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HEALTH & DISABILITY COMMISSIONER
TE TOIHAU HAUORA, HAUĀTANGA

Office of the Health and Disability Commissioner Te Toihau Hauora, Hauātanga

Statement of Performance Expectations

2026/2027

Presented to the House of Representatives pursuant to section 149L of the Crown Entities Act 2004

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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 2026

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). The primary way in which HDC fulfils its role is through the resolution of complaints about infringements of people's 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 watchdog for the protection of consumers' rights in the health and disability system.

HDC assists to mitigate the inherent power imbalance between consumers and providers by funding a 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 2026/27, how this will be assessed, and the associated revenues and expenses by reportable output class. It considers HDC's strategic priorities, the Minister of Health's Letter of Expectations and Government strategy, as well as ongoing increases in complaint volume and HDC's resource constraints.

1.1 Alignment with our strategic framework

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. We note that some changes have been made to our strategic priorities and output classes to better reflect Government expectations and HDC's priorities in the context of reduced funding.

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 our responsibilities under Te Tiriti o Waitangi are central to our work.

HDC has three **outcomes**, which outline the impact we seek to make over the long term to support improved outcomes for 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** bring focus to how we deliver our core business. They are:

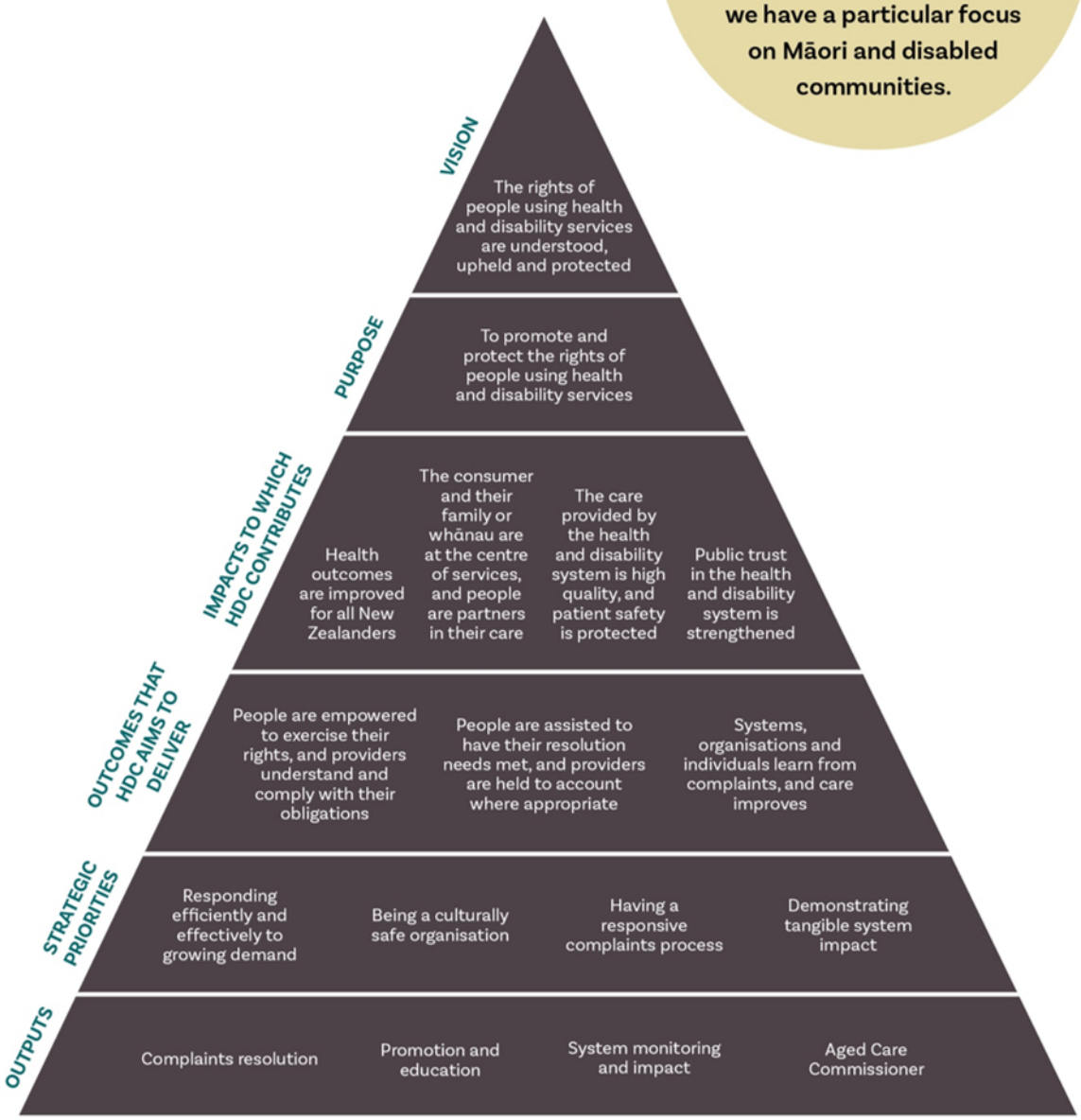
- Responding efficiently and effectively to growing demand;
- Being a culturally safe organisation;
- Having a responsive complaints process; and
- Demonstrating tangible system impact.

1.2 HDC's strategic framework

HEALTH & DISABILITY COMMISSIONER
TE TOIHAU HAUORA, HAUĀTANGA

Strategic Framework

Everything we do is grounded in honouring our responsibilities under Te Tiriti o Waitangi, and we have a particular focus on Māori and disabled communities.



1.3 Key influences on our Statement of Performance Expectations

1.3.1 Government Policy Statement on Health

The Health and Disability Commissioner Act 1994 requires the Commissioner to take account of the Government Policy Statement on Health and any health strategy issued under the Pae Ora (Healthy Futures) Act 2022, so far as those strategies are applicable.

The work of HDC contributes to the Minister's priorities of access, timeliness, quality, workforce, and infrastructure in the following ways.

Government priority	HDC contribution
Access	• HDC regularly identifies and escalates areas of emerging risk in the health and disability sector, including concerns about access to care and the impact of this on consumers. Our recommendations frequently target areas that may improve people's access. • The Aged Care Commissioner has a focus on improving access to aged care services and has made several recommendations to improve access for older people. • HDC's powers to support direct resolution of complaints between consumer and provider can assist people in navigating the health system. • HDC also funds a Nationwide Advocacy Service, which supports people to access complaint mechanisms, resolve their concerns directly with their local provider, and get their resolution needs met.
Timeliness	• Health sector targets around timeliness are a factor HDC takes into consideration when assessing the standard of care. HDC therefore has a role in holding providers to account for providing timely care, particularly when it impacts, or has the potential to impact, patient safety. • HDC also ensures that information about delays in care is escalated to appropriate agencies and monitors action taken to improve timeliness. • HDC frequently makes recommendations to providers designed to improve timeliness of care.
Quality	HDC plays a vital role in improving the quality and safety of health and disability services. • The Code of Rights sets the benchmark for consumer-centred care in New Zealand, and HDC holds providers to account for providing quality care. • Through the making and monitoring of our recommendations, we facilitate quality improvement. Our recommendations have a high compliance rate, at around 90%. • Our unique dataset is grounded in consumer experience and reflects the quality issues that consumers are most concerned about. • We take a collaborative approach to raising and addressing areas of systemic concern with sector leaders. • We work closely with other agencies to ensure that public safety issues are addressed in a timely way. • We use the insights gained from complaints to influence legislation, policies, and practice, including how safeguards can be strengthened to better protect consumers' rights. • The Aged Care Commissioner has a mandate to drive quality improvement in the care provided to older people and has made several recommendations to improve older people's care.
Workforce	• HDC undertakes educational initiatives to support providers' understanding of their obligations under the Code and how this can be embedded in their day-to-day practice. • Our online education modules on the Code, informed consent, and complaints management have been accessed by over 11,000 providers.

	• 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, make recommendations, and monitor action taken.
Infrastructure	• The limitations of current physical and digital health infrastructure contribute to many of the systemic issues HDC sees in complaints. We bring these issues to the attention of relevant agencies and monitor action taken. • HDC also has a role in overseeing the quality of telehealth and other digital health services.

HDC also has regard to the New Zealand Health Strategy in our work, and in particular is a strong contributor to priority 1 (placing consumer voice at the heart of the system) and priority 4 (the development of a learning culture).

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

Although 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:

- Using our complaints data to highlight the consumer and family/whānau voice in quality and safety;
- Publishing thematic reports on our complaints data to amplify the consumer voice and make associated recommendations to improve consumer experience;
- Holding the health and disability sector to account for providing consumer-centred care
- Engaging with consumer groups to assist in identifying organisational priorities and issues of strategic importance in the health and disability system;
- Monitoring consumer and family or whānau experience of our complaints process and using this information to inform quality improvement;
- Providing accessible information and educational resources about the Code and avenues for complaint;
- Working with our Māori Directorate to improve the responsiveness of our complaints process for Māori;
- Working to improve the accessibility and responsiveness of our complaints process to the needs of disabled and older people;
- Funding the Advocacy Service to support people to resolve their concerns directly with providers and undertake community-level promotion of the Code with a focus on populations with the highest need;
- Using HDC's levers to promote equitable health outcomes; and
- The Aged Care Commissioner focusing on meaningful engagement with older people and their family or whānau to inform her monitoring work.

1.3.3 Minister's expectations 2026/27

The Minister of Health's key areas of focus for 2026/27 are:

- Getting Health NZ back to basics;
- Delivering all health targets;
- Enabling faster access to primary care;
- Delivering a long-term health infrastructure programme; and
- Streamlining accountability mechanisms and statutory and regulatory settings to drive performance.

Many of these are in line with HDC's areas of focus for the system. HDC will continue to escalate these concerns as appropriate, monitor action taken, hold providers to account for the responsibilities they carry, make recommendations to improve care in this regard and collaborate with agencies to streamline approaches to complaints and reduce duplication of regulatory and investigatory functions.

The Minister's key priorities for HDC in 2026/27 include:

- Working with health entities and the Ministry of Health to ensure that there is an active programme of identifying and responding to systemic concerns in the health system, including in terms of Health NZ's focus on reducing waiting times;
- Engage collaboratively with Health NZ on system-wide issues and partner with key organisations, such as the Health Quality & Safety Commission Te Tāhū Hauora, to drive improvements across the health system;
- Continue to prioritise our resources on addressing the backlog of complaints, especially those aged over 24 months;
- Speeding up complaints resolution, including by working with relevant agencies to streamline the complaints processes and pathways so that complaints are addressed earlier; and
- Continuing to focus on delivering our statutory obligations and objectives in an effective, efficient, and fiscally responsible manner.

In addition, the Minister for Seniors has outlined the following expectations for the Aged Care Commissioner.

- Provide strategic oversight and leadership to drive quality improvement in the aged care sector, including assisting to address issues with accessing care or transitioning between the different types of care.
- Focus on resolving complaints about older people's experiences of the health and disability system in a timely manner.

The ways in which HDC plans to meet Ministers' expectations in 2026/27 are outlined throughout this document.

1.3.4 Growing demand in the context of resource constraints

Complaints to HDC have increased by 45% over the past five years. Currently, HDC is receiving around 300 complaints a month. Following a 9.6% funding reduction in 2024/25, HDC is expecting to experience a further reduction of 5.6% ($1m) on 1 July 2026.

In the context of budget reductions and rising complaint volumes, HDC's core strategic priority is complaints resolution. This is in line with the Minister's expectation that our resources are prioritised on addressing the backlog of complaints. HDC must also be focused on protecting the public for urgent matters that come to its attention, as well as maintaining our role in quality and safety improvement. By necessity, there will be less focus on statutory requirements around rights promotion, education, and stakeholder engagement. These priorities are reflected within this SPE.

1.3.5 Focus populations

HDC acknowledges that some communities experience multiple barriers to learning about their rights under the Code and accessing our complaints process.

HDC has a focus on all people who use health and disability services, and our focus populations evolve over time. Noting the barriers faced by some communities and our statutory obligations, currently we have placed a particular focus on:

- **Tāngata whaikaha | disabled people.** HDC has a key role to play in protecting the rights of tāngata whaikaha | disabled people, and the Deputy Commissioner, Disability is tasked with leading HDC's work in this area. A priority for HDC is using our complaints data to amplify the voice of disabled people and to contribute to disabled people's rights being upheld in both the health and the disability systems. We are also working to improve our internal capability in disability matters and ensure that our staff understand the diverse experiences of disabled people.

- **Māori.** HDC is focused on improving on internal cultural capability and further embedding our tikanga-led complaints processes within HDC's overall complaints processes. A focus for HDC will also be on working with providers to improve their cultural responsiveness to complaints.

- **Older people.** The Aged Care Commissioner provides a focal point for monitoring and addressing quality and safety issues for older people.

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
2. Promotion and education
3. System monitoring and impact
4. Aged Care Commissioner

HDC is a demand-driven organisation and must be focused on meeting increasing public demand for our services. In addition, as outlined above, within a resource-constrained environment, we have prioritised our statutory functions to manage complaints, protect the public and contribute to improved quality and safety. Our deliverables reflect these priorities and demonstrate how HDC will manage incoming demand, while continuing to improve the timeliness of our complaints process. Deliverables that demonstrate tangible quality improvement and HDC's use of public protection levers have also been selected. Given our reduced baseline, there is less focus on statutory requirements around promotion and education.

2.1 Complaints resolution

HDC is tasked with the fair, simple, speedy, and efficient resolution of complaints about health and disability service providers, meaning that HDC is focused on resolving complaints at the lowest appropriate level. HDC has several options for resolution depending on the seriousness of the issues raised and the resolution needs of the complainant. These options include referring the complaint to the provider for direct and early resolution between the parties, making recommendations to improve quality of care, referring complaints to other agencies, and undertaking a formal investigation, which may result in a provider being found in breach of the Code.

The resolution of complaints is a core statutory function under the Health and Disability Commissioner Act 1994 and is primarily driven by public demand. Ongoing increases in complaint volume since the COVID-19 pandemic within a resource-constrained environment has placed HDC's processes under pressure. For example, forecasts indicate volumes will increase by 8% in 2025/26 over previous years.

HDC's key priority is reducing our number of open complaints and improving the timeliness of our complaints process. We have been largely successful, with significant and sustained increases in the number of complaint closures and reductions in our number of open complaints.

On 30 March 2026, HDC implemented a new digital complaints management system. Once embedded, we anticipate that this system will result in further efficiency gains, improve the transparency and responsiveness of our process, and allow us to better analyse and share our data.

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, and supports the work of, HDC.

HDC is legislatively required to purchase Advocacy Services to assist people to resolve complaints directly with providers. The Advocacy Service resolves around 2,600 complaints a year, and almost all complaints to the Advocacy Service are closed within nine months. Advocates 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 advocacy process can help to mitigate the power imbalance between consumers and providers and to restore trust and rebuild relationships.

The Advocacy Service also plays an important role in reducing demand on provider complaint processes and ensuring that HDC's resources are focused on complaints that require our intervention.

As noted above, HDC's key focus is on improving the timeliness of our process. Currently around 80% of complaints to HDC are closed within 6 months. However, complex complaints can take over two years. In this respect, HDC is focused on implementing a backlog reduction plan to reduce these delays. This plan is focused on improving the efficiency of our complaints process, reducing bottlenecks and ensuring appropriate resource allocation across the complaint continuum. It has resulted in HDC reducing our number of open complaints by 50% over the past 15 months, including a reduction of 52% for complaints aged over two years. It is anticipated that by the end of 2026, HDC will be in a position to manage most incoming complaints within the following timeframes:

- Early resolution complaints – within 1 month
- Complex non-investigation complaints – within 9 months
- Investigations – within 2 years.

HDC has undertaken an evaluation of whānau and provider experience of our tikanga-led processes. Whānau generally rated their experience positively, noting that these processes helped their cultural needs to be met and made them feel heard and understood. However, it was identified that there was an opportunity to embed these processes more seamlessly within HDC's overall processes, and several actions will be implemented across the coming year to achieve this.

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 are a thorough, quasi-judicial process and tend to focus on more serious departures from acceptable standards or professional boundaries, public safety concerns, and significant systems or equity issues. Around 6–7% of complaints to HDC are investigated.

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 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 function also plays an important role in improving the quality and safety of services. Accountability is an important aspect of a learning system and assists to ensure that risk is escalated appropriately, public safety is protected, recurrent behaviour and systemic issues are addressed, change occurs, people's resolution needs are met, and public trust in the system is maintained.

In 2026/27, as we reduce our backlog of complaints and improve the timeliness of our investigation process, HDC will be exploring ways to more effectively undertake rapid systemic inquiries to highlight broader consumer rights issues across the health and disability sector.

2.2 Promotion and education

HDC has a statutory obligation to promote the Code. Our 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 communities that may experience multiple barriers to learning about their rights under the Code and accessing complaints processes, including Māori, older people and tāngata whaikaha | disabled people. We have refreshed our promotional material to ensure it is fit for purpose, culturally appropriate, and accessible. Our online education resources for consumers to raise awareness of their rights and how to exercise them are well utilised.

Raising providers' awareness of their obligations under the Code and how to apply the Code in their day-to-day practice improves quality of care and patient experience. HDC also aims to increase providers' capability to resolve complaints directly with the complainant to facilitate timely resolution. The primary way in which we do this is through online provider education modules, which are well utilised by the sector. We also regularly engage with Health NZ and other health and disability agencies to improve responses to complaints. In 2026/27, we will endeavour to engage with providers to support a cultural approach to complaints resolution.

In the context of reduced funding, HDC primarily relies on the Advocacy Service to promote the Code through community-level educational initiatives. Advocates undertake over 2,000 activities each year to raise people's awareness of the Code and complaint avenues. Advocates also have more than 20,000 contacts with consumers and providers every year to assist people to understand their rights under the Code and their avenues for complaint, connect them with appropriate support agencies, and educate them on self-advocacy skills.

Resource constraints have reduced the capacity of the Advocacy Service to undertake networking and educational activities, and, in this context, advocates will concentrate these activities on focus populations, including people in residential health and disability settings.

2.3 System monitoring and impact

HDC plays a key role in improving the quality and safety of health and disability services. Our data reflect consumer experience and often indicate the issues of most concern to people.

HDC works closely with health entities, sector leaders, and other agencies to share data and advocate for improvements to quality, safety, and the consumer experience. We have robust processes to ensure that public safety issues and significant quality concerns are escalated swiftly to appropriate agencies. In these circumstances, HDC monitors actions taken to protect public safety and consumer rights.

HDC also publishes reports detailing trends in complaints about particular service areas. These reports have a learning focus and are designed to amplify the consumer voice and experience. For example, HDC will soon publish a report on disabled people's experiences of the health system. This report makes a series of recommendations to better enable disabled people's rights to be upheld, and HDC will be working with the sector to monitor the implementation of these

recommendations. Work has also begun on a report detailing the themes in complaints about maternity services.

Through the making and monitoring of recommendations, HDC holds the system to account to ensure that quality and safety improves. Each year, HDC makes around 400 quality improvement recommendations in relation to individual complaints. Our recommendations have a 91% compliance rate. HDC will continue to work closely with the sector to further improve compliance with our recommendations and ensure that, where recommendations cannot be implemented, risk is being mitigated.

Finally, HDC 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, promote the Code, and share learnings from complaints.

2.4 Aged Care Commissioner

The role of the Aged Care Commissioner is to drive quality improvement in the care provided to older people, including by advocating for better services on behalf of older people and their family or whānau. They provide a focal point for monitoring and addressing quality and safety issues by reporting on emerging systemic issues and making and monitoring recommendations to improve the quality of care provided to older people.

The Aged Care Commissioner is also a statutory decision-maker on complaints about care provided to older people. This is an important aspect of the role and allows them to understand the issues of most concern to older people and their families and address them in their wider monitoring work, further drive quality improvement through the making and monitoring of recommendations on individual complaints, and hold providers to account for upholding the rights of older people using health and disability services. Improving the timeliness of our complaints process in respect of aged care complaints is an important element of HDC's backlog reduction plan.

The current Aged Care Commissioner, Erin James, took up the role on 7 April 2026. Over the coming year, she will be engaging with a diverse range of older people and the sector to develop her priorities and associated recommendations to improve the quality of care provided to older people. She will also be focused on working with HDC's complaints assessment and investigations teams to improve the timeliness of our complaints process for older people.

3.0 Annual information

3.1 Prospective financial statements 2026/27

3.1.1 Key assumptions for proposed budget 2026/27 and out years

The 2026/27 budget reflects the following key assumptions:

- Time-limited funding of $1 million to assist HDC to address our backlog of complaints comes to an end on 30 June 2026. This will result in a 5.6% reduction to HDC's baseline funding for the 2026/27 financial year. This is further to a $1.9m (9.6%) reduction in funding in 2025/26.
- As of 31 March 2026, HDC had achieved a 37% reduction in the number of open cases compared with the previous 12 months.
- HDC's funding for 2026/27 will be $16.8 million, which includes $14.7 million for HDC's core functions and $2.1 million for the functions of the Aged Care Commissioner.
- In the context of budget reductions, HDC's core strategic priorities are complaints resolution, public protection, and contributing to quality improvement. Our deliverables reflect these priorities.
- Complaint volumes continue to rise each year, with a projected 8% increase in complaints in 2025/26.
- Our objective is to resolve 3,600 complaints, effectively reduce our backlog of complaints, manage incoming complaints within set timeframes and work with the sector to improve quality of care.
- By necessity, HDC's work in relation to statutory requirements around rights promotion, education, and stakeholder engagement have reduced.
- We remain dedicated to maintaining our level of service to the public and fulfilling our statutory responsibilities effectively and efficiently.
- HDC will continue implementing cost-saving measures to remain within our baseline. The proposed budget for 2026/27 reflects a total expenditure reduction to $0.5 million compared with the 2025/26 budget. These savings are primarily attributed to lower personnel costs through attrition.
- The rise in computer and amortisation expenses is attributable to the Dynamics365 subscription costs as well as development expenditures associated with HDC's new complaint management system (for which HDC was provided $0.5 million in June 2025).
- To sustain our current level of service in the face of rising demand, the proposed budget projects a deficit of $0.99 million for 2026/27. The deficit will be funded by the accumulated surplus and would result in our taxpayer equity being reduced to $2.8 million by June 2028. Using our reserves is a prudent interim measure to maintain the delivery of our statutory functions and our service to the public in the context of a further funding reduction. HDC is a demand-driven organisation, and so to address the underlying structural deficit and operate within baseline funding levels, we have made significant efficiency improvements to meet increasing demand, focused our limited resources on maintaining our level of service to the public and continued to exercise disciplined management of expenditure.
- HDC regularly reviews key assumptions, including forecast volumes, complaint trends, and financial and non-financial performance. Longer-term financial sustainability at our current baseline and in the context of increasing demand would likely require re-prioritisation of our

statutory functions to ensure we can continue to maintain our level of service to the public, including our role in public protection. HDC will undertake a comprehensive review of our financial position before June 2028 and engage with the Ministry in advance of the 2029 Budget process.

- HDC has a comprehensive risk management framework to proactively identify and address both financial and non-financial risks. This is closely monitored by our Executive Leadership Team.

CAPITAL EXPENDITURE INTENTIONS

Our new digital complaints management system was successfully launched on 30 March 2026, as scheduled. This implementation is expected to enhance our operational efficiency, enable more responsive and transparent communication with both complainants and providers, and improve our data analysis capabilities. HDC remains committed to continually seeking opportunities to further advance our digital systems to drive operational excellence and proactively manage cybersecurity.

3.1.2 Statement of Accounting Policies

The Statement of Accounting Policies relevant to the Prospective Budget can be found at the end of this document under Section 3.4.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDING 30 JUNE 2027

	Planned 25/26 $000s	Forecast 25/26 $000s	Planned 26/27 $000s	Planned 27/28 $000s	Planned 28/29 $000s
Revenue					
Funding from the Crown	17,801	17,801	16,801	16,801	16,801
Interest revenue	170	191	170	100	50
Publications revenue	50	42	50	50	50
Other revenue	13	-	13	-	-
Total revenue	18,034	18,034	17,034	16,951	16,901
Expenditure					
Personnel costs	11,766	10,889	11,015	11,016	11,016
Advocacy services	3,543	3,543	3,543	3,543	3,543
Occupancy	1,183	1,160	1,255	1,286	1,318
Travel & accommodation	106	58	106	109	111
Communication	128	78	102	104	106
Computer Costs	712	759	826	826	843
Depreciation & amortisation	264	185	402	353	286
Clinical & expert advice	280	182	220	220	220
Other operating costs	545	271	560	575	591
Total expenditure	18,527	17,125	18,029	18,032	18,034
Net surplus/(deficit)	(493)	909	(995)	(1,081)	(1,133)
Total comprehensive revenue and expense	(493)	909	(995)	(1,081)	(1,133)

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2027

	Planned 25/26 $000s	Forecast 25/26 $000s	Planned 26/27 $000s	Planned 27/28 $000s	Planned 28/29 $000s
Equity					
Opening accumulated surplus	3,244	3,244	4,153	3,158	2,077
Current year surplus/(deficit)	(493)	909	(995)	(1,081)	(1,133)
Contributed capital	788	788	788	788	788
Total equity	**3,539**	**4,941**	**3,946**	**2,865**	**1,732**
Assets					
Current assets					
Bank account	3,895	5,041	4,350	3,505	2,530
Prepayments	150	180	150	150	150
Inventories	20	10	20	20	20
Receivables	30	10	30	30	30
Total current assets	4,095	5,241	4,550	3,705	2,730
Non-current assets					
Property, plant & equipment	169	169	75	58	61
Intangible assets	668	665	459	271	191
Total non-current assets	837	834	534	329	252
Total assets	**4,932**	**6,075**	**5,084**	**4,034**	**2,982**
Liabilities					
Current liabilities					
Employee entitlements	500	500	500	500	500
Payables	893	634	638	669	750
Total current liabilities	1,393	1,134	1,138	1,169	1,250
Total liabilities	**1,393**	**1,134**	**1,138**	**1,169**	**1,250**
Net assets	**3,539**	**4,941**	**3,946**	**2,865**	**1,732**

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2027

	Planned 25/26 $000s	Forecast 25/26 $000s	Planned 26/27 $000s	Planned 27/28 $000s	Planned 28/29 $000s
Cash flow from operating activities					
Receipts from the Crown	20,471	20,471	19,321	19,321	19,321
Interest received	170	190	170	100	50
Publications and other revenue	75	116	72	58	58
Payments to suppliers	(7,472)	(7,456)	(7,603)	(7,662)	(7,743)
Payments to employees	(11,766)	(10,681)	(11,016)	(11,017)	(11,016)
GST	(1,980)	(1,725)	(1,485)	(1,475)	(1,475)
Net cash flow from operating activities	(502)	915	(541)	(675)	(805)
Cash flow from investing activities					
Cash was used in:					
Purchase of fixed assets	(44)	(56)	(150)	(170)	(170)
Purchase of intangibles	(616)	(875)	-	-	-
Net cash flow used in investing activities	(660)	(931)	(150)	(170)	(170)
Net (decrease)/increase in cash and cash equivalents	(1,162)	(16)	(691)	(845)	(975)
Cash and cash equivalents at the beginning of the year	5,057	5,057	5,041	4,350	3,505
Cash and cash equivalents at the end of the year	**3,895**	**5,041**	**4,350**	**3,505**	**2,530**
Cash balances in the Statement of Financial Position					
Bank account	3,895	5,041	4,350	3,505	2,530
Total cash and cash equivalents	**3,895**	**5,041**	**4,350**	**3,505**	**2,530**

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2027

	Planned 25/26 $000s	Forecast 25/26 $000s	Planned 26/27 $000s	Planned 27/28 $000s	Planned 28/29 $000s
Balance at 1 July	**4,032**	**4,032**	**4,941**	**3,946**	**2,865**
Total comprehensive revenue and expense for the year	(493)	909	(995)	(1,081)	(1,133)
Balance at 30 June	**3,539**	**4,941**	**3,946**	**2,865**	**1,732**

3.2 Statement of forecast service performance

HDC has **four 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. Responding effectively and efficiently to growing demand;
2. Being a culturally safe organisation;
3. Having a responsive complaints process; and
4. Demonstrating tangible system impact.

The services provided under the Health and Disability Commissioner Act 1994 are delivered through four output classes: complaints resolution, promotion and education, system monitoring and impact, and Aged Care Commissioner.

	Forecast 25/26 $000s	**Planned 26/27 $000s**
1. Complaints resolution		
Crown revenue	12,905	12,200
Non-Crown revenue	171	170
Total revenue	13,076	12,370
Expenditure	12,562	13,074
Net surplus/(deficit)	514	(704)
2. Promotion and education		
Crown revenue	1,829	1,610
Non-Crown revenue	24	22
Total revenue	1,853	1,632
Expenditure	1,780	1,726
Net surplus/(deficit)	73	(94)
3. System monitoring and impact		
Crown revenue	963	887
Non-Crown revenue	13	12
Total revenue	976	899
Expenditure	937	950
Net surplus/(deficit)	39	(51)
4. Aged Care Commissioner		
Crown revenue	2,104	2,104
Non-Crown revenue	25	29
Total revenue	2,129	2,133
Expenditure	1,846	2,279
Net surplus/(deficit)	283	(146)
Totals		
Crown revenue	17,801	16,801
Non-Crown revenue	233	233
Total revenue	18,034	17,034
Total expenditure	17,125	18,029
Net surplus/(deficit)	909	(995)

*All figures are GST exclusive, and each output class has been costed to include a percentage of HDC's overhead costs.

Disclosure of significant performance judgements
HDC has primary discretion over the selection, measurement, aggregation, and presentation of performance information in relation to our outputs, with oversight and input from our responsible Minister.

Selection of measures
HDC has supplemented its performance measures with additional information on outcomes and impacts of HDC activities to better capture and reflect HDC's performance and how we have met our strategic priorities over the past year.

Our performance measures are developed and agreed upon by the Commissioner and the Executive Leadership Team. They reflect our areas of focus and the impact we seek to deliver within current resourcing and funding levels. Key performance indicators for each output are selected to demonstrate progress against our strategic goals as set out in our Statement of Intent, which in turn reflects Government expectations and our statutory requirements.

HDC reviews its performance measures annually. Our quantitative and qualitative measures have remained largely stable over the medium term to enable comparative (prior year) reporting and reflect progress made in key areas. Changes to measures reflect new areas of focus, changing expectations or changes to resourcing.

Surveys
Consumer satisfaction surveys are a key measure to assist HDC to monitor the quality of the Advocacy service's complaint management and education activities.

Aggregation and presentation of performance information
There were no significant judgements on aggregation or presentation of measures in the Statement of Service Performance.

Assessment of our performance
The following criteria are used to assess our performance against the targets set out in the Statement of Performance Expectations.

Criteria	**Rating**
On target or better	Achieved
≤5% below target	Substantially achieved
>5% below target	Not achieved

Output class 1 – complaints resolution

To achieve fair, simple, speedy, and efficient resolution of complaints.

Output 1.1 — Complaints Management (HDC)			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 Actual**
Supporting timely and appropriate resolution pathways (HDC) *(which contributes to achievement of Strategic Objectives 1 and 3).*	Assume 3,600 complaints will be received. Close an estimated 3,600 complaints (HDC).[1] The above figure includes 150–200 investigations. Manage complaints received from 1 July 2026 so that for: • Early resolution complaints: 100% are closed within 1 month • Complex non-investigation complaints:[2] 85% are closed within 9 months Manage complaints received from 1 July 2025	Assume 3,600 complaints will be received. Close an estimated 3,000–4,000 complaints (HDC). The above figure includes 150–200 investigations. Manage complaints received from 1 July 2025 so that for: • Early resolution complaints: 100% are closed within 1 month • Complex non-investigation complaints: 85% are closed within 9 months Manage complaints received from 1 July 2024 • Investigations: 70% are closed within 2 years	3,477 complaints were received. 4,406 complaints were closed, including 190 investigations. Of complaints closed: • 58% of closed complaints were closed within 3 months • 71% of closed complaints were closed within 12 months • 81% of closed complaints were closed within 24 months

[1] This measure reflects the number of complaints HDC needs to close to prevent the accumulation of a backlog of complaints.

[2] These are complaints that are not suitable for early resolution but that, after assessment, were considered not to meet the threshold for investigation.

Output 1.1 — Complaints Management (HDC)			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 Actual**
	• Investigations: 85%[3] are closed within 2 years Manage complaints received prior to 1 July 2026 so that, of open complaints: • No more than 15% are over 24 months old	Manage complaints received prior to 1 July 2025 so that, of open complaints: • No more than 15% are over 24 months old	Total number of open files at year end was 1,893. • 25.5% (482) of open complaints were over 24 months old.

[3] This measure has been amended to reflect the timeframes for incoming investigations as HDC reduces our backlog.

Output 1.1 — Complaints Management (HDC)			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 Actual**
Supporting timely and appropriate resolution pathways (HDC) *(which contributes to achievement of Strategic Objective 3)*.	~~Use HDC's levers effectively and appropriately to resolve complaints.~~ ~~Report on:~~ • ~~% of complaints referred for resolution directly between the parties~~ • ~~# of complaints on which recommendations are made~~ • ~~# of complaints notified for investigation~~ ~~# of hohou te rongo completed~~ [4]	Use HDC's levers effectively and appropriately to resolve complaints. Report on: • % of complaints referred for resolution directly between the parties • # of complaints on which recommendations are made • # of complaints notified for investigation • # of hohou te rongo completed	As at 30 June 2025: • 29.5% (1,300) of complaints closed were referred for resolution directly between the parties • 336 complaints had recommendations made • 160 complaints were notified • 28 hui ā-whānau were completed

[4] HDC has removed these measures because the nature of the complaints HDC receives (ie, whether complaints are suitable for early resolution or investigation) is outside of HDC's control.

Output 1.2 — Complaints Management (Advocacy Services)			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 Actual**
Supporting timely and appropriate resolution pathways (Advocacy Services) *(which contributes to achievement of Strategic Objective 1 and 3).*	Assume up to 2,600 complaints will be received. Close an estimated 2,600 complaints by Advocacy. Manage complaints so that: • 75% are closed within 3 months • 85% are closed within 6 months • 100% are closed within 9 months	Assume up to 2,600 complaints will be received. Close an estimated 2,600 complaints by Advocacy. Manage complaints so that: • 75% are closed within 3 months • 85% are closed within 6 months • 100% are closed within 9 months	2,647 new complaints were received by the Advocacy Service. 2,649 complaints were closed by the Advocacy Service. Complaints were managed so that: •76% were closed within 3 months •96% were closed within 6 months •99% were closed within 9 months
Consumers are satisfied with Advocacy's complaints management processes *(which contributes to achievement of Strategic Objective 3)*.	Undertake consumer 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.	82% of consumers who responded to satisfaction surveys were either satisfied or very satisfied with the Advocacy complaints management process.

Output 1.3 — Provider Accountability — Proceedings			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 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. [5] Report on: • The number of providers referred to the Director • The number of decisions made	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	For the year ended 30 June 2025: • 12 new referrals relating to 15 consumers and 12 providers were received. • 5 decisions to take proceedings were issued.
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.[5] In relation to both the HRRT and the HPDT, report on: • Number of proceedings filed • Number of proceedings concluded • Outcome of proceedings concluded	The Director takes proceedings in the HPDT and HRRT in cases where determined warranted. In relation to both the HRRT and the HPDT, report on: • Number of proceedings filed • Number of proceedings concluded • Outcome of proceedings concluded	For the year ended 30 June 2025: <u>HRRT proceedings</u> • 6 HRRT proceedings were filed • 7 HRRT proceedings were completed • 2 restorative outcomes were negotiated <u>HPDT proceedings</u> • 1 HPDT proceeding was filed • 2 HPDT proceedings were completed

[5] Setting an annual performance target for the Director would be inappropriate. Referrals are outside the Director of Proceedings' control, and it is important that such measures do not incentivise the making of referrals. Litigation also involves significant work and relies on external timeframes, with legal processes often spanning several years.

Output class 2 – promotion and education

To build awareness and understanding of people's rights and providers' obligations under the Code.

Output 2.1 — Access to Advocacy			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 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 & 3)*.	Advocates carry out 1,200 scheduled visits or meetings with community groups and provider organisations to provide information about the Code of Health and Disability Services Consumers' Rights, HDC, and the Advocacy Service. At least 85% of these visits and meetings are provided to focus populations and the family or whānau members who support them.	Advocates carry out 1,200[6] scheduled visits or meetings with community groups and provider organisations to provide information about the Code of Health and Disability Services Consumers' Rights, HDC, and the Advocacy Service. At least 85% of these visits and meetings are provided to focus populations and the family/whānau members who support them.	For the year ended 30 June 2025, the Advocacy Service had carried out 2,642 networking visits across the motu. 81% (2,146) of these visits were focused on priority populations.

[6] Note that this measure has been adjusted to account for the reduction in advocacy capacity over time.

Output 2.2 — Advocacy Education			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 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 & 3)*.	Advocates provide an estimated 1,000 education sessions. Consumers and providers are satisfied with the education sessions. At least 85% of these sessions are provided to focus communities. Seek evaluations on all sessions, with 80% of respondents satisfied.	Advocates provide an estimated 1,000 education sessions. Consumers and providers are satisfied with the education sessions. At least 85% of these sessions are provided to focus communities. Seek evaluations on all sessions, with 80% of respondents satisfied.	For the year ended 30 June 2025, the Advocacy Service had delivered 1,092 education sessions across the motu. 93% of survey respondents were satisfied with the education session they attended.
Advocacy Services respond to enquiries about the Act, the Code, and consumer rights under the Code *(which contributes to achievement of Strategic Objective 3)*.	An estimated 60% of callers receive verbal or written information about the code or how to self-advocate.[7]	Provide responses to enquiries as requested. Report on the total number of contacts with enquirers.	For the year ended 30 June 2025, • a total of 25,120 contacts with enquirers had been undertaken by the Advocacy Service, and • a total of 1,643 enquiries had been managed by HDC.

[7] This measure has been adjusted to demonstrate a more meaningful output that aligns with the strategic objective.

Output 2.3 — HDC Promotion			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 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 and 4)*.	Report on the number[8] of people who have accessed the online provider educational resources and the number of people who have viewed the online consumer 'Your Rights' video, which promotes and educates on the practical implications of consumers' rights.	Report on the number of people who have accessed the online provider educational resources and the number of people who have viewed the online consumer 'Your Rights' video, which promotes and educates on the practical implications of consumers' rights.	For the year ended 30 June 2025, 6,725 **providers** had completed Module 1 about the Code, 6,656 providers had completed Module 2 about informed consent, and 5,079 providers had completed Module 3 about complaints management. (2024: 4,718 Module 1, 4,184 Module 2, and 3,910 Module 3 were completed.) For the year ended 30 June 2025, the online **consumers** 'Your Rights' video on YouTube received over 6,000 views (5,300 for the English version, and 700 for the te reo Māori version) with the aim to increase awareness of the Code and empower consumers to exercise their rights. (2024: over 4,000 views for the English version and 607 views for the te reo Māori version.

[8] This measure reflects that HDC's online modules are self-sustaining in the medium to long term, with professionals often required to undertake them as part of induction and other professional development processes. In the context of funding reductions, this is the primary method by which HDC undertakes education, and so this provides a measure of the reach of these modules (and therefore the degree to which they are valued by the sector and the public). A specific target would not be appropriate as HDC has limited control over their reach on an ongoing basis nor the budget to promote them, and they are generally self-sustaining.

Output class 3 – system monitoring and impact

To contribute to improving the quality and safety of health and disability services.

Output 3 — System Impact			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 Actual**
Use HDC complaints management processes to facilitate quality improvement *(which contributes to achievement of Strategic Objective 4)*.	Make recommendations to improve the 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 90% compliance.	Make recommendations to improve the 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 90%[9] compliance.	During the year ended 30 June 2025, a total of 757 recommendations made across 332 complaints had been reviewed, of which: • 91.3% had been fully complied with.
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 Objectives 2 & 4)*.	Report on the themes in complaints and make associated recommendations and suggestions to improve quality of care. Publish two thematic reports.[10]	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.	During the year ended 30 June 2025, • HDC undertook 182 engagements with key sector stakeholders. • HDC made 11 submissions on various issues.

[9] The compliance rate of 95–100% has been reduced to 90% to reflect the fact that compliance with HDC's recommendations has reduced over the past few years. This is partially attributable to resource constraints in the health and disability sector and individual providers leaving the workforce. In HDC's view, a target of 90% compliance demonstrates HDC's impact on improving quality and safety while also taking into account the current operational environment.

[10] This measure has been changed to reflect HDC's focus on thematic reporting. Note that this target excludes the Aged Care Commissioner's report.

Output 3 — System Impact			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 Actual**
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 4)*.	~~Monitor trends in complaints and maintain engagement with key sector stakeholders to share trends, highlight areas of emerging risk and ensure timely action is taken in response to public safety concerns. Report on activity~~.[11]	Monitor trends in complaints and maintain engagement with key sector stakeholders to share trends, highlight areas of emerging risk, and ensure timely action is taken in response to public safety concerns. Report on activity.	During the year ended 30 June 2025, the Deputy Commissioner, Disability held 74 engagements with sector stakeholders.
Monitor and share systemic issues with the Ministry of Health and other relevant agencies to protect public safety (*which contributes to achievement of Strategic Objectives 4*)	Provide early notification of systemic and public safety issues to the Ministry of Health, the Ministry of Social Development, Health NZ, regulatory authorities, and/or other relevant agencies. Report on total number.[12]	Provide early notification of systemic and public safety issues to the Ministry of Health, Whaikaha, Health NZ, and/or other relevant agencies. Report on total number.	For the year ended 30 June 2025, early notification of systemic issues was made to the Ministry and other relevant agencies on 329 occasions.

[11] HDC has removed this measure because disability is a key component of our thematic reporting and early notification measures.

[12] This measure is designed to demonstrate the use of HDC's public protection levers. Introducing a target for this would be inappropriate, as HDC does not have control over the seriousness of complaints, and a legislative threshold ('in the public interest') must be reached before issues are escalated. Introducing such a target would risk introducing perverse incentives into a statutory decision-making process.

Output class 4 – Aged Care Commissioner

To drive quality improvement in the care provided to older people

Output 4.3 — Aged Care Commissioner			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 Actual**
Provide strategic oversight and leadership to drive quality of care improvements for older people *(which contributes to achievement of Strategic Objective 4)*.	Provide regular reports to the Ministry of Health on progress made to implement the recommendations of the Aged Care Commissioner to improve the quality of care provided to older people • 4 quarterly reports	Provide regular reports to the Ministry of Health on progress made to implement the recommendations of the Aged Care Commissioner to improve the quality of care provided to older people • 4 quarterly reports[13]	For the year ended 30 June 2025, the Aged Care Commissioner and her team had undertaken 162 stakeholder engagements to assist in the monitoring of sector performance and advocating for improvement.
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).*	Report on the themes in complaints and stakeholder engagement and make associated recommendations to improve the quality of care. Publish one thematic report.	Monitor trends in complaints and maintain engagement with key sector stakeholders to share trends, highlight areas of emerging risk and ensure timely action is taken in response to public safety concerns. Report on activity.[14]	A monitoring approach has been finalised for the recommendations made by the Aged Care Commissioner in her report 'Amplifying the Voices of Older People'. We have written to relevant stakeholders to follow up on their progress towards the recommendations. Progress made will be reported on in Quarter 1 of 2025/26.
Provide enhanced advocacy on behalf of older people and their family or whānau and support commitments to te Tiriti o Waitangi *(which contributes to*	Actively engage with older people and their family or whānau from all communities and reflect their perspectives in the Aged Care		For the year ended 30 June 2025, 53 engagements had been held with a diverse range of older people and their family/whānau.

[13] This measure is being changed from an engagement measure to a measure of the Aged Care Commissioner's impact on the system and quality improvement. In 2024, the Aged Care Commissioner published her first monitoring report, which made 20 recommendations to the sector. A measure detailing progress towards the implementation of those recommendations better reflects this role in driving quality improvement and advocating for better services.

[14] This measure has been amended to better reflect the Aged Care Commissioner's role in monitoring performance and driving quality improvement.

Output 4.3 — Aged Care Commissioner			
Contribution to Strategic Objectives	**Performance Measures**		
	2026/27 SPE Target	**2025/26 SPE Target**	**2024/25 Actual**
achievement of Strategic Objectives 2 & 4).	Commissioner's work. Report on activity[15]		

[15] An engagement measure has been added to reflect that a focus for the new Aged Care Commissioner will be undertaking engagement with a diverse range of older people to help her to develop her priorities.

3.3 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 2026–30 September 2026	1 November 2026
Quarter 2	1 October 2026–31 December 2026	1 February 2027
Quarter 3	1 January 2027–31 March 2027	1 May 2027
Quarter 4	1 April 2027–30 June 2027	1 August 2027
Annual report	1 July 2026–30 June 2027	31 October 2027

3.4 Statement of accounting policies

REPORTING ENTITY

HDC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

These prospective financial statements reflect the operations of HDC only and do not incorporate any other entities. These prospective financial statements are for the year ending 30 June 2027 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 the May 2026 forecast for 2025/26.

STATEMENT OF COMPLIANCE

The prospective financial statements of HDC 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 Health and Disability Commissioner is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosure.

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 $33 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 HDC 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)
HDC is primarily funded from the Crown. This funding is restricted in its use for the purpose of HDC meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

HDC 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 HDC 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
HDC 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
HDC 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, HDC 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, HDC 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 HDC to consider several factors, such as the physical condition of the asset, expected period of use of the asset by HDC, 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 the carrying amount of the asset in the statement of financial position. HDC minimises the risk of this estimation uncertainty by:

- physical inspection of assets; and

- asset replacement programmes.

HDC 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 HDC.

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.

HDC 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.