Health and Disability Commissioner
Te Toihau Hauora, Hauātanga

Office of the

Health and Disability Commissioner

Te Toihau Hauora, Hauātanga

Statement of Performance Expectations

2021/2022

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Table of contents

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

18 June 2021

1.0 Statement of Performance Expectations

The Health and Disability Commissioner (HDC) was established as an independent Crown Entity by the Health and Disability Commissioner Act 1994 (the Act). The purpose and overriding strategic intention of HDC is to **promote and protect the rights of consumers** as set out in the Code of Health and Disability Services Consumers' Rights (the Code). To that end, we **facilitate the fair, simple, speedy, and efficient resolution of complaints** relating to infringements of those rights.

This SPE outlines what HDC will achieve in 2021/22, how this will be assessed, and associated revenues and expenses by reportable output class. It takes into account the Minister of Health's Letter of Expectations of 8 March 2021 for the 2021/22 financial year. Additionally, HDC's scope will expand to include assisted dying when the End of Life Choice Act is enacted in November 2021.

HDC will continue to maintain and enhance its ability to act as the system's independent watchdog through this period of change. We will take a proactive and preventative approach to providing information and intelligence to Government, the sector, and consumers related to the effects of transformation and the introduction of new legislation.

HDC is committed to contributing to an equitable health and disability system. We are in a unique position to highlight inequities in access, treatment, and outcome, and to use the levers we have available to influence positive change.

This SPE also takes into account the broader context in which we are operating, including managing increasing complaint volume and complexity. The increased scope of our work is a key consideration.

HDC will continue to progress these priorities in 2021/22, including an expanded focus on sharing learning opportunities across the system to drive improvement in health organisations' responses to complaints:

- Advising providers and other stakeholders across the health and disability system when complaints identify serious and immediate flaws
- Working with providers across the health sector to drive improvements in health organisations' responses to complaints
- Sharing best practice advice on handling and responding to complaints
- Reporting and advising on findings from complainants about the equity of access to health and disability services
- Ensuring that the contribution of health sector organisations reflects safe practice by continuing to work with the Health Quality & Safety Commission
- Consulting and engaging with the Ministry of Health when proposed changes or issues may have an impact on the wider sector.

1.1 Alignment with New Zealand Health and Disability Strategies

The Health and Disability Commissioner Act 1994 requires the Commissioner to take account of the New Zealand Health Strategy and the New Zealand Disability Strategy, so far as they are both applicable.

The work of HDC contributes to the current health strategy in the following ways:

Health Strategy theme	**HDC contribution**
People-powered	HDC provides a vehicle for the consumer voice to be heard, and for people's complaints to be investigated and resolved independently. By making recommendations to rectify and avoid breaches of the Code, HDC helps to ensure that the system learns from the experience of consumers and continues to improve. Through promotion of the Code, HDC helps people to understand their rights and responsibilities, and supports people-centred policy and practice.
Closer to home	HDC contracts community-based advocacy work, delivered by the Nationwide Health & Disability Advocacy Service, which provides people with support closer to where they are based.
Value and high performance	HDC holds providers to account for their performance by assessing and investigating complaints, and taking legal proceedings against providers when necessary. HDC uses its insights to highlight emerging issues and to reveal underlying causes of problems. HDC makes recommendations for change on hundreds of complaints each year, and in this way holds the provider and system to account for learning and taking preventative action.
One team	HDC's work in assessing and investigating complaints identifies gaps that prevent an integrated health system from operating seamlessly for people who use it. Based on these findings, HDC makes recommendations about how parts of the system can work together more effectively, to produce better, safer, and more equitable care.
Smart system	HDC's monitoring, analysis, and reporting on complaint trend data contributes to systemic learning and improvement.

HDC also has regard to He Korowai Oranga: The Māori Health Strategy, Whakamaua: the Māori Health Action Plan 2020–2025 and Ola Manuia: the Pacific Health and Wellbeing Action Plan

2020–2025. In addition to looking at how we can better meet our obligations under Te Tiriti o Waitangi, HDC will contribute to these plans in the following ways:

- By providing a platform for equity and cultural safety issues to be raised and addressed
- By empowering Māori and Pacific communities to understand their rights under the Code, and by improving access to make complaints through mediums, messengers, and mechanisms that work for them
- By holding the sector accountable for culturally safe, culturally competent, equitable care
- By collecting and sharing data and insights in a way that highlights inequities and supports system learning and improvement
- By ensuring that our own processes and practices are culturally safe and responsive to people's different needs.

The work of HDC contributes to disabled people achieving the health and well-being outcome in the New Zealand Disability Strategy 2016–2026, with a focus on the following:

- Access to mainstream services is barrier-free and inclusive
- Services that are specific to disabled people, including mental health and aged care services, are high quality, available, and accessible
- All health and well-being professionals treat disabled people with dignity and respect
- Decision-making on issues regarding the health and well-being of disabled people is informed by robust data and evidence.

HDC's work supports all eight outcomes of the Disability Strategy, which are interconnected, by

- Promoting disabled people's rights under the Code through educational initiatives and accessible resources
- Providing a complaints process that allows disabled people's voices to be heard and providers held to account
- Making recommendations for improvements to services
- Funding the Advocacy Service, which focuses on vulnerable consumers, including disabled people who may want additional support to raise concerns and make a complaint.

HDC's work takes into account the New Zealand Disability Action Plan 2019–2023. The plan emphasises the involvement of disabled people in decision-making, and refers to improving access to quality health care and health outcomes, and reducing the use of seclusion and restraint as two of the outcomes for delivery.

HDC also has regard for Whāia Te Ao Mārama 2018 to 2022: The Māori Disability Action Plan, which provides a culturally anchored approach to supporting Māori with disabilities, and their whānau, and should be read alongside the New Zealand Disability Action Plan. Improving outcomes for tangata whaikaha and their whānau remains an important priority.

2.0 HDC's Output Classes

HDC has four **strategic objectives**, 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. **Resolution of complaints**: complaints are resolved in a fair, simple, speedy, and efficient way.
2. **Improved understanding of rights**: participants in the health and disability system understand their rights and obligations under the Code of Rights.
3. **Better, safer, more equitable care**: systems, organisations, and individuals learn from complaints and improve practices.
4. **Provider accountability**: systems, organisations, and individuals are held to account for upholding the Code of Rights.

HDC's **priorities** for 2020–2024 bring focus to how we deliver our core business and respond to government expectations. HDC's priorities are:

- Responding sustainably to the growing volume, and increasing complexity of complaints, particularly in the context of our expanded scope under the End of Life Choice Act, the ongoing effects of COVID-19 on the health system, and health sector transformation.
- Continuously improving the way we operate: responding to changing needs and expectations and building on innovative ways of working developed as part of HDC's COVID-19 response.
- Strengthening our focus on equity: using HDC's watchdog role to support the sector in becoming more equitable and culturally safe, and undertaking specific actions to strengthen HDC's equity focus in relation to data collection and organisational processes, practices, and culture.
- Enhancing the strategic impact HDC has on the health and disability system: using HDC's unique powers and insights to identify and leverage systemic change within the health and disability sector and support people-centred transformation.

HDC achieves its strategic objectives through five principal **output classes**. These are:

- Complaints resolution
- Advocacy
- Proceedings
- Education and analysis
- Disability

In previous years, HDC had an additional output class for mental health and addictions monitoring and advocacy. This role was transferred to the new Mental Health and Wellbeing Commission following the coming into force of the Mental Health and Wellbeing Commission Act 2020 on 9 February 2021. HDC retains its complaints resolution role in relation to mental health and addiction services.

2.1 Complaints resolution

Resolution of complaints is an objective in its own right. It also helps to ensure provider accountability and contributes to better, safer, and more equitable care.

HDC's central function and primary vehicle for the protection of consumers' rights is the assessment and resolution of complaints. Options for resolving complaints range from direct resolution with the provider through to formal investigation, with a focus on fair, effective, and timely resolution.

In assessing complaints, HDC takes into account the issues raised, the desired resolution outcomes and context of the consumer, and the evidence available. Complaints that are suitable for resolution between the parties are referred to the Advocacy Service or the provider. Both the Advocacy Service and providers are required to report back to HDC on the outcome of these referrals, ensuring that people's concerns have been addressed appropriately, and any deficiencies identified are captured for trend monitoring. HDC works with providers to strengthen their own complaints management processes, as a means of encouraging early and local resolution.

HDC can also refer complaints to other agencies when the issues raised are more appropriately dealt with by that agency.

Assessment of a complaint by HDC can involve a number of steps, including seeking a response from the provider, obtaining expert advice (for example, clinical or cultural), and asking for additional information from other providers involved, the complainant, and/or other agencies. HDC listens to each side of the argument, weighs up the evidence, and makes an impartial decision.

The initial assessment may indicate that a provider's actions were reasonable in the circumstances, or that the issues can be addressed appropriately by HDC making recommendations for change. In more serious cases, HDC will carry out a formal investigation of a complaint, which may result in a provider being found in breach of the Code.

The recommendations for change and educational comments made by HDC in response to a complaint help to reduce the risk of preventable harm and strengthen the system overall. Recommendations can be made at an individual level, for example recommending additional training; at an organisation level, such as recommending that a clinic develop new procedures for staff; and at a systems level, such as recommending that the Ministry of Health create consistent national guidelines. HDC draws on internal and external expertise to ensure that recommendations remain current, are based on sector best practice, and maximise opportunities for system impact. HDC's recommendations have a high compliance rate.

HDC has seen a steady rise in the number of complaints in recent years, and continually adapts to become more efficient in response to growing complaint volumes. Between 2% and 8% ongoing growth in complaints is anticipated per year. Complexity of complaints has also been increasing in response to the growing complexity of population need and health service delivery. HDC is also anticipating an increase in volume and complexity of complaints arising from the End of Life Choice Act, health sector transformation, and the ongoing effects of COVID-19 (including the vaccination roll-out).

Growth in complaint volumes and complexity, balanced with the need to maintain quality, continues to put pressure on the time it takes to assess, investigate, and resolve complaints. HDC's performance measures for volumes of complaints closed and timeliness of closure are ambitious. HDC will need to be innovative to deliver on output measures, while ensuring that we have a positive and equitable effect on the health and disability system and equity of access to health services.

2.2 Advocacy

In addition to the resolution of complaints, the Advocacy Service's promotional educational initiatives contribute to improved understanding of the rights set out in the Code.

The Advocacy Service facilitates early resolution of complaints, supporting people to resolve their concerns directly with their provider. It also promotes the Code through local networking and community-based education.

Advocates are located throughout New Zealand. They guide and help people to clarify their concerns and the outcomes they seek, and this clarity allows providers to respond effectively and directly. Both sides being able to hear each other's stories is an essential part of the advocacy process.

The process often helps people to rebuild relationships, which is particularly important when there will be ongoing contact with a provider. It can also be very effective at teaching self-advocacy skills, so that people become more confident in handling future concerns, and in providing direct and valuable feedback to providers. In some instances, just having the opportunity to talk through the events and to draft a complaint letter with an advocate can help people achieve a degree of personal reconciliation, and they no longer need to make a formal complaint.

In addition to complaints resolution, advocates work to ensure that they are accessible and familiar within their community. They are in a good position to engage directly with consumers and meet their diverse needs.

Advocates have a focus on the most vulnerable, and visit services that support people who may be least able to self-advocate and whose welfare may be most at risk — for example, people in residential aged care or disability facilities. Advocates use these visits to provide information and arrange education sessions for residents, whānau/family members, and providers.

HDC will continue to liaise with the National Advocacy Trust to develop additional ways to support responsive, early, and efficient complaints resolution and the delivery of Code promotion and education, including to consumers who may be isolated due to the ongoing COVID-19 pandemic.

2.3 Proceedings

The work of the Proceedings team is an important means of ensuring provider accountability and contributes to better, safer, and more equitable care.

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 proceedings against that provider.

The Director can lay a disciplinary charge before the Health Practitioners Disciplinary Tribunal (HPDT) or issue proceedings before the Human Rights Review Tribunal (HRRT), or both. The Director's role is key in ensuring that providers are held to account where appropriate, and that the rights of consumers are upheld. A successful case sends a strong message, and this work is important in helping to set professional standards and maintain public confidence in the quality and safety of services.

The HPDT hears charges against registered health practitioners, such as doctors, midwives, and dentists. If the provider is not a registered health practitioner, for example a counsellor or acupuncturist, the Director may file proceedings with the HRRT, which can also hear claims against bodies such as rest homes or DHBs. Unlike the HPDT, the HRRT can order a provider to pay compensation, although there are limited circumstances in which this can occur.

2.4 Education and analysis

HDC's educational initiatives and analysis of complaint themes and trends help to build understanding of Code rights and contribute to better, safer, and more equitable care.

HDC uses the insights gained from complaints to influence policies and practice, including through submissions and strategic engagement. HDC delivers education and training initiatives to improve providers' knowledge of their responsibilities under the Code.

By sharing what it learns from complaints, HDC raises awareness of particular matters of concern and encourages learning. It does this in a number of ways, including:

- Publishing its decisions where there has been a breach of the Code
- Working with the media to create greater public awareness of its decisions and the Code
- Giving presentations and delivering education sessions, both on the Code and on complaint trends
- Producing reports into complaint trends, both for DHBs and for particular services or matters of concern, such as medication error
- Routinely engaging with other agencies with a responsibility for quality and safety, including the Ministry of Health, the Health Quality & Safety Commission, and other regulatory agencies, to share intelligence and insights, identify emerging trends, and work together to effect change.

HDC is working to strengthen our data collection, analysis, monitoring, and reporting of matters relating to equity. For example, we have introduced an analysis of consumer ethnicity to our DHB complaint reports, and will include it in all complaint trend reports from now on.

As well as providing information on complaint trends, HDC's presentations to provider groups encourage compliance with requirements under the Code — activity that is complemented by the community-level education initiatives led by the Advocacy Service on behalf of HDC. HDC also runs complaints management workshops, which aim to increase the number of complaints resolved effectively by providers themselves, improve satisfaction with providers' responses to complaints, and encourage learning from complaints to improve quality of services.

HDC produces resources for consumers and providers in a number of languages, aimed at raising the general awareness of rights and responsibilities under the Code, including the right to complain.

Every year, HDC responds to over 3,500 enquiries from members of the public, and from providers and other agencies, helping to improve understanding about people's rights under the Code. Through formal submissions or by engaging with key stakeholders, HDC also advises on the need for better protection of the rights of people who use health or disability services.

HDC is working to develop our educational activity to ensure maximum reach and effectiveness for diverse audiences, including in a pandemic environment. This includes exploring the increased use of online webinars to deliver educational presentations.

In 2021/22, HDC will be undertaking educational activity to ensure that consumers are aware of their rights and providers are aware of their duties in respect of the End of Life Choice Act.

2.5 Disability

HDC's work specifically for people who use disability services helps to build understanding of their rights under the Code, and contributes to better, safer, and more equitable care.

The Deputy Commissioner, Disability has a particular focus on the rights of people who use disability services, including promoting awareness, respect, and observance of those rights. This includes work to encourage disabled people, and their whānau and support staff, to lay complaints, and facilitating and encouraging disability support providers to improve their complaints management processes.

HDC works to ensure that disabled people's rights are upheld in an environment where there may be restrictions on services due to the COVID-19 pandemic. This is particularly important in situations where consumers may be isolated, and need to be fully informed and supported to make decisions about their care.

HDC is focused on making its own educational resources and complaints management processes more accessible, and building the capability of its staff by providing disability responsiveness training and increasing in-house knowledge and experience of the disability sector.

HDC also monitors themes and trends in complaints regarding disability services, and improves understanding of Code rights by disability service users and providers through educational seminars and the development of accessible resources.

3.0 Annual Information

3.1 Statement of Forecast Service Performance

The services provided under the Health and Disability Commissioner Act are complaints resolution, advocacy, proceedings, education, and disability, which we undertake through five output classes.

Note that HDC's mental health and addiction monitoring and advocacy function was transferred to the new Mental Health and Wellbeing Commission on 9 February 2021, following the introduction of the Mental Health and Wellbeing Commission Act 2020.

The output classes are discussed in detail in Section 1 above, and this section sets out HDC's financial and non-financial targets for 2021/22.

While HDC continues to face the increasing complaint volume and complexity, HDC will increase its focus on the management of old files, equity, education, and stakeholder engagement.

	Proposed SPE Budget 2021/22 $000s	Full Year Forecast 2020/21 $000s
Complaints resolution		
Revenue	10,020	8,213
Expenditure	10,102	8,048
Net surplus/(deficit)	(82)	165
Advocacy		
Revenue	4,550	4,292
Expenditure	4,588	4,206
Net surplus/(deficit)	(38)	86
Proceedings		
Revenue	702	622
Expenditure	708	609
Net surplus/(deficit)	(6)	13
Education and analysis		
Revenue	658	393
Expenditure	663	385
Net surplus/(deficit)	(5)	8
Disability		
Revenue	568	568
Expenditure	572	557
Net surplus/(deficit)	(4)	11
Monitoring and advocacy		
Revenue	-	515
Expenditure	-	504
Net surplus/(deficit)	-	11
Totals		
Revenue	**16,498**	**14,603**
Expenditure	**16,633**	**14,309**
Net surplus/(deficit)	**(135)**	**294**

Note: All figures are GST exclusive & each output class has been costed to include a percentage of HDC's overhead costs.

Output Class 1 — Complaints Resolution

Output 1.1 — Complaints Management			
	Performance Measures		
	SPE 2021/22 Target	2020/21 Comparatives	2019/20 Actual
Efficiently and appropriately resolve complaints *(which contributes to achievement of Strategic Objectives 1, 3, and 4 — see Section 2).*	Assume 2,400–2,600 complaints will be received. Close an estimated 2,400–2,600[1] complaints. The above figure includes an estimated 120–140 investigations. Manage complaints so that: • No more than 22% of open complaints are 6–12 months old. • No more than 16% of open complaints are 12–24 months old. • No more than 4% of open complaints are over 24 months old.	Assume 2,400–2,600 complaints will be received. Close an estimated 2,400–2,600[2] complaints. The above figure includes an estimated 120–130 investigations. Manage complaints so that: • No more than 20–22% of open complaints are 6–12 months old. • No more than 16–18% of open complaints are 12–24 months old. • No more than 2–4% of open complaints are over 24 months old.	2,393 complaints were received during the year. 2,226 complaints were closed during the year, including 133 investigations. The total number of open files at year end was 934. Age of open complaints at 30 June 2020: • 6–12 months old, 266 out of 934 — 28.48% • 12–24 months old, 164 out of 934 — 17.56% • Over 24 months old, 30 out of 934 — 3.21%

[1] HDC forecasts a total closure of 2,400 complaints, including 120 investigations for 2020/21, and will aim for the top of the range and more investigations for 2021/22.

[2] HDC addresses complaints in a flexible and proportionate manner, ensuring that public health and safety risks are responded to while being mindful of the pressures on providers during the ongoing COVID-19 pandemic.

Output 1.2 — Quality Improvement			
	Performance Measures		
	SPE 2021/22 Target	**2020/21 Comparatives**	**2019/20 Actual**
Use HDC complaints management processes to facilitate quality improvement *(which contributes to achievement of Strategic Objective 3)*.	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.	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 2019 and 30 June 2020, compliance with quality improvement recommendations on 278 complaints were due to be reported to HDC by 155 providers. Recommendations in relation to 274 of those complaints (98.6%) were fully complied with, and recommendations in relation to four were either partially or not complied with. In the four cases of non-compliance, two providers were referred to the appropriate regulatory bodies, and currently HDC is considering the next steps and options for the other two providers. • 98.6% compliance

Output Class 2 — Advocacy

Advocacy Output 2.1 — Complaints Management			
	Performance Measures		
	SPE 2021/22 Target	**2020/21 Comparatives**	**2019/20 Actual**
Efficiently and appropriately resolve complaints *(which contributes to achievement of Strategic Objective 1).*	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 2,600–3,000[3] complaints will be received. Close an estimated 2,600–3,000 complaints. Manage complaints so that: • 80% are closed within 3 months. • 95% are closed within 6 months. • 100% are closed within 9 months.	2,754 new complaints were received by the Advocacy Service in the year ended 30 June 2020. For the year ended 30 June 2020, 2,753 complaints were closed. Complaints were managed so that: • 79% were closed within 3 months. • 99% 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 1)*.	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.	93% of consumers and 93% of providers who responded to satisfaction surveys were satisfied or very satisfied with the Advocacy Service's complaints management process.

[3] Reduction reflects the impact of COVID-19.

Advocacy Output 2.2 — Access to Advocacy			
	Performance Measures		
	SPE 2021/22 Target	**2020/21 Comparatives**	**2019/20 Actual**
Network to promote awareness of the Code and access to the Advocacy Service in local communities *(which contributes to achievement of Strategic Objective 2)*.	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 2,500[4] scheduled visits or meetings with community groups and provider organisations for the purpose of providing information about the Code, HDC, and the Advocacy Service. Such visits/meetings to include aged care facilities and residential disability services, with the emphasis on reaching vulnerable consumers and the family/whānau members who support them.	**Certified aged care facilities** For the year ended 30 June 2020, 3,705 scheduled visits or meetings with community groups and provider organisations were carried out. 1,091 of these visits were to aged care and residential disability facilities.

[4] Reduction reflects the impact of COVID-19.

Advocacy Output 2.3 — Education			
	Performance Measures		
	SPE 2021/22 Target	**2020/21 Comparatives**	**2019/20 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)*.	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 1,000[5] education sessions. Consumers and providers are satisfied with the education sessions. Seek evaluations on sessions, with 80% of respondents satisfied.	A total of 1,422 education sessions were provided. 89% of consumers and providers who responded to a survey were satisfied with the Advocacy Service education session they attended.

[5] Reduction reflects the impact of COVID-19.

Output Class 3 — Proceedings

Output 3.1 — Proceedings			
	Performance Measures		
	SPE 2021/22 Target	2020/21 Comparatives	2019/20 Actual
Professional misconduct is found in disciplinary proceedings *(which contributes to achievement of Strategic Objective 4)*.	Professional misconduct is found in 75% of disciplinary proceedings.	Professional misconduct is found in 75% of disciplinary proceedings.	For the year ended 30 June 2020, professional misconduct was found in 100% (1 of 1) of disciplinary proceedings.
A breach of the Code is found in HRRT proceedings *(which contributes to achievement of Strategic Objective 4)*.	A breach of the Code is found in 75% of HRRT proceedings.	A breach of the Code is found in 75% of HRRT proceedings.	For the year ended 30 June 2020, a breach of the Code was found in 100% (7 of 7) of HRRT proceedings.
An award is made where damages are sought *(which contributes to achievement of Strategic Objective 4)*.	An award of damages is made in 75% of cases where damages are sought.	An award of damages is made in 75% of cases where damages are sought.	Resolution by negotiated agreement was achieved in 100% (9 of 9) of proceedings.
Where a restorative approach is adopted, agreement is reached between the relevant parties *(which contributes to achievement of Strategic Objective 4)*.	An agreed outcome is reached in 75% of cases in which a restorative approach is adopted.	An agreed outcome is reached in 75% of cases in which a restorative approach is adopted.	For the year ended 30 June 2020, an agreed outcome was reached in 100% (3 of 3) of cases where a restorative approach was adopted.

Output Class 4 — Education and Analysis

Education and Analysis Output 4.1 — Information and Education for Providers			
	Performance Measures		
	SPE 2021/22 Target	**2020/21 Comparatives**	**2019/20 Actual**
Monitor DHB complaints and provide complaint information to DHBs *(which contributes to achievement of Strategic Objectives 2 and 3)*.	Produce six-monthly DHB complaint trend reports and provide to all DHBs. 80% of DHBs who respond to an annual feedback form find complaint trend reports useful for improving services.	Produce six-monthly DHB complaint trend reports and provide to all DHBs. 80% of DHBs who respond to an annual feedback form find complaint trend reports useful for improving services.	Two six-monthly DHB complaint trend reports for each DHB were produced and provided to all DHBs. 86% (12/14) of the DHBs who responded to an annual feedback form rated the complaint trend reports as useful for improving services.
Assist providers to improve their responses to complaints *(which contributes to achievement of Strategic Objectives 1, 2, and 3)*.	Provide four complaints resolution workshops to providers, including webinars to increase the number of people reached. Report on total number of workshops provided and the approximate number of people who attended. Seek evaluations of the workshops, with 80% of respondents finding the session useful for improving complaints resolution.	Provide two complaints resolution workshops for DHBs. Seek evaluations of the workshops, with 80% of respondents satisfied with the session. Provide two complaints resolution workshops for non-DHB group providers. Seek evaluations for the workshops, with 80% of respondents satisfied with the session.	Two complaints resolution workshops for DHBs were held. 94.5% of respondents reported that they were satisfied or very satisfied with each session respectively. Two complaints resolution workshops for non-DHB group providers were held. 98.5% of respondents reported that they were satisfied with each session.

Education and Analysis Output 4.2 — Information and Education for Consumers and Providers			
	Performance Measures		
	SPE 2021/22 Target	**2020/21 Comparatives**	**2019/20 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)*.	Provide 20 educational presentations, including webinars to increase the number of people reached. Report on total number of presentations provided and the approximate number of people who attended. 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 publish resources that promote awareness of the Code and avenues for complaints, with a particular focus on vulnerable consumers and the providers that serve them. Report on number of resources developed and intended audience/s. Develop and implement an education strategy to assist with raising consumers' awareness of	Provide 30 educational presentations. Seek evaluations of presentations, with 80% of respondents satisfied with the presentations.	For the year ended 30 June 2020, 20 educational presentations were made. For the year ended 30 June 2020, 100% of respondents who provided feedback (20 of 20) reported that they were satisfied with the presentations.

Education and Analysis Output 4.2 — Information and Education for Consumers and Providers			
	Performance Measures		
	SPE 2021/22 Target	2020/21 Comparatives	2019/20 Actual
	their rights and providers' awareness of their duties under the Code in respect of the End of Life Choice Act.		
Respond to queries from consumers, providers, and other agencies about the Act, the Code, and consumer rights under the Code *(which contributes to achievement of Strategic Objective 2)*.	Provide responses to queries as requested. Report on the total number and the breakdown by enquirer type.	At least 40 formal responses to enquiries provided.	For the year ended 30 June 2020, 52 formal responses to enquiries were provided.

Education and Analysis Output 4.2 — Information and Education for Consumers and Providers			
	Performance Measures		
	SPE 2021/22 Target	2020/21 Comparatives	2019/20 Actual
Make public statements and publish reports in relation to matters affecting the rights of consumers *(which contributes to Strategic Objectives 2 and 3).*	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.	Produce and publish key Commissioner decision reports and related articles on the HDC website. Report on total number. New measure.	For the year ended 30 June 2020, 106 decisions relating to matters affecting the rights of consumers were published at www.hdc.org.nz. New measure.
Engage with key sector stakeholders to promote the Code and share intelligence and insights relating to complaint trends *(which contributes to achievement of Strategic Objectives 2 and 3)*.	Maintain engagement with key sector stakeholders. 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.	New measure. HDC makes at least 10 submissions.	New measure. For the year ended 30 June 2020, 39 submissions were made.

Output Class 5 — Disability

Disability Output 5.1 — Disability Education			
	Performance Measures		
	SPE 2021/22 Target	**2020/21 Comparatives**	**2019/20 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 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. At least two new educational resources will be available in accessible formats.	During the year ended 30 June 2020, two new educational resources, in accessible formats, were developed and posted on HDC's website: 1. Going to Hospital? — A booklet with information about what people can expect when they are engaging with public hospital services. 2. My Health Passport — HDC updated the Health Passport booklets and the Guide for Completing the Health Passport. These new versions are known as "My Health Passport" and "Guide for Completing My Health Passport". In addition to updating these booklets, a new My Health Passport express version (a tri-fold brochure format) has been developed. All of the resources are available in plain English and can be downloaded from HDC's website. Print copies are available on request.

Disability Output 5.1 — Disability Education			
	Performance Measures		
	SPE 2021/22 Target	2020/21 Comparatives	2019/20 Actual
			In addition, HDC developed an online presentation for disabled people and their whānau to promote awareness of the rights of disability service users.

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 2021–30 September 2021	31 October 2021
Quarter 2	1 October 2021–31 December 2021	31 January 2022
Quarter 3	1 January 2022–31 March 2022	30 April 2022
Quarter 4	1 April 2022–30 June 2022	31 July 2022
Annual	1 July 2021–30 June 2022	31 October 2022

3.3 Prospective Financial Statements 2021/22

3.3.1 Key assumptions for Proposed Budget 2021/22

HDC's proposed 2021/22 budget is based on the organisation being resourced to close up to 2,600 complaints annually, including 120–140 investigations. This is 200 more than the forecast closures for 2020/21.

The proposed 2021/22 budget reflects a successful $2,900,000 cost pressure bid. This bid is aimed at ensuring the sustainability of the health and disability sector's watchdog in the face of increasing complaint volume and complexity, and an expansion of scope to include the rights of consumers in relation to the End of Life Choice Act. The bid will also enhance our contribution to system improvements and a more equitable health and disability system by providing us with cultural expertise and the resources required to increase our engagement with the most vulnerable consumer groups.

The proposed budget reflects a deficit of $135,000 for 2021/22. The deficit will reduce HDC's equity to $1,429,000.

Capital Expenditure Intentions

HDC's budgeted capital expenditure of $183,000 will be used to improve operational efficiency and management reporting capability. Further enhancements will be made to HDC's core Enquiries & Complaints Database System.

3.3.2 PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE 2022

	Proposed SPE Budget 2021/22 $000s	Full Year Forecast 2020/21 $000s	Full Year Actual 2019/20 $000s
Revenue			
Funding from the Crown	16,270	14,370	13,370
Interest revenue	18	19	50
Publications revenue	50	61	52
Other revenue	160	153	149
Total revenue	16,498	14,603	13,621
Expenditure			
Advocacy services	3,961	3,681	3,481
Personnel costs	9,419	7,929	7,923
Occupancy	855	665	590
Travel & accommodation	125	66	131
Communication	131	128	130
Computer Costs	487	525	371
Depreciation & amortisation	209	193	131
Expert advice	555	523	249
Other operating costs	891	599	693
Total expenditure	16,633	14,309	13,699
Net surplus/(deficit)	(135)	294	(78)
Total comprehensive revenue and expense	(135)	294	(78)

3.3.3 PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Proposed SPE Budget 2021/22 $000s	Full Year Forecast 2020/21 $000s	Full Year Actual 2019/20 $000s
Equity			
Opening accumulated surplus/(deficit)	1,051	757	835
Current year surplus/(deficit)	(135)	294	(78)
Contributed capital	788	788	788
Total equity	**1,704**	**1,839**	**1,545**
Assets			
Current assets			
Bank account	1,458	597	1,084
Short-term deposits	1,000	2,000	1,000
Prepayments	50	50	46
Inventories	20	20	29
Receivables	30	30	12
Total current assets	2,558	2,697	2,171
Non-current assets			
Property, plant & equipment	260	266	222
Intangible assets	51	82	160
Total non-current assets	311	348	382
Total assets	**2,869**	**3,045**	**2,553**
Liabilities			
Current liabilities			
Employee entitlement	600	552	518
Payables	565	643	469
Total current liabilities	1,165	1,195	987
Non-current liabilities			
Payables	-	11	21
Total non-current liabilities	-	11	21
Total liabilities	**1,165**	**1,206**	**1,008**
Net assets	**1,704**	**1,839**	**1,545**

3.3.4 PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2022

	Proposed SPE Budget 2021/22 $000s	Full Year Forecast 2020/21 $000s	Full Year Actual 2019/20 $000s
Cash flow from operating activities			
Receipts from the Crown	16,270	14,370	13,370
Interest received	18	21	54
Publications and other revenue	65	86	62
Payments to suppliers	(6,890)	(6,131)	(5,472)
Payments to employees	(9,419)	(7,647)	(7,844)
Net cash flow from operating activities	44	699	170
Cash flow from investing activities			
Cash was provided from:			
Receipts from sale of property, plant and equipment	-	-	8
Purchase of fixed assets	(148)	(186)	(150)
Purchase of intangibles	(35)	-	(55)
Net cash flow used in investing activities	(183)	(186)	(197)
Cash flow from financing activities			
Receipts from capital contribution	-		-
Net cash flow from financing activities	-	-	-
Net (decrease)/increase in cash and cash equivalents	(139)	513	(27)
Cash and cash equivalents at the beginning of the year	2,597	2,084	2,111
Cash and cash equivalents at the end of the year	**2,458**	**2,597**	**2,084**
Cash balances in the Statement of Financial Position			
Bank account	1,458	597	1,084
Short-term deposits	1,000	2,000	1,000
Total cash and cash equivalents	**2,458**	**2,597**	**2,084**

3.3.5 PROSPECTIVE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 30 JUNE 2022

	Proposed SPE Budget 2021/22 $000s	Full Year Forecast 2020/21 $000s	Full Year Actual 2019/20 $000s
Balance at 1 July	**1,839**	**1,545**	**1,623**
Total comprehensive revenue and expense for the year	(135)	294	(78)
Capital contribution	-	-	-
Balance at 30 June	**1,704**	**1,839**	**1,545**

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 2022.

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 2020/21. The actual results for the month of June 2021 are unavailable and therefore the balance as at 30 June 2021 have been estimated using the forecast figures as at 31 May 2021.

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.