consumers and how they may be enforced *(which contributes to achievement of Strategic Objective 2)*. | Partner with other agencies to raise awareness of consumer rights and reduce barriers to resolving complaints for Māori, Pasifika, and other focus communities. Report on activity. | Develop and implement approach to partner with other agencies to raise awareness of consumer rights and reduce barriers to resolving complaints for Māori, Pasifika, and other priority communities. Report on activity. |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Output 4.2 — Tāngata whaikaha/disabled people** | | | |
|  | **Performance Measures** | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | **2021/22 Actual** |
| Promote awareness of, respect for, and observance of, the rights of disability services consumers *(which contributes to achievement of Strategic Objective 2)*. | Publish on the HDC website (and make accessible to people who use ‘accessible software’) educational resources that are written in plain language for disability services consumers and disability services providers. Report on number of resources published. | Publish on the HDC website (and make accessible to people who use ‘accessible software’) educational resources for disability services consumers and disability services providers. Report on number of resources published. | For the year ended 30 June 2022, two new accessible resources were published on the HDC website to support consumers who use home and community support services. The resources focus on helping consumers to:  • Set up a good relationship with their support worker.  • Manage their personal space.  • Manage situations and problems if they arise with their support worker. |
| Monitor complaint trends in relation to disability and collaborate with other agencies to protect and promote the rights of disability services consumers *(which contributes to achievement of Strategic Objectives 3 and 4)*. | Develop a monitoring framework to measure the performance of the health and disability sector in relation to tāngata whaikaha. Report on activity.  Maintain engagement with key sector stakeholders to share intelligence, ensure timely action is taken in response to public safety concerns, collaborate on areas of shared concern and promote the rights of tāngata whaikaha. Report on number of engagements and who we are engaging with. | Scope a monitoring framework to measure the performance of the sector against the Code of Rights. Report on activity.  Maintain engagement with key sector stakeholders to share intelligence, collaborate on areas of shared concern and promote disabled people’s rights. Report on number of engagements and who we are engaging with. | New measure.  New measure. |

| **Output 4.3 — Older people** | | | |
| --- | --- | --- | --- |
|  | **Performance Measures** | | |
| **2023/24 SPE Target** | **2022/23 SPE Target** | **2021/22 Actual** |
| Provide strategic oversight and leadership to drive quality of care improvements for older people *(which contributes to achievement of Strategic Objective 4)*. | Develop effective relationships with stakeholders and monitor sector performance. Report on activity. | Monitor and analyse issues and trends identified by HDC complaints and the Advocacy Service. Report on activity.  Develop effective relationships with key sector stakeholders and monitor sector performance information to keep informed about service issues and trends. Report on activity.  Provide briefings to the Minister as required. Report on activity. | N/A |
| Monitor the performance of health and disability services for older people and identify emerging issues and priorities *(which contributes to achievement of Strategic Objective 4).* | Test and implement an approach to, and framework for, monitoring and reporting on the performance of the sector in relation to older people’s health and disability services. Report on activity.  Complete a monitoring report on the performance of health and disability services for older people, with a particular focus on equity. | Develop an approach to, and framework for, monitoring and reporting on the performance of the sector in relation to older people’s health and disability services. Report on activity.  Complete a baseline report on the performance of the aged care sector, with a particular focus on equity. | N/A |
| Provide enhanced advocacy on behalf of older consumers and their whānau and support commitments to Te Tiriti o Waitangi. | Actively engage with older consumers and their whānau from all communities and reflect their perspectives in the Aged Care Commissioner’s work. Report on number of engagements.  Make submissions, recommendations, and public statements on issues of relevance to the Aged Care Commissioner’s role. Report on total number.  Develop meaningful and authentic advocacy partnerships with kaumātua, whānau, hapū, and iwi. Report on activity. | Actively engage with older consumers and their whānau from all communities and reflect their perspectives in the Aged Care Commissioner’s work. Report on number of engagements.  Make submissions, recommendations, and public statements on issues of relevance to the Aged Care Commissioner’s role. Report on total number.  Develop meaningful and authentic advocacy partnerships with kaumātua, whānau, hapū, and iwi. Report on activity. | N/A |

## 3.2 Reporting

HDC will provide quarterly reports to the Minister of Health that cover:

* Progress on our operations, including commentary on any significant variations from objectives and measures in our Statement of Performance Expectations relevant to the quarter.
* An update on key operations, identifying any emerging risks and how these are being managed, and providing a commentary on any significant variation from the objectives and measures in the Commissioner’s Statement of Performance Expectations.
* Current financial reports in the same format as the agreed Forecast Financial Statements, prepared to align with generally accepted accounting practices.

Reports will be provided to the Minister by the following dates unless otherwise agreed:

|  |  |  |
| --- | --- | --- |
| **Report** | **Period covering** | **Due Date** |
| **Quarter 1** | 1 July 2023–30 September 2023 | 31 October 2023 |
| **Quarter 2** | 1 October 2023–31 December 2023 | 31 January 2024 |
| **Quarter 3** | 1 January 2024–31 March 2024 | 30 April 2024 |
| **Quarter 4** | 1 April 2024–30 June 2024 | 31 July 2024 |
| **Annual Report** | 1 July 2023–30 June 2024 | 31 October 2024 |

## 3.3 Prospective Financial Statements 2023/24

### 3.3.1 Key assumptions for Proposed Budget 2023/24

The proposed 2023/24 budget reflects the following key assumptions:

* The receipt of an anticipated extra $758,000 cost pressure funding
* HDC’s resource level at resolving approximately 2,700–3,000 complaints annually
* The HDC Act and Code review
* Market wage inflation and the HDC’s Pay Gaps Action Plan (Kia Toipoto)
* An ability to continue to progress our commitment under Te Tiriti o Waitangi

The proposed budget reflects a deficit of $986,000 for 2023/24. The deficit will reduce the HDC’s equity to $1,615,000 as at 30 June 2024. This deficit represents the extent to which HDC considers it financially prudent to use existing accumulated surpluses to cover the costs of unfunded resources.

Despite HDC continuing to streamline its processes to operate as efficiently as possible within the resources available, since the COVID-19 pandemic the open complaints pool has continued to grow. HDC has prioritised its resources to manage the complaints with high risk to the public, and to start its journey for Te Tiriti o Waitangi. This has resulted in an aging complaints profile.

HDC will continue to work with Manatū Hauora to resolve HDC’s funding requirement via the Budget 24 process. This is critical for HDC to respond sustainably to the growing demand and complexity of complaints.

#### Capital Expenditure Intentions

HDC’s capital expenditure will be used to improve operational efficiency and support a hybrid working model.



 



### 3.3.6 Statement of Accounting Policies

#### Reporting entity

The Health and Disability Commissioner has designated itself as a public benefit entity (PBE) for financial reporting purposes.

These prospective financial statements reflect the operations of the Health and Disability Commissioner only and do not incorporate any other entities. These prospective financial statements are for the year ending 30 June 2024, and were approved by the Commissioner prior to issue. The prospective financial statements cannot be altered after they have been authorised for issue.

#### Basis of preparation

The prospective financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The opening position of the prospective statements is based on un-audited results for 2022/23. The actual results for the month of June 2023 are unavailable and therefore the balances as at 30 June 2023 have been estimated using the forecast as at 31 May 2023.

#### Statement of compliance

The prospective financial statements of the Health and Disability Commissioner have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirements to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The information in these prospective financial statements may not be appropriate for purposes other than those described above.

The prospective financial statements have been prepared in accordance with Tier 2 PBE accounting standards and disclosure concessions have been applied. HDC can report in accordance with Tier 2 PBE Standards as HDC does not have public accountability and HDC’s annual expenses are under $30 million.

These prospective financial statements comply with PBE FRS 42 Prospective Financial Statements and other applicable Financial Reporting Standards, as appropriate for PBE.

The prospective financial statements are based on financial assumptions about future events that the Health and Disability Commissioner reasonably expects to occur. Any subsequent changes to these assumptions will not be reflected in these financial statements.

Actual financial results achieved for the period covered are likely to vary from the information presented and the variations may be material.

#### Presentation currency and rounding

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($,000).

#### Significant accounting policies

*Revenue*

The specific accounting policies for significant revenue items are explained below:

*Funding from the Crown (non-exchange revenue)*

The Health and Disability Commissioner is primarily funded from the Crown. This funding is restricted in its use for the purpose of the Health and Disability Commissioner meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

The Health and Disability Commissioner considers that there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

*Interest revenue*

Interest revenue is recognised using the effective interest method.

*Sale of publications*

Sales of publications are recognised when the product is sold to the customer.

*IT cost contribution*

IT cost contribution is recognised when services are provided to the National Advocacy Trust by HDC based on mutual agreement.

*Sundry revenue*

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date.

*Foreign currency transactions*

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

*Expenditure*

Expenses are recognised when goods or services have been delivered, or when there is a present obligation that is expected to result in an outflow of economic benefits.

*Leases*

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

*Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

*Receivables*

Short-term receivables are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that the Health and Disability Commissioner will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

*Investments*

Bank term deposits

Investments in bank term deposits are initially measured at the amount invested.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

*Inventories*

Inventories held for distribution in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

*Property, plant, and equipment*

Property, plant, and equipment consist of the following asset classes: computer hardware, communication equipment, furniture and fittings, leasehold improvements, motor vehicles, and office equipment.

Property, plant, and equipment are measured at cost, less accumulated depreciation and impairment losses.

*Additions*

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to HDC and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

*Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit.

*Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to HDC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

*Depreciation*

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Leasehold improvements 3 years (33%)

Furniture and fittings 5 years (20%)

Office equipment 5 years (20%)

Motor vehicles 5 years (20%)

Computer hardware 4 years (25%)

Communication equipment 4 years (25%)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

*Intangible assets*

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development, employee costs, and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the maintenance of HDC’s website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software 3 years (33%)

Developed computer software 3 years (33%)

*Impairment of property, plant, and equipment and intangible assets*

The Health and Disability Commissioner does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

*Non-cash-generating assets*

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset’s fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset’s carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

*Payables*

Short-term payables are recorded at their face value.

*Employee entitlements*

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

*Superannuation schemes*

Defined contribution schemes

Obligations for contributions to KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

*Equity*

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

• contributed capital; and

• accumulated surplus or deficit.

*Goods and services tax (GST)*

All items in the prospective financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

*Income tax*

The Health and Disability Commissioner is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

*Cost allocation*

The cost of outputs is determined using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output. Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Indirect personnel costs are charged on the basis of estimated time incurred. Other indirect costs are assigned to outputs based on the proportion of direct staff headcount for each output.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

*Critical accounting estimates and assumptions*

In preparing these prospective financial statements, the Health and Disability Commissioner has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Estimating useful lives and residual values of property, plant, and equipment*

At each balance date the Health and Disability Commissioner reviews the useful lives and residual values of its property, plant, and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires the Health and Disability Commissioner to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Health and Disability Commissioner, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. The Health and Disability Commissioner minimises the risk of this estimation uncertainty by:

• physical inspection of assets; and

• asset replacement programmes.

The Health and Disability Commissioner has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant, and equipment are disclosed.

*Critical judgements in applying accounting policies*

Management has exercised the following critical judgements in applying accounting policies at each balance date:

Lease classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Health and Disability Commissioner.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

The Health and Disability Commissioner has exercised its judgement on the appropriate classification of equipment leases, and has determined that no lease arrangements are finance leases.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the lease expense.

*Statement of changes in accounting policies*

There have been no changes in existing accounting policies.

1. HDC has changed its timeliness measure to focus on time to closure rather than age of open complaints, as it better captures HDC’s focus on early resolution and that investigations can take up to two years to close. HDC has retained a target in regard to age of open complaints over 24 months old, as this takes into consideration the time to closure for investigations. HDC will also continue to monitor, report, and publish the age of open files in its annual report. [↑](#footnote-ref-2)
2. In 2023/24, HDC removed the quantitative measure, i.e. the success rate, which does not represent the nuanced nature of proceedings or how decisions are made by various tribunals. [↑](#footnote-ref-3)
3. This is a new performance indicator for 2023/24 and was selected as it better represents Advocacy Services’ activities in relation to this appropriation. [↑](#footnote-ref-4)
4. [↑](#footnote-ref-5)