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Office of the
Health and Disability Commissioner

Te Toihau Hauora, Hauātanga

**Statement of Performance Expectations**

2024/2025 (update)

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 September 2024

# 1.0 Statement of Performance Expectations

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

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

This Statement of Performance Expectations outlines what HDC will achieve in 2024/25, how this will be assessed, and the associated revenues and expenses by reportable output class. It takes into account HDC’s strategic priorities, the Minister of Health’s Letter of Expectations of 11 April 2024 for the 2024/25 financial year, and the Government Policy Statement on Health, as well as on-going increases in complaint volume and HDC's resource constraints.

## 1.1 Alignment with our Statement of Intent

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

HDC’s vision is for the rights of people using health and disability services to be understood, upheld, and protected. HDC has been working to ensure that our responsibilities under Te Tiriti o Waitangi are central to everything we do.

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

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

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

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

## 1.2 HDC’s strategic framework



## 1.3 Key influences on our Statement of Performance Expectations

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

### 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 issues 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 is well placed to identify and escalate areas of emerging risk in the health and disability sector — including inequities in access to care. The Aged Care Commissioner has a focus on equitable access to aged care services and has made several recommendations to improve equity of access for older people. HDC’s Consumer Advisory Group/Whakawaha also provides an important mechanism for HDC to understand the needs and concerns of various communities. HDC’s early resolution powers in respect of supporting 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 resolve their concerns directly with their local providers and assists them to get their resolution needs met.  |
| Timeliness | The Code of Rights gives people the right to an appropriate standard of care that minimises potential harm to them and optimises their quality of life. 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 where appropriate. HDC also ensures that information about delays in care is escalated to appropriate agencies and makes recommendations to providers designed to improve timeliness of care.  |
| Quality | The Code of Rights sets the benchmark for consumer-centred care in New Zealand, and by resolving complaints and holding providers to account where appropriate, HDC assists to amplify the consumer voice, improves quality and safety, strengthens trust in the system, and ensures that public safety issues are addressed. HDC plays a vital role in improving the quality and safety of services. Through the making and monitoring of our recommendations we facilitate quality improvement, and our recommendations have a high compliance rate at 96%. Our unique dataset is grounded in consumer experience, and we take a collaborative approach to raising and addressing areas of systemic concern. We also work closely with other agencies to ensure that public safety issues are addressed in a timely way. The Aged Care Commissioner also has a mandate to drive quality improvement in care provided to older people, and recently made 20 recommendations to the sector designed to improve the quality of care for this population.  |
| Workforce | HDC undertakes several 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 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.  |
| Infrastructure | The limitations of current physical and digital health infrastructure contribute to many of the systemic issues HDC sees in complaints, and we bring these issues to the attention of relevant agencies. 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)

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

* Using our complaints data to highlight the consumer and family/whānau voice in quality and safety;
* Engaging with our Consumer Advisory Group/Whakawaha and other consumer groups to assist in identifying organisational priorities and issues of strategic importance in the health and disability system;
* Developing an equitable engagement strategy during our review of the Act and Code, including ensuring that our summary consultation document was translated into all accessible formats and te reo Māori;
* Monitoring consumer and whānau experience of our complaints process and using this information to inform quality improvement in those processes;
* Providing accessible information and educational resources about the Code and avenues for complaint;
* Developing and publishing an online video, in consultation with consumers, to support people to understand their rights under the Code. This video is available in English and te reo Māori with closed captions in both languages;
* Working with our Kaitohu Mātāmua Māori|Director Māori to improve the responsiveness of our complaints process for Māori;
* Undertaking regional engagements focused on promoting the Code and the work of HDC within Māori communities;
* 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 those populations with the highest need;
* Using HDC’s levers to promote equitable health outcomes, and collaborating with other agencies to share information and take action in regard to equity; and
* The Aged Care Commissioner focusing on meaningful engagement with older people and their whānau to inform her monitoring report, with a particular focus on Māori and promoting the principles of Te Tiriti.

### 1.3.3 Minister’s expectations 2023/24

The Minister’s key priorities for the Health and Disability Commissioner in 2024/25 include to:

* Collaborate with Health New Zealand|Te Whatu Ora (Health NZ) in identifying and addressing areas of systemic concern and report the findings to the Ministry of Health;
* Prioritise resources and focus on resolving the backlog of complaints;
* Work with the Ministry of Health, Health NZ, and other relevant entities to understand the wider pathways for complaints and work together to consider how these can be addressed earlier and reduce pressure on HDC;
* Continue to review HDC’s Act and Code and engage with the Ministry of Health and stakeholders where appropriate; and
* Demonstrate tangible system impact.

**1.3.4 Growing demand**

Complaints to HDC are increasing. The volume of incoming complaints has increased by 52% over the past five years and volumes are continuing to rise in the current year. Currently, HDC is receiving around 300 complaints a month.

Rising complaint volumes in the resource-constrained environment within which we operate places significant pressure on the time it takes HDC to assess and resolve complaints. In this context, HDC has been focused on supporting the resolution of complaints between consumers and providers, where appropriate, to ensure that our resources are directed towards those complaints that require HDC intervention and assessment. We have also prioritised our resource toward managing serious and urgent complaints and reducing our aging profile of complaints.

We are focused on developing innovative and efficient initiatives to help address delay in our process, including by making significant improvements to our triage process and simplifying and standardising aspects of our process where possible. These initiatives have had a positive impact, and around 64% of complaints received are closed within six months. However, more serious and complex complaints can take over two years to close, and it remains difficult to manage our aging profile of complaints, particularly as our aging cohort of complaints is now starting to show the impact of an unexpected 25% increase in complaints in 2021/22. Nevertheless, HDC will continue to seek efficiency gains in its processes (whilst ensuring fair and robust decision-making for complaints resolution).

HDC’s out-dated IT platform creates significant barriers to enhancing the efficiency of our process, as well as restricting our ability to improve complainant and provider experience of the process and undertake data analysis. A new case management system will increase efficiency and productivity, improve the transparency and responsiveness of our process, and allow us to better analyse and share our data. Such a system is a priority for HDC, and we will be progressing investment in a new case management system in 2024/25.

# 2.0 HDC’s Output Classes

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

1. Complaints resolution
* Supporting timely and appropriate resolution pathways
* Provider accountability
1. Promotion and education
2. System monitoring and impact
3. Focus populations
* Older people
* Tāngata whaikaha|disabled people
* Māori

## 2.1 Complaints resolution

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

The volume of complaints has increased significantly in recent years, with HDC now receiving around 300 complaints a month. HDC received 3,628 complaints in 2023/24 — the highest number of complaints ever received by HDC.

Around 64% of complaints to HDC are closed within six months; however, serious and complex complaints require thorough assessment, and the rising volume of complaints has resulted in an aging profile of open complaints. HDC has been focusing on finding efficiencies, including through enhancing our focus on early resolution, standardising processes where possible, making better use of clinical expertise, and taking a more people-centred approach to resolution.

In the current context of on-going increases in volume within a resource-constrained environment, we have prioritised our resource to identify and manage serious and urgent complaints and reduce the number of older complaints under assessment. While the measures we have implemented have increased efficiency, there is no quick solution to the challenges we face, and reducing our aging profile of complaints will remain a key focus in 2024/25.

### Supporting appropriate and timely resolution

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

The Advocacy Service assists people to resolve complaints directly with providers, and it receives around 3,000 complaints a year. Almost all complaints to the Advocacy Service are closed within six 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 process often helps people to rebuild relationships. The Advocacy Service is also under increasing pressure from rising costs, and currently we are exploring ways to support the sustainability of this valuable service.

HDC has been trialling and implementing several process re-design changes to assist in ensuring that our processes are culturally safe and support appropriate and timely resolution, as well as ensuring that we are identifying and responding urgently to public safety and serious concerns. This will continue to be a focus for HDC in 2024/25. Recent initiatives include:

* Prioritising resource towards identifying and managing serious and urgent complaints, including by working closely with other agencies to ensure that timely action is taken on public safety concerns;
* Making better use of our clinical staff to support the triage of complaints and early resolution;
* Working closely with the Advocacy Service to support a focus on early resolution;
* Introducing clinical navigator roles to guide people through the complaints process and support early resolution;
* Supporting hui a-whānau to occur early in the complaints process, and coordinating hohou te rongo processes where appropriate; and
* Focusing on the implementation of a mid- to long-term plan to reduce our aging profile of complaints.

### Provider accountability

HDC provides an important mechanism for providers to be held to account for failing to uphold consumers’ rights. HDC may formally investigate a complaint where a provider’s actions appear to be in breach of the Code. Investigations tend to focus on more serious departures from acceptable standards or professional boundaries, public safety concerns, and significant systems or equity issues. Around 7–8% 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 functions assist to ensure that providers and organisations are held to account where needed, public safety is protected, recurrent behaviour and systemic issues are addressed, and preventative action is taken and public trust strengthened.

## 2.2 Promotion and education

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

We aim to focus our promotional and educational activities on those communities who experience poor outcomes in the health and disability system, with a particular focus on Māori and tāngata whaikaha|disabled people. We have refreshed our promotional material to ensure that it is fit for purpose, culturally appropriate, and accessible. We have also developed an online education resource for consumers to raise awareness of their rights and how to exercise them.

HDC is also focused on raising providers’ awareness of their obligations under the Code and how to apply the Code in their day-to-day practice. In addition, we aim to increase providers’ capability to resolve complaints directly with the complainant to facilitate local and early resolution. To date, our online education modules for providers on the Code, informed consent, and managing complaints, which were introduced in November 2022, have been accessed by over 11,000 providers.

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

Rising costs have reduced the capacity of the Advocacy Service to undertake networking activities, and, in this context, advocates will maintain a focus on priority populations.

## 2.3 System monitoring and impact

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

HDC has been working on establishing relationships with Health NZ to ensure that we are sharing our data and information effectively and to highlight the consumer voice and monitor action taken on broader systemic issues. For example, recently HDC raised concerns with Health NZ about emergency department (ED) delays (including ensuring that people in waiting rooms are receiving the care they need), communication with people on specialist waitlists, and clinical governance structures. We are monitoring action taken. In 2024/25 we will also continue to work with Health NZ to ensure that early resolution of complaints is supported where possible.

HDC also makes around 400 quality improvement recommendations in relation to individual complaints each year. HDC’s recommendations have a high compliance rate, with around 96% complied with. HDC has been focused on further improving our recommendations to ensure that they remain effective for improving quality and safety.

Currently we are undertaking a review of the Act and the Code, and public consultation began in April 2024. Recommendations will be made to the Minister of Health at the end of 2024. This is an opportunity to ensure that the Act and the Code remain fit for purpose in the new health and disability landscape and continue to be effective mechanisms for the promotion and protection of the rights of all people using health and disability services. The consultation document focuses on four key areas, as well as minor and technical improvements:

* Supporting better and equitable complaints resolution;
* Making the Act and the Code more effective for, and responsive to, the needs of Māori;
* Making the Act and the Code work better for tāngata whaikaha|disabled people; and
* Considering options for a right of appeal of HDC decisions.

## 2.4Focus populations

HDC has a focus on all people who use health and disability services, and our focus populations evolve over time. Noting our commitment to our responsibilities under Te Tiriti and equity, as well as Government direction and our statutory obligations, currently we have placed a particular focus on older people, tāngata whaikaha|disabled people, and Māori.

### Older people

The Aged Care Commissioner provides a focal point for monitoring and addressing quality and safety issues for older people. Her role includes advocating for better health and disability services for older people, driving quality improvement, reporting on emerging systemic issues and improvements, and supporting the Government’s commitment to Te Tiriti o Waitangi. The Aged Care Commissioner is also a statutory decision-maker on complaints made about care provided to older people.

The Aged Care Commissioner is focused on establishing effective relationships and meaningful engagement with sector stakeholders and older people in order to monitor the sector and advocate for better services.

These engagements informed the Aged Care Commissioner’s first monitoring report, ‘Amplifying the voices of older people across Aotearoa New Zealand’, published in March 2024. The report made 20 recommendations to improve the quality of care provided to older people, focusing on:

* The need for better transitions of care for older people from hospital to home and community support services and aged residential care;
* Investing in innovative primary and community care models, including assisting older people to navigate health and disability services;
* Preventative interventions for dementia mate wareware; and
* Ensuring that people can access reliable, quality home care and community support services to age well at home.

In 2024/25 the Aged Care Commissioner will be focusing her monitoring approach on evaluating and reporting on actions taken in response to her recommendations and identifying emerging issues in the sector.

### Tāngata whaikaha|disabled people

HDC has a key role to play in protecting the rights of tāngata whaikaha|disabled people. The Deputy Commissioner, Disability is focused on the rights of tāngata whaikaha|disabled people when using health and disability services, recognising that tāngata whaikaha|disabled people are diverse and live with a range of long-term conditions. The goal is to ensure that the health and disability system is improved to better meet the individual needs of tāngata whaikaha|disabled people, now and in the future, with a strong focus on equity and a ‘nothing about us without us’ approach.

Currently around 25–30% of complaints to HDC relate to care provided to tāngata whaikaha| disabled people. Areas of the disability community are under-represented in complaints, including people in residential care, Pacific peoples, and tāngata whaikaha Māori. HDC is focused on using our limited resource to work with tāngata whaikaha|disabled people to improve HDC processes, so that tāngata whaikaha|disabled people are knowledgeable about their rights under the Code and barriers for engagement with HDC are reduced.

Therefore, we have begun the development of a disability strategy to support the rights of tāngata whaikaha|disabled people to be understood and upheld, and to address key systemic issues identified through engagement and complaints data. Key focuses in 2024/25 will include:

* Improving our internal capability to improve the responsiveness of our complaints process to disabled people;
* Supporting health and disability services to have effective, accessible complaints management processes in place; and
* Working with the sector to monitor the implementation of the recommendations we made in our report analysing complaints to HDC about disability residential support providers.

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

### Māori

HDC has dedicated resource to assist us in meeting our responsibilities under Te Tiriti o Waitangi. Our Kaitohu Mātāmua Māori|Director Māori sits on HDC’s leadership team and has been focused on strengthening our ability to recognise and respond effectively to Māori complainants and complaints with a cultural dimension.

HDC’s cultural team also supports effective engagement with Māori communities, including partnering with communities to increase their understanding of the Code and avenues for complaint, and works with providers to support a cultural approach to complaints resolution. Such work has been correlated with a small increase in complaints to HDC from Māori.

Supported by our Kaitohu Mātāmua Māori, HDC has expanded our use of hui a-whānau (family meetings) and other tikanga-led approaches to complaint resolution. Other recent initiatives have included:

* Assisting to coordinate hohou te rongo process (peaceful resolution) between the parties involved in a complaint;
* Undertaking regional engagements to support awareness and understanding of the Code among Māori communities;
* Translating our resources and complaint forms into te reo Māori; and
* Introducing a cultural component to our induction programme to embed whole-of-organisation approaches to improving our internal cultural capability.

While we have been working to undertake hui ā-whānau earlier in the complaints process, currently demand outstrips the capacity of our small Director Māori team, making it difficult for them to provide timely cultural input. This, in turn, limits our ability to consider the broader application of these hui in complaints resolution. However, HDC continues to explore ways in which the broader application of these hui and restorative principles could be supported.

# 3.0 Annual Information

## 3.1 Prospective Financial Statements 2024/25

**3.1.1 Key assumptions for Proposed Budget 2024/25 and out years**

HDC has been in discussion with the Minister and the Ministry of Health about our operational budget for 2024/25. While awaiting the outcome of these discussions, HDC published an interim budget in July 2024.

At the end of August 2024, the Minister confirmed a time-limited (for one year) funding increase of 2.9 million for HDC until 30 June 2025. We have therefore now prepared a final budget based on this increase.

The final 2024/25 budget reflects the following key assumptions:

* The total funding for 2024/25 is $19.7 million, which includes $17.597 million for HDC’s core functions and $2.104 million for the Aged Care Commissioner functions.
* The proposed budget indicates a deficit of $0.183 million.
* The deficit indicated in the budget would bring the equity to $2.25 million.
* HDC is resourced to resolve around 2,700–3,000 complaints, which is 75–83% of complaints received. This will lead to a growing number of complaints under assessment.
* HDC is implementing a mid- to long-term plan to reduce our aging profile of complaints, which will focus our resource on resolving older and more serious/time-dependent complaints.
* The completion of the HDC Act and Code review, which is due for completion in December 2024.
* Commitment to demonstrating value for money for all public spending.

For 2025/26 and outyears, HDC’s baseline funding will reduce by $2.9 million (a 16.5% reduction), and a deficit of $1.9m is indicated for 2025/26. In the absence of further funding to aid our sustainability, HDC will be making savings to reduce this deficit. HDC will be engaging closely with the Minister and Ministry of Health to ensure the on-going sustainability of our service.

**Capital expenditure intentions**

A modernised digital complaints management system is critical for HDC to enhance our operational efficiency, respond to growing demand, communicate more responsively with complainants and providers, and analyse our data more effectively. HDC will use its available funds to start progressing the implementation of a new complaints management system in 2024/25.

**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 3.4.









## 3.2 Statement of Forecast Service Performance

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

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

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



## Output Class 1 — Complaints resolution

| **Output 1.1 — Complaints Management (HDC)** |
| --- |
| **Contribution to** **Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target**  | **2023/24 SPE Target** | **2022/23 Actual** |
| Supporting timely and appropriate resolution pathways (HDC)*(which contributes to achievement of Strategic Objective 2).*  | Assume 3,600 complaints will be received.Close an estimated 2,700–3,000 complaints. The above figure includes 150–200 investigations.Manage complaints so that of closed complaints:* At least 60% are closed within 3 months
* At least 80% are closed within 12 months
* At least 85% are closed within 24 months

Manage complaints so that of open complaints:* No more than 15% are over 24 months old
 | Assume 3,200–3,400 complaints will be received.Close an estimated 2,700–3,000 complaints. The above figure includes 180–200 investigations.Manage complaints so that of closed complaints:* At least 60% are closed within 3 months
* At least 80% are closed within 12 months
* At least 95% are closed within 24 months

Manage complaints so that of open complaints:* No more than 7–9% are over 24 months old
 | 3,353 complaints were received. 3,048 complaints were closed, including 156 investigations.Of complaints closed:* 66.5% were closed within 3 months
* 74.9% were closed within 12 months
* 93.5% were closed within 24 months

Total number of open files at year end was 2,342. * 11.4% (267) of open complaints were over 24 months old.
 |
| Supporting timely and appropriate resolution pathways (HDC)*(which contributes to achievement of Strategic Objective 2)*. | Use HDC’s levers effectively and appropriately to resolve complaints. Report on:* % of complaints referred for resolution[[1]](#footnote-2) directly between the parties
* # of complaints on which recommendations are made
* # of complaints notified for investigation
* # of hui ā-whānau completed (Director Māori)

Provide early notification of systemic and public safety issues to Ministry of Health, Whaikaha, Health NZ, and/or other relevant agencies. Report on total number. | Use HDC’s levers effectively and appropriately to resolve complaints. Report on:* % of complaints referred for resolution directly between the parties
* # of complaints in which recommendations are made
* # of complaints notified
* # of hui ā-whānau completed (Director Māori)

Provide early notification of systemic and public safety issues to Manatū Hauora, Whaikaha, Health NZ, Te Aka Whai Ora and/or other relevant agencies. Report on total number. | As at 30 June 2023:* 35% of complaints closed were referred for resolution directly between the parties
* 231 complaints had recommendations made
* 178 complaints were notified
* 30 complaints were referred to the Director of Proceedings

As at 30 June 2023, early notification of systemic issues was made to the Ministry and other relevant agencies on 177 occasions, covering 228 specific complaints. |

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| **Output 1.2 — Complaints Management (Advocacy Services)** |
| **Contribution to****Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target**  | **2023/24 SPE Target** | **2022/23 Actual** |
| Supporting timely and appropriate resolution pathways (Advocacy Services)*(which contributes to achievement of Strategic Objective 2).*  | Assume up to 2,600 complaints will be received.Close an estimated 2,600 complaints.[[2]](#footnote-3)Manage complaints so that:* 75% are closed within 3 months
* 85% are closed within 6 months
* 100% are closed within 9 months
 | Assume 2,600–3,100 complaints will be received.Close an estimated 2,600–3,100 complaints.Manage complaints so that:* 80% are closed within 3 months
* 95% are closed within 6 months
* 100% are closed within 9 months
 | 2,857 new complaints were received by the Advocacy Service.2,980 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 2)*. | Undertake consumer satisfaction surveys,[[3]](#footnote-4) 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. | 95% of consumers who responded to satisfaction surveys were satisfied or very satisfied with the Advocacy Service’s complaints management processes. |

| **Output 1.3 — Provider Accountability — Proceedings** |
| --- |
| **Contribution to** **Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target** | **2023/24 SPE Target** | **2022/23 Actual** |
| On referral of a complaint from the Commissioner, a decision is made whether to take further action (including disciplinary or HRRT proceedings, or resolution by way of a restorative approach) where it is appropriate to do so *(which contributes to achievement of Strategic Objective 4)*.  | The Director makes decisions on complaints referred to its office. Report on:* The number of providers referred to the Director
* The number of decisions made
 | 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 2023: * 21 new referrals had been received (relating to 30 complaints and 16 providers)
* Four 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.In relation to both the HRRT and 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 HPDT, report on:* Number of proceedings filed
* Number of proceedings concluded
* Outcome of proceedings concluded
 | For the year ended 30 June 2023: * Professional misconduct was found in 100% (4 of 4) of disciplinary proceedings.
* A breach of the Code was found in 100% (2 out of 2) of HRRT proceedings concluded.
* A negotiated outcome was reached in 100% (5 of 5) of cases where damages were sought.
* An agreed outcome was reached in 100% (2 of 2) of cases in which a restorative approach was adopted.
 |

## Output Class 2 — Promotion and education

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| --- |
| **Output 2.1 — Access to Advocacy**  |
| **Contribution to** **Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target** | **2023/24 SPE Target** | **2022/23 Actual** |
| Network to promote awareness of the Code and access to the Advocacy Service in local communities *(which contributes to achievement of Strategic Objective 3)*. | Advocates carry out 2,800[[4]](#footnote-5) 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 priority populations and the family/whānau members who support them.  | Advocates carry out 3,500 scheduled visits or meetings with community groups and provider organisations for the purpose of providing information about the Code, HDC, and the Advocacy Service. At least 75% of these visits and meetings are focused on vulnerable consumers (including those in residential aged care and disability services, inpatient mental health services and prisons) and the family/whānau members who support them.  | **Certified aged care facilities**For the year ended 30 June 2023, 3,351 scheduled visits or meetings with community groups and provider organisations were carried out.73.5% were focused on vulnerable consumers and the family/whānau members who support them. |
| **Output 2.2 — Advocacy Education** |
| **Contribution to****Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target** | **2023/24 SPE Target** | **2022/23 Actual** |
| Promote awareness of, respect for, and observance of, the rights of consumers and how they may be enforced *(which contributes to achievement of Strategic Objective 3)*. | Advocates provide an estimated 1,000[[5]](#footnote-6) education sessions. Consumers and providers are satisfied with the education sessions.Seek evaluations on sessions, with 80% of respondents satisfied. | Advocates provide an estimated 1,500 education sessions. Consumers and providers are satisfied with the education sessions.Seek evaluations on sessions, with 80% of respondents satisfied. | A total of 1,314 education sessions were provided.91% of survey respondents were satisfied with the education session they attended. |
| Report on number of enquiries managed by the Advocacy Service and HDC about the Act, the Code, and consumer rights under the Code *(which contributes to achievement of Strategic Objective 3)*.  | Provide responses to enquiries as requested.Report on the total number of contacts with enquirers. | Provide responses to enquiries as requested.Report on the total number. | During the year ended 30 June 2023, 21,738 enquiries were received by the Advocacy Service. For the year ended 30 June 2023, HDC had received a total of 2,768 enquiries, including 914 simple enquiries and 1,854 extended enquiries. |

| **Output 2.3 — HDC Education** |
| --- |
| **Contribution to****Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target[[6]](#footnote-7)**  | **2023/24 SPE Target** | **2022/23 Actual** |
| Promote awareness of, respect for, and observance of, the rights of consumers and how they may be enforced *(which contributes to achievement of Strategic Objective 3)*. | Monitor the reach of our online education resources for providers and consumers. Report on the number of people who have accessed these resources. | Monitor reach of online education modules for **providers** on the application of the Code. Report on number of providers who have completed the modules.Develop and implement promotional resources for **consumers**, including an online educational resource. | For the year ended 30 June 2023, 38 educational presentations were made.For the year ended 30 June 2023, 100% of respondents who provided feedback reported that they were satisfied with the presentations. |

## Output Class 3 — System monitoring and impact

| **Output 3 — System impact** |
| --- |
| **Contribution to****Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target** | **2023/24 SPE Target** | **2022/23 Actual** |
| Use HDC complaints management processes to facilitate quality improvement *(which contributes to achievement of Strategic Objective 3)*. | Make recommendations to improve quality of services, and monitor compliance with the implementation of recommendations by providers:* Providers make quality improvements as a result of HDC recommendations. Verify provider’s compliance with HDC’s quality improvement recommendations, with a target of 95–100% compliance.
 | Make recommendations to improve quality of services, and monitor compliance with the implementation of recommendations by providers:* Providers make quality improvements as a result of HDC recommendations. Verify provider’s compliance with HDC’s quality improvement recommendations, with a target of 97% compliance.
 | Between 1 July 2022 and 30 June 2023, a total of 632 recommendations due for completion had been reviewed, of which 96.2% had been fully complied with. Of the 3.8% of recommendations that had not been complied with, 19 were due to changes in the provider’s circumstances rendering implementation infeasible (eg, individual provider ceasing practice, changes to service delivery, or training no longer available). Providers explicitly refused to comply with five recommendations. These providers were referred to their regulatory authority. HDC continues to monitor recommendations that are overdue for response, and those that require further action/information from providers for full compliance. |
| Engage with key sector stakeholders[[7]](#footnote-8) to promote the Code, share intelligence and insights relating to complaint trends, and collaborate on issues of shared concern *(which contributes to achievement of Strategic Objective 3)*.[[8]](#footnote-9) | Maintain engagement with key stakeholders to share intelligence, collaborate on issues of shared concern and promote people’s rights. Report on number of engagements.Provide briefings, and raise issues or make recommendations, suggestions, or submissions to any person or organisation in relation to the Code and/or trends identified through complaints. Report on activity.Provide annual complaint trend reports to stakeholders for complaints about Health NZ and other service areas of interest.  | Maintain engagement with key stakeholders to share intelligence, collaborate on issues of shared concern and promote people’s rights. Report on number of engagements.Provide briefings, and raise issues or make recommendations, suggestions, or submissions to any person or organisation in relation to the Code and/or trends identified through complaints. Report on activity. | For the year ended 30 June 2023, HDC had undertaken 325 engagements with key external stakeholders.For the year ended 30 June 2023, 17 submissions had been made. |
| Make public statements and publish reports in relation to matters affecting the rights of consumers *(which contributes to Strategic Objective 2).* | Work with the media to generate 200 media stories on HDC decision reports or other matters of public interest that affect consumer rights.  | Work with the media to generate 200 media stories on HDC decision reports or other matters of public interest that affect consumer rights. | During the year ended 30 June 2023, HDC issued 103 media releases, with 715 stories generated from the releases.  |

## Output Class 4 — Focus populations

| **Output 4.1 — Māori** |
| --- |
| **Contribution to****Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target**  | **2023/24 SPE Target** | **2022/23 Actual** |
| Promote awareness of, respect for, and observance of, the rights of consumers and how they may be enforced *(which contributes to achievement of Strategic Objective 2)*. | Partner with other agencies to raise awareness of consumer rights and reduce barriers to resolving complaints for Māori, kaumātua, whānau, hapū, and iwi, Pacific peoples, older people and other focus communities. Report on activity. | Partner with other agencies to raise awareness of consumer rights and reduce barriers to resolving complaints for Māori, Pasifika, and other focus communities. Report on activity.  | HDC used its available data to assess which groups are accessing HDC and their experience when they do, and insights shared by consumers and whānau, and engaged various agencies or groups in 2022/23 to gain further insights, raise awareness of consumer rights, and reduce barriers to resolving complaints for Māori, Pacific peoples, and other priority communities. HDC continues to monitor the type and rates of complaints from these communities, and feedback from consumers and complainants from these groups. |

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| --- |
| **Output 4.2 — Tāngata whaikaha│disabled people** |
| **Contribution to****Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target** | **2023/24 SPE Target** | **2022/23 Actual** |
| Promote awareness of, respect for, and observance of, the rights of disability services consumers *(which contributes to achievement of Strategic Objective 2)*. | Publish on the HDC website (and make accessible to people who use ‘accessible software’) educational resources that are written in plain language for disability services consumers and disability services providers. Report on number of resources published.  | Publish on the HDC website (and make accessible to people who use ‘accessible software’) educational resources that are written in plain language for disability services consumers and disability services providers. Report on number of resources published. | For the year ended 30 June 2023, five educational resources were developed for disability services consumers and disability services providers:* Easy Read ‘My Health Passport’ in te reo Māori
* A pocket card listing the Code
* A poster listing the Code
* An Easy Read version of the Code of Rights poster
* A pamphlet titled ‘Your Rights When Using a Health or Disability Service & What to Do If You Have Any Concerns’
 |
| Monitor complaint trends in relation to disability and collaborate with other agencies to protect and promote the rights of disability services consumers[[9]](#footnote-10) *(which contributes to achievement of Strategic Objectives 3 and 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. | Develop a monitoring framework to measure the performance of the health and disability sector in relation to tāngata whaikaha. Report on activity. Maintain engagement with key sector stakeholders to share intelligence, ensure timely action is taken in response to public safety concerns, collaborate on areas of shared concern and promote the rights of tāngata whaikaha. Report on number of engagements and who we are engaging with. | The scoping of a disability monitoring framework continued, with the HDC complaint form amended to record information from complainants who identify as having a disability. Disability-related complaints continue to be monitored to identify emerging trends.During the year ended 30 June 2023, the Deputy Commissioner, Disability held 89 engagements with sector stakeholders. |

| **Output 4.3 — Older people** |
| --- |
| **Contribution to****Strategic Objectives** | **Performance Measures** |
| **2024/25 SPE Target**  | **2023/24 SPE Target** | **2022/23 Actual** |
| Provide strategic oversight and leadership to drive quality of care improvements for older people *(which contributes to achievement of Strategic Objective 4)*. | Develop effective relationships with stakeholders and monitor sector performance. Report on activity. | Develop effective relationships with stakeholders and monitor sector performance. Report on activity. | The main theme from the complaints related to aged care and the health and disability care of older people continues to be capacity constraints mostly due to workforce challenges. There is a risk to the quality and safety of services caused partially by inadequate staffing levels in hospitals, primary care, home and community support services (HCSS), and aged residential care (ARC).The theme of constrained capacity of services is reflective of the challenges in the sector around:* Workforce
* Communication between consumers, whānau/enduring powers of attorney and clinical teams, and between the clinical team members themselves
* Clinical issues — failure to escalate care, inadequate pain management, care coordination, managing behaviours associated with stress and distress, and errors in administering medication
 |
| 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).* | Monitor and report on quality and safety issues in the health and disability system for older people, including action taken in response to recommendations made by the Aged Care Commissioner and emerging issues.[[10]](#footnote-11) Report on activity. | Test and implement an approach to, and framework for, monitoring and reporting on the performance of the sector in relation to older people’s health and disability services. Report on activity.Complete a monitoring report on the performance of health and disability services for older people, with a particular focus on equity. | A monitoring framework was developed and tested with core stakeholders and was published as a report in March 2024.Our approach is based on Te Tiriti o Waitangi (the Aged Care Commissioner mandate includes supporting the Government commitment to Te Tiriti); a person-centered approach to care, including the Code of Rights; human rights, including disability rights and the rights of indigenous peoples; and equity. The Aged Care Commissioner will outline changes we want to see.In April 2023 we met and socialised our approach to monitoring and reporting with Minister Barbara Edmonds. |
| Provide enhanced advocacy on behalf of older consumers and their whānau and support commitments to Te Tiriti o Waitangi.[[11]](#footnote-12) | Actively engage with older consumers and their whānau from all communities and reflect their perspectives in the Aged Care Commissioner’s work. * 100 engagements.
 | Actively engage with older consumers and their whānau from all communities and reflect their perspectives in the Aged Care Commissioner’s work. Report on number of engagements.  | During the year ended 30 June 2023, 104 engagements were held with older people, their whānau, and stakeholders working on older people’s health and wellbeing. These included meetings with a diverse range of older people’s groups and making visits to, and speaking with, people living in aged residential care (ARC) facilities.During the year ended 30 June 2023, the Aged Care Commissioner:* Made a submission to the Social Services and Community Select Committee on the role and priorities of the Aged Care Commissioner
* Made a submission to the Law Commissioner Te Akua Matua o te Ture from the lens of health and disability care for older people, on the law affecting decision-making, including enduring powers of attorney (EPAs), advance care directives, and advance care planning. This was a standalone submission to accompany the main submission by the Health and Disability Commissioner
* Wrote to Manatū Hauora raising concerns about service disruptions in HCSS and the need for better monitoring of consumer experience, health and wellbeing of older people, and equity of access
* Wrote three opinion pieces on matters affecting older people and their whānau, including the need for collective action regarding the challenges facing the aged care sector
* Collaborated with the ‘Hello’ project to raise awareness of older people living alone and encourage people to check on older neighbours during the festive season
* Released a statement on nurses for International Nurses Day on 12 May, and on elder abuse for International Elder Abuse Awareness Day on 15 June
* Provided input into HDC’s submission on the Women’s Health Strategy, with an older women’s health lens, including language on older people
* Provided analysis of the main Pae Ora strategies, including the New Zealand Health Strategy; the Rural Health Strategy; Pae Tū: Hauora Māori Strategy; the Mana Ola Pacific Health Strategy; and the Interim Health of Disabled People Strategy to ensure that inclusion of older people was submitted
 |

## 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 2024–30 September 2024 | 1 November 2024 |
| **Quarter 2** | 1 October 2024–31 December 2024 | 1 February 2025 |
| **Quarter 3** | 1 January 2025–31 March 2025 | 1 May 2025 |
| **Quarter 4** | 1 April 2025–30 June 2025 | 1 August 2025 |
| **Annual Report** | 1 July 2024–30 June 2025 | 31 October 2025 |

## 3.4 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 2025 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 unaudited results for 2023/24.

**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 several 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 the carrying amount of the asset in the statement of financial position. The Health and Disability Commissioner minimises the risk of this estimation uncertainty by:

• physical inspection of assets; and

• asset replacement programmes.

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

*Critical judgements in applying accounting policies*

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

Lease classification

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

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

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

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

*Statement of changes in accounting policies*

There have been no changes in existing accounting policies.

1. This includes complaints that are referred to the Advocacy Service to support the complainant to resolve their concerns with the provider. [↑](#footnote-ref-2)
2. These measures have been adjusted to account for a recent decrease in complaints to Advocacy. [↑](#footnote-ref-3)
3. The measure around provider satisfaction has been removed while we undertake a review of this survey to improve the response rate and quality of information provided. [↑](#footnote-ref-4)
4. Note that this measure has been adjusted to account for reduction in advocacy capacity over time. [↑](#footnote-ref-5)
5. This measure has been adjusted to account for reduced capacity of the Advocacy Service over time, as well as the release of HDC provider modules, which have replaced advocacy education sessions for some providers. [↑](#footnote-ref-6)
6. HDC has developed online educational resources to improve the reach and effectiveness of our educational activities. [↑](#footnote-ref-7)
7. HDC has removed ‘Publish six-monthly complaint trend reports’ to account for the impact of a 16.5% reduction in funding. In this context, HDC’s constrained analytical resource will be focused on monitoring and escalating serious and urgent issues, and we will not have the capacity required to undertake the analysis (much of which is manual) and preparation of these reports. [↑](#footnote-ref-8)
8. HDC has removed ‘Produce and publish key Commissioner decision reports’ and ‘Participate in the National Quality Forum’ as formal performance measures as they are now embedded as normal business activities and are captured by other measures such as media outreach and stakeholder engagement. [↑](#footnote-ref-9)
9. HDC has removed ‘Develop a monitoring framework to measure the performance of the health and disability sector in relation to tāngata whaikaha’ as a performance measure as preparatory work for this framework, including stakeholder liaison, found that a more flexible, collaborative use of HDC’s data to highlight emerging concerns would be more useful and avoid duplication of work currently being undertaken by other agencies. It was also noted that other agencies were better placed to take the lead on the development of a monitoring framework. [↑](#footnote-ref-10)
10. This performance measure has been updated to reflect the completion of a monitoring report by the Aged Care Commissioner, which made several recommendations to improve the care of older people. The Aged Care Commissioner’s focus in 2024/25 will therefore be on the monitoring of the implementation of these recommendations, as well as reporting on any emerging issues. [↑](#footnote-ref-11)
11. HDC has removed a performance measure related specifically to the Aged Care Commissioner’s development of meaningful and authentic advocacy partnerships with kaumātua, whānau, hapū, and iwi as this work is captured by the measure reported under 4.1. The Aged Care Commissioner’s work in respect of engaging with Māori communities will now be reported under 4.1. [↑](#footnote-ref-12)