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Health and Disability Commissioner
Te Toihau Hauora, Hauātanga

Office of the Health and Disability Commissioner

Te Toihau Hauora, Hauātanga

Statement of Performance Expectations 2016/2017

Contents

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Our Statement of Performance Expectations

We are responsible for the preparation of the Health and Disability Commissioner's Statement of Performance Expectations (SPE).

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.

Anthony Hill
Health and Disability Commissioner

28 June 2016

1.0 HDC's Output Classes

The purpose and overriding strategic intention of the HDC is to **promote and protect the rights of consumers** as set out in the Code of Health and Disability Services Consumers' Rights (the Code). There are three main strategic objectives that feed into this priority: to resolve complaints; to improve quality within the health and disability sectors; and to appropriately hold providers to account.

HDC's strategic priorities for 2015-2018 are to:

- resolve complaints in a timely and effective way while dealing with increasing volume and complexity;
- work with District Health Boards (DHBs), health providers and disability service providers to improve their complaints processes so that complaints are resolved at the lowest possible appropriate level;
- continue to work closely with the Health Quality and Safety Commission (HQSC) and other key stakeholders to effect change from complaint learnings;
- operate a financially sustainable organisation resourced appropriately for business size and complexity; and
- strive for continuous improvement in the way we operate.

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

- Complaints resolution
- Advocacy
- Proceedings
- Education
- Disability
- Mental health and addictions – systemic monitoring and advocacy

1.1 Complaints resolution

We anticipate receiving 2,000 complaints by the end of the 2015/16 year. This compares to 1,880 complaints received in 2014/15.

Each year the number and complexity of complaints increases. We assess each complaint and resolve it in the most appropriate way in the interests of the consumer and the system that serves him or her. This can include referring the matter to the Health and Disability Advocacy Service for advocacy support, referring the matter to the provider for resolution between provider and consumer, seeking expert advice, formal investigation, or referring to an appropriate regulatory body for further action. Formal investigation may lead to an opinion that the consumer's rights have been breached. In a small proportion of cases a breach finding may also be referred to the Director of Proceedings to decide whether any disciplinary or other proceedings action should be taken.

Every complaint is an opportunity for learning and service improvement. We communicate those learnings to the sector in a variety of ways — through published case notes and reports (opinions), through direct communication to professional colleges and regulatory agencies, through direct communication to providers (whether individual or group) and by a wide range of public speaking engagements across sectors.

We make recommendations in the great majority of investigations and assessments. Recommendations are designed to improve the practice of an individual provider, improve the

systems being used by a provider or a group of providers, and strengthen delivery to ensure repeat performances of errors are minimised. Our recommendations are extremely successful in this regard with the vast majority being complied with. It is rare for an individual provider to be the subject of a complaint arising from a repeat occurrence of a specific error. Thus we are confident that at an individual provider level, lessons are learned and behaviour is changed. System changes occur at an institutional level, regional level and nationally as decisions and recommendations are transmitted to DHBs, professional colleges and associations and their members.

1.2 Advocacy

The Nationwide Health and Disability Advocacy Service (the Advocacy Service) has 23 community based offices throughout New Zealand. The Advocacy Service expects to receive and close approximately 3,600 to 3,800 complaints, deliver more than 1,600 education sessions, and respond to an estimated 8,000 enquiries during the year.

Advocates consistently assist consumers to resolve over 90% of the complaints made to the Advocacy Service, and during this process advocates are often able to support consumers to rebuild relationships; this is particularly important where the consumer and provider need to have on-going contact. The role of the advocate in complaint resolution is to assist consumers to identify what is needed to achieve resolution and then to support them in their chosen actions. Advocacy is a very successful way to achieve early resolution, as it often involves face-to-face contact between the parties. Consumers usually want to ensure that what happened to them will not happen to someone else. It is helpful for providers to hear this face-to-face. Many providers comment on how profound it is to hear from the consumer, as they had not realised the impact of their actions or remarks. The high rate of resolution reflects the strong consumer-centred approach of the Advocacy Service and the significant provider commitment to the process.

Providing free education sessions about consumer rights and provider duties to both consumers and providers of health and disability services is another key part of an advocate's role. These well received sessions are in high demand. In addition to complaints resolution and the provision of education sessions, advocates establish and maintain contact with vulnerable consumers in the community by visiting aged care facilities and residential disability services to make sure the residents and family/whānau members acting on their behalf have easy access to an advocate. They also network extensively in their local communities to ensure consumers are aware of the Advocacy Service and to keep up to date with local issues and services.

1.3 Proceedings

The Director of Proceedings, appointed under the Act, exercises independent statutory functions. Where the Commissioner has found a breach of a consumer's rights, the Commissioner may refer the provider to the Director of Proceedings. The Director then makes an independent decision regarding whether or not to initiate legal proceedings.

The Director can lay a disciplinary charge before the Health Practitioners Disciplinary Tribunal (HPDT)[1], issue proceedings before the Human Rights Review Tribunal (HRRT), or both. The Director can also issue proceedings or provide representation in other forums (other tribunals, courts, or inquiries).

[1] Registered health practitioners include medical practitioners, nurses, midwives, dentists, psychologists, chiropractors, and pharmacists.

Charges against registered health practitioners are heard before the HPDT. If the provider is not a registered health practitioner,[2] the Director may file proceedings with the HRRT. The HRRT may hear claims against bodies such as rest homes and district health boards, or against a registered health professional, regardless of whether disciplinary proceedings are also brought. Unlike the HPDT, the HRRT has the power to order the provider to pay compensation to a consumer. However, the Accident Compensation legislation limits the circumstances in which compensatory damages are available.

The purpose of laying a charge in the HPDT is to ensure that standards for the profession are maintained, that the individual practitioner is held accountable for his or her actions, and that the public is protected. Proceedings in the HRRT are used to obtain remedies for the consumer and to set standards for providers, particularly non-registered providers. Therefore, the work of the Director of Proceedings is important in helping to set professional standards for both registered and non-registered providers. When a case is successfully brought, the decision often sends a strong message to health and disability services providers. It also helps maintain public confidence in the quality and safety of services. The Director's role is key in ensuring providers are held to account where appropriate.

1.4 Education

HDC has an important leadership role in ensuring that there are ongoing systemic improvements in safety and quality in the health and disability sectors, with a particular emphasis on vulnerable consumers. Through education, HDC aims to give providers a clear understanding of their responsibilities, so that they comply willingly with the requirements of the Health and Disability Commissioner Act 1994 and ensure that consumers know and are able to exercise their rights under the Act.

HDC delivers education and training initiatives pitched at national service organisations and group providers, professional bodies and consumer-based organisations. Community-based independent health and disability advocates, contracted by the Director of Advocacy, on the other hand, provide more community-level education. Thus the work of the Advocacy service greatly complements HDC's educational initiatives.

HDC also responds to many enquiries from consumers, providers, and other agencies about the Act, the Code and consumer rights under the Code.

Chiefly through making submissions, HDC advises on the need for, or desirability of, legislative, administrative, or other action to give protection or better protection to the rights of health consumers or disability services consumers or both.

HDC is also required to regularly review the Act and the Code. In 2013/14, we completed a review of the Act and Code. No changes were recommended.

[2] Non-registered practitioners include providers such as counsellors, massage therapists, caregivers, rehabilitation workers and acupuncturists.

1.5 Disability Educational Initiatives

The Deputy Health and Disability Commissioner, Disability has a particular focus on education within the disability sector and is also responsible for HDC's work on the:

- New Zealand Disability Strategy; and the
- United Nations Convention on the Rights of Persons with Disabilities.

Work in the above areas includes:

- increasing consumer awareness of their rights under the Code;
- making our complaints management processes more accessible;
- encouraging disabled people, their families and support staff to complain;
- making our educational resources more accessible;
- facilitating and encouraging disability support providers to improve their complaints management processes;
- providing disability responsiveness training to HDC staff; and
- increasing disability sector knowledge and experience capability within HDC's staffing.

1.6 Mental health and addictions – systemic monitoring and advocacy

HDC monitors and advocates for improvements to mental health and addiction services. This work supports implementation of the Government's priorities for service improvement set out in *Rising to the Challenge: The Mental Health and Addictions Service Development Plan 2012-17*[3] which is informed by expert advice provided in *Blueprint II*[4]

Monitoring: HDC monitors services by analysing issues and trends identified by HDC complaints and the independent advocacy service contracted by HDC. We also engage with key stakeholders and monitor sector performance information in order to keep informed about service developments.

HDC led the development of the Real Time Feedback system in collaboration with the sector to pilot a tool to monitor consumer experiences of services. The tool aims to improve access to timely information on consumer experience to inform quality improvement initiatives as well as national monitoring. We will determine HDC's future role in relation to this tool in 2016/17.

Advocacy: HDC advocates for service improvements by making recommendations for improvements arising out of HDC's complaints resolution processes and our specific monitoring role in relation to mental health and addiction services. Recommendations are made to provider organisations such as DHBs and NGOs as well as individual providers such as doctors and nurses. HDC also makes recommendations or suggestions to other organisations in response to issues we identify, for example, recommendations to professional colleges in relation to their practice standards.

[3] Ministry of Health (December 2012) *Rising to the Challenge: The Mental Health and Addictions Service Development Plan 2012-17*.
[4] Mental Health Commission (June 2012) *Blueprint II: Improving mental health and well-being for all New Zealanders*.

2.0 Annual Information

2.1 Statement of Forecast Service Performance

The services provided under the Health and Disability Commissioner Act are complaints resolution, advocacy, proceedings, education, disability and systemic monitoring and advocacy (mental health and addiction services) which we undertake through six Output Classes.
The output classes are discussed in detail in the Section 1 above and this section sets out HDC's financial and non-financial targets for 2016/17.

	Proposed SPE Budget 2016/17 $000's	**Full Year Forecast 2015/16 $000's**
Complaints Resolution		
Revenue	6,172	5,878
Expenditure	6,246	5,798
Net surplus/(deficit)	(74)	80
Advocacy		
Revenue	3,917	4,240
Expenditure	3,964	4,138
Net surplus/(deficit)	(47)	102
Proceedings		
Revenue	627	583
Expenditure	634	584
Net surplus/(deficit)	(7)	(1)
Education**		
Revenue	402	442
Expenditure	408	403
Net surplus/(deficit)	(6)	39
Disability**		
Revenue	585	
Expenditure	592	
Net surplus/(deficit)	(7)	
Mental Health and Addiction Services- Systemic Monitoring and Advocacy		
Revenue	530	770
Expenditure	537	687
Net surplus/(deficit)	(7)	83
Totals:		
Revenue	**12,233**	**11,913**
Expenditure	**12,381**	**11,610**
Net surplus/(deficit)	**(148)**	**303**

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

*** Education and Disability were shown as one combined output class prior to the 2016/17 year.*

Output Class 1 — Complaints Resolution

Output 1.1 — Complaints Management			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
Efficiently and appropriately resolve complaints.	Assume 2,000 complaints will be received. Close an estimated 2,000 complaints. The above figure includes an estimated 100 investigations. Manage complaints so that: • No more than 17% of open complaints are 6 - 12 months old. • No more than 15% of open complaints are 12 – 24 months. • No more than 1% of open complaints are over 24 months old.	Assume 1,900 complaints will be received. Close an estimated 1,900 complaints. The above figure includes an estimated 100 investigations. Manage complaints so that: • No more than 17% of open complaints are 6 - 12 months old. • No more than 15% of open complaints are 12 – 24 months. • No more than 1% of open complaints are over 24 months old.	1,880 complaints were received during the year. 1,910 complaints were closed during the year. 100 investigations were undertaken and closed. Total open files at year end was 479. Age of open complaints at the end of 2014/15: • 6 – 12 months old, 65 out of 479 – 13.6%. • 12 – 24 months old, 41 out of 479 – 8.6%. • Over 24 months old, 5 out of 479 – 1%.

Output 1.2 — Quality Improvement			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
Use HDC complaints management processes to facilitate quality improvement.	Make recommendations and educational comments to providers to improve quality of services and monitor compliance with the implementation of recommendations and encourage better management of complaints by providers: • Providers make quality improvements as a result of HDC recommendations and/ or educational comments. Assess providers compliance with HDC quality improvement recommendations: 97%[5] compliance.	Make recommendations and educational comments to providers to improve quality of services and monitor compliance with the implementation of recommendations and encourage better management of complaints by providers: • Providers make quality improvements as a result of HDC recommendations and/ or educational comments. Audit a sample of providers to verify their compliance with HDC quality improvement recommendations: 100% compliance.	Between 1 July 2014 and 30 June 2015 HDC made recommendations or educational comments on 470 complaints, including 70 breach opinions (a breach opinion is where a provider has been found in breach of the Code following a formal investigation). Of these, 352 led to HDC making quality improvement recommendations or educational comments. Quality improvement recommendations exclude recommendations to apologise and other accountability recommendations. During the year, recommendations were due to be met by 312 providers. 303 (97%) were fully met. A further

[5] This target for measuring full compliance with all HDC recommendations was initially set in the 2014/15 SPE. At that time HDC sought 100% compliance. Since that time it has become apparent that in a small minority of cases providers will not respond to HDC's recommendations and there is not a viable option for HDC to seek enforcement. In the 2016/17 SPE HDC has reduced the target to 97% to reflect this.

Output 1.2 — Quality Improvement			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
			three are ongoing, with engagement from the providers. Four were partially met, and on only two has there been no compliance. One of these involved a non-regulated provider who had been found to have breached the Code for her failure to appreciate her professional responsibilities. HDC monitors compliance on all files where we have made a recommendation by seeking evidence of the changes made. Where the level of compliance is not satisfactory, HDC does not record it as fully met. The target has been recognised as partially achieved because all but two providers have either fully or partially met the quality improvement recommendations (as per the details above). 99.4% compliance.

Output Class 2 — Advocacy

Advocacy Output 2.1 — Complaints Management			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
Efficiently and appropriately resolve complaints.	Assume 3,600 to 3,800 complaints will be received. • Close an estimated 3,600 to 3,800 complaints. Manage complaints so that: • 85% are closed within 3 months. • 95% are closed within 6 months. • 100% are closed within 9 months.	Receive an estimated 3,800 complaints. • Close an estimated 3,800 complaints. Manage complaints so that: • 85% are closed within 3 months. • 95% are closed within 6 months. • 100% are closed within 9 months.	3,635 new complaints were received by advocates in this reporting year. This represented 96% of the estimated complaints expected. During the year 2014/15, 3,679 complaints were closed. • 87% were closed within 3 months. • 99.3% were closed within 6 months. • 100% were closed within 9 months.
Consumers and providers are satisfied with Advocacy's complaints management processes.	Undertake a yearly consumer satisfaction survey with 80% of respondents satisfied with Advocacy's complaint management processes. Undertake a yearly provider satisfaction survey with 80% of respondents satisfied with Advocacy's complaint management processes.	Undertake a twice yearly consumer satisfaction survey with 80% of respondents satisfied with Advocacy's complaint management processes. Undertake a twice yearly provider satisfaction survey with 80% of respondents satisfied with Advocacy's complaint management processes.	93.5% of consumers and 85.5% of providers who have dealt with the Advocacy Service said they were satisfied with the service and the professionalism of the advocate.

Advocacy Output 2.2 — Access to Advocacy			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
Vulnerable consumers (in aged care facilities and residential disability services) have access to advocacy and regular visits from advocates.	Advocates visit 95% of certified aged care facilities at least once with multiple visits to facilities as required. Advocates visit 95% of certified residential disability services at least once with multiple visits to facilities as required.	Advocates visit 75% of certified aged care facilities at least once with multiple visits to facilities as required. Advocates visit 75% of certified residential disability services at least once with multiple visits to facilities as required.	100% (658) of rest homes received a visit from an advocate this year. Over 73% (486) of rest homes received a second visit from an advocate this year. 100% (994) of residential disability services received a visit from an advocate this year. Over 63% (630) of residential disability services received a second visit from an advocate this year.

Advocacy Output 2.3 — Education and Training			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
Promote awareness, respect for and observance of the rights of consumers and how they may be enforced.	Advocates provide an estimated 1,600 education sessions. Consumers and providers are satisfied with the educational sessions. Seek evaluations on sessions with 80% of respondents satisfied.	Advocates provide 1,600 education sessions. Consumers and providers are satisfied with the educational sessions. Seek evaluations on sessions with 80% of respondents satisfied.	A total of 2,252 education and training sessions have been completed this year. Satisfaction surveys showed 91% of consumers and 96% of providers were satisfied with the Advocacy Service's education or training sessions. All attendees at presentations and education sessions were provided with survey forms. From 2,252 sessions, 9,082 completed surveys were received.

Output Class 3 — Proceedings

Output 3.1 — Proceedings			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
Professional misconduct is found in disciplinary proceedings.	Professional misconduct is found in 75% of disciplinary proceedings.	Professional misconduct is found in 75% of disciplinary proceedings.	Professional misconduct was found in 60% (3 of 5) of proceedings during 2014/15.
Breach of the Code is found in HRRT proceedings.	A breach of the Code was found in 75% of HRRT proceedings.	A breach of the Code was found in 75% of HRRT proceedings.	A breach of the Code was found in 100% (5 of 5) of the HRRT proceedings during 2014/15.
An award is made where damages are sought.	An award of damages is made in 75% of cases where damages are sought.	An award of damages is made in 75% of cases where damages are sought.	80% (four proceedings involving five providers) have been resolved by negotiated agreement.
Where a restorative approach is adopted, agreement is reached between the relevant parties.	An agreed outcome is reached in 75% of cases in which a restorative approach is adopted.	An agreed outcome is reached in 75% of cases in which a restorative approach is adopted.	N/A.

Output Class 4 — Education

Education Output 4.1 — Information and Education for Providers			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
Monitor DHB complaints and provide complaint information to DHBs.	Produce six-monthly DHB complaint trend reports and provide to all DHBs. 80% of DHBs who respond to an annual feedback form find complaint trend reports useful for improving services.	Produce six-monthly DHB complaint trend reports and provide to all DHBs. 80% of DHBs who respond find complaint trend reports useful for improving services.	Produced two six-monthly DHB complaint trend reports for each DHB and provided these reports to all DHBs. 100% (19/19) of the DHBs who responded rated the first six monthly report as useful. 100% (20/20) of the DHBs who responded rated the second six monthly report as useful.
Assist DHBs to improve their complaints systems.	Provide two complaint resolution workshops for DHBs. Seek evaluations on the workshops with 80% of respondents satisfied with the session.	Provide two complaint resolution workshops for DHBs. Seek evaluations on the workshops with 80% of respondents satisfied with the session.	Two complaint resolution workshops for DHBs were held. 95% and 97% of respondents reported that they were satisfied or very satisfied with each session.
Assist primary care providers to improve their complaints systems.	Provide two complaints resolution workshops for primary care providers.	Provide two complaints resolution workshops for primary care providers.	Not reported on in last year's Annual Report.

Education Output 4.1 — Information and Education for Providers			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
	Seek evaluations on workshops with 80% of respondents satisfied with the session.	Seek evaluations on presentations with 80% of respondents satisfied with the presentation.	
Promote awareness, respect for and observance of the rights of consumers and how they may be enforced.	Provide 30 educational presentations. Consumers and health and disability service providers are satisfied with the educational presentations. Seek evaluations on presentations with 80% of respondents satisfied with the presentation.	Provide 30 educational presentations. Consumers and health and disability service providers are satisfied with the educational presentations. Seek evaluations on presentations with 80% of respondents satisfied with the presentation.	59 educational presentations were made - this represents 197% of the annual estimated volume. 100% of respondents (59 of 59) who provided feedback reported that they were satisfied with the presentations.
	Make public statements and publish reports in relation to matters affecting the rights of consumers: Produce and publish on the HDC website key Commissioner decision reports and related articles. Report on total number.	Make public statements and publish reports in relation to matters affecting the rights of consumers: Produce and publish on the HDC website key Commissioner decision reports and related articles. Report on total number.	73 decisions were published at www.hdc.org.nz for the year.

Education Output 4.2 — Other Education			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
HDC engages in sector education through making submissions on relevant policies, standards, professional codes, and legislation.	HDC makes at least 10 submissions.	HDC makes at least 10 submissions.	11 submissions were made during the year.
HDC responds formally to queries from consumers, providers and other agencies about the Act, the Code and consumer rights under the Code.	At least 40 formal responses to enquiries provided.	At least 40 formal responses to enquiries provided.	60 formal responses to enquiries were provided during the year.

Output Class 5 — Disability

Disability Output 5.1 — Disability Education			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
Promote awareness, respect for and observance of the rights of disability consumers.	Publish educational resources for disability consumers and disability service providers on the HDC website (and accessible to people who use "accessible software"). At least two new educational resources will be available in plain English.	Publish educational resources for disability consumers and disability service providers on the HDC website (and accessible to people who use "accessible software"). At least two new educational resources will be available in plain English.	In 2014/2015, HDC worked collaboratively with Enabling Good Lives Christchurch to publish three separate resources for young disabled people entering the pilot Enabling Good Lives (EGL) demonstration programme in Christchurch. The three resources were written in plain English (in particular avoiding technical language and jargon). The resources, which are posted on HDC's website, recognise the challenges disabled consumers face with community-based service delivery and include basic information and everyday examples on the following topics: • "Starting out Right — What you and your employees need to know about your rights".

Disability Output 5.1 — Disability Education			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
			• "Personal space — Having service providers in your home". • "Sorting things out — Problems and complaints". It is anticipated that the resources will be taken up by disabled people nationally. In 2014/2015, HDC also worked in partnership with People First NZ to produce a peer-to-peer Code of Rights video education resource for people with a learning disability. The resource provides information on the Code of Rights and how to make a complaint, and is available on both HDC's and People First's website.
	Facilitate four regional consumer seminars. Consumers are satisfied with the seminars: • Seek evaluations on seminars with 80% of respondents satisfied.	Facilitate four regional consumer seminars. Consumers are satisfied with the seminars: • Seek evaluations on seminars with 80% of respondents satisfied.	HDC facilitated four regional consumer seminars in 2014/2015 with respondents' satisfaction reported at 86–100%.

Output Class 6 —Mental Health and Addiction Services - Systemic Monitoring and Advocacy

Mental Health and Addiction Services Output 6.1 — Systemic Monitoring and Advocacy			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
Monitoring Monitor mental health and addiction services to identify potential improvements to services	Monitor and analyse issues and trends identified by HDC complaints and the Advocacy Service. Maintain engagement with key sector stakeholders and monitor sector performance information to keep informed about service issues and trends. Determine HDC's future role in relation to the Real Time Feedback system. Provide briefings to the Minister as required.	At least 80% all DHBs use RTF to report consumer experience feedback to the MOH. Feedback from providers indicates 80% are satisfied that the system supports service improvements.	**Real Time Feedback system (RTF) for collecting information on consumer and family/whānau experience** During the year the evaluation was completed. 100% of recipients of feedback reports confirmed usefulness of the data in informing quality improvements. A national roll-out commenced and Expressions of Interest from DHBs and NGOs are being followed up. At the end of June, seven (three DHBs and four NGOs) services are using RTF and a further 15 (11 DHBs and four NGOs) have committed to commence implementation or use of the system by December 2015.

Mental Health and Addiction Services Output 6.1 — Systemic Monitoring and Advocacy			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
			Proposed changes to the administration of RTF are being considered as part of the plan to move RTF from a project to business as usual. An RTF workshop was held in June. The purpose of the workshops are to bring current users of RTF and interested parties together for information sharing, feedback and discussion on the use of the system to inform service improvement.
Advocacy Advocate for improvements to mental health and addictions services	Make recommendations and educational comments to providers (and other organisations or individuals) when resolving complaints to improve the quality of mental health and addiction services and complaints resolution processes. Monitor compliance with the implementation of	The MHC will make recommendations and educational comments to providers when resolving complaints to improve quality of Mental Health and Addiction services and monitor compliance with the implementation of recommendations and encourage better management of complaints by providers:	Not reported on in last year's Annual Report.

Mental Health and Addiction Services Output 6.1 — Systemic Monitoring and Advocacy			
Performance Measures	**Measurement Standards**		
	SPE 2016/17 Target	**2015/16 Comparatives**	**2014/15 Actual**
	recommendations: 97%[6] compliance Provide briefings or make recommendations or suggestions to any person or organisation in relation to issues or trends identified in HDC's monitoring of mental health and addiction services.	• Providers make quality improvements as a result of HDC recommendations and/ or educational comments. Audit a sample of providers to verify their compliance with HDC quality improvement recommendations: 100% compliance.	

[6] This target for measuring full compliance with all HDC recommendations was initially set in the 2014/15 SPE. At that time HDC sought 100% compliance. Since that time it has become apparent that in a small minority of cases providers will not respond to HDC's recommendations and there is not a viable option for HDC to seek enforcement. In the 2016/17 SPE HDC has reduced the target to 97% to reflect this.

2.2 Reporting

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

- progress on our operations, including commentary on any significant variations from objectives and measures in our Statement of Performance Expectations relevant to the quarter;
- an update on key operations, identifying any emerging risks and how these are being managed, and providing a commentary on any significant variation from the objectives and measures in the Commissioner's Statement of Performance Expectations;
- current financial reports in the same format as the agreed Forecast Financial Statements prepared on an accrual basis.

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

Report	Period covering	Due Date
Quarter 1	1 July 2016–30 September 2016	31 October 2016
Quarter 2	1 October 2016–31 December 2016	31 January 2017
Quarter 3	1 January 2017–31 March 2017	30 April 2017
Quarter 4	1 April 2017–30 June 2017	31 July 2017
Annual	1 July 2016–30 June 2017	31 October 2017

2.3 Prospective Financial Statements 2016/17

2.3.1 Key Assumptions for Proposed Budget 2016/17

HDC's proposed budget will ensure that the Office of the Health and Disability Commissioner will be staffed to deal with the significant increase in the volume of complaints received while continuing to provide the same range of services. This proposed budget is based on our organisation being resourced to close 2,000 complaints annually, including 100 investigations. This is 5% higher than the 2015/16 year target.

The budget reflects a net deficit of $148k, which will be funded out of the favourable variance in the 2015/16 year. The average increase in total expenditure from 2014/15 to 2016/17 is 2.3% per annum over the two year period. The lower level of expenditure in 2015/16 is an unsustainable result largely caused by staff vacancies.

HDC continues to focus on tight control of operational costs. In 2015/16 HDC initiated a series of improvement projects. These projects are assisting the organisation to find further efficiencies which is assisting in managing costs while dealing with the increasing volume of complaints. PwC completed a baseline review in December 2015 and stated PwC had "not identified additional opportunities for costs savings/reductions, over and above those strategies currently being adopted by the organisation in managing its cost profile".

CAPITAL EXPENDITURE INTENTIONS

Electronic Complaint Database System (ECDS)
HDC is currently reviewing its investment in its core operating system to improve the efficiency and management reporting capability. Should this investment proceed it will be funded from existing reserves.

2.3.2 PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE 2017

	Proposed SPE Budget 2016/17 $000's	Full Year Forecast 2015/16 $000's	Full Year Actual 2014/15 $000's
Revenue			
Funding from the Crown	12,070	11,670	11,670
Interest revenue	68	67	57
Publications revenue	80	90	88
Other revenue	15	86	369
Total revenue	**12,233**	**11,913**	**12,184**
Expenditure			
Advocacy services	3,340	3,340	3,546
Staff costs	6,484	5,837	5,718
Occupancy	556	480	444
Travel & accommodation	195	147	168
Communications	153	146	184
Computer costs	395	393	400
Promotion & education	153	81	206
Depreciation and amortisation	215	279	238
Operating costs	845	863	882
Audit	45	44	43
Total expenditure	**12,381**	**11,610**	**11,829**
Net surplus/(deficit)	**(148)**	**303**	**355**
Total comprehensive revenue and expense	**(148)**	**303**	**355**

Note: These figures are GST exclusive

2.3.3 PROSPECTIVE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDING 30 JUNE 2017

	Proposed SPE Budget 2016/17 $000's	Full Year Forecast 2015/16 $000's	Full Year Actual 2014/15 $000's
Equity			
Accumulated surplus/(deficit)	459	607	304
Contributed capital	788	788	788
Total equity	**1,247**	**1,395**	**1,092**
Assets			
Current assets			
Bank account	770	844	344
Short-term deposits	1,000	1,000	1,000
Prepayments	90	88	93
Inventories	21	30	22
Receivables	42	32	37
Total current assets	1,923	1,994	1,496
Non-current assets			
Property, plant & equipment	212	273	316
Intangible assets	85	38	194
Total non-current assets	297	311	510
Total assets	**2,220**	**2,305**	**2,006**
Liabilities			
Current liabilities			
Employee entitlement	320	310	290
Payables	653	600	587
Total current liabilities	973	910	877
Non-current liabilities			
Lease incentive	-	-	37
Total non-current liabilities	-	-	37
Total liabilities	**973**	**910**	**914**
Net assets	**1,247**	**1,395**	**1,092**

2.3.4 PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2017

	Proposed SPE Budget 2016/17 $000's	Full Year Forecast 2015/16 $000's	Full Year Actual 2014/15 $000's
Cash flow from operating activities			
Receipts from the Crown	12,070	11,670	11,670
Interest received	68	67	52
Publications revenue	80	90	106
Other revenue	15	86	369
Payments to employees	(6,484)	(5,837)	(5,696)
Payments to suppliers	(5,622)	(5,526)	(5,899)
Net cash flow from operating activities	127	550	602
Cash flow from financing activities			
Receipts from capital contribution	-	-	-
Net cash flow from financing activities	-	-	-
Cash flows from investing activities			
Cash was provided from:			
Receipts from sale of property, plant and equipment	-	-	-
Purchase of fixed assets	(81)	(40)	(90)
Purchase of intangible assets	(120)	(10)	(173)
Net cash flow from investing activities	(201)	(50)	(263)
Net increase/(decrease) in cash and cash equivalents	(74)	500	339
Cash and cash equivalents at the beginning of the year	1,844	1,344	1,005
Cash and cash equivalents at the end of the year	**1,770**	**1,844**	**1,344**
Cash Balances in the Statement of Financial Position:			
Bank account	770	844	344
Short-term deposits	1,000	1,000	1,000
Total cash and cash equivalents	**1,770**	**1,844**	**1,344**

2.3.5 PROSPECTIVE STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2017

	Proposed SPE Budget 2016/17 $000's	Full Year Forecast 2015/16 $000's	Full Year Actual 2014/15 $000's
Balance at 1 July	1,395	1,092	737
Total comprehensive revenue and expense for the year	(148)	303	355
Capital contribution	-	-	-
Balance at 30 June	**1,247**	**1,395**	**1,092**

2.3.6 Statement of Accounting Policies

REPORTING ENTITY

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

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.

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 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 accounting standards.

Presentation currency and rounding

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

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 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 consists 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 the 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	2 years	50%
Developed computer software	2 years	50%

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 to 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 service tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Cost allocation

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

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output. Direct costs are charged directly to

outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Indirect personnel costs are charged on the basis of estimated time incurred. Other indirect costs are assigned to outputs based on the proportion of direct staff headcount for each output.

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

Critical accounting estimates and assumptions

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

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

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

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

- physical inspection of assets; and
- asset replacement programmes.

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

Critical judgements in applying accounting policies

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

Lease classification

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

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

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

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

Statement of Changes in Accounting Policies

There have been no changes in existing accounting policies.