



INDEPENDENT AUDITOR'S REPORT

Clinical Excellence Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Clinical Excellence Commission (the Commission), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Commission's financial position, financial performance and cash flows

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Commission in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Presentation of Budget Information

Without modification to the opinion expressed above, I draw attention to the basis of presenting adjustment budget information detailed in Note 27. The note states that AASB1055 'Budgetary Reporting' is not applicable to the Commission. It also states that unlike the requirement in AASB1055 'Budgetary Reporting' to present original budget information, the Commission's financial statements present adjusted budget information.

Chief Executive's Responsibilities for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and Treasurer's Directions. The Chief Executive's responsibility also includes such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the Commission's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

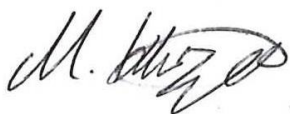
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar6.pdf . The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Commission carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

6 October 2021
SYDNEY

Clinical Excellence Commission

Statement by the Accountable Authority

for the period ended 30 June 2021



We state, pursuant to section 7.6(4) of the Government Sector Finance Act 2018 ('the Act'):

1. The financial statements of the Clinical Excellence Commission for the period ended 30 June 2021 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the Act, the *Government Sector Finance Regulation 2018*; and
 - c. Treasurer's Directions issued under the Act.
2. The financial statements present fairly the Clinical Excellence Commission's financial position as at 30 June 2021 and the financial performance and the cash flows for the year then ended; and
3. We are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink that reads 'Carrie Marr'.

Carrie Marr

Chief Executive

30 September 2021

A handwritten signature in black ink that reads 'Brian McCaughan'.

Associate Professor Brian McCaughan

Board Chair

30 September 2021

Clinical Excellence Commission

Statement of Comprehensive Income for the period ended 30 June 2021

		Consolidated Actual 2021 \$000	Consolidated Budget ¹ 2021 \$000	Consolidated Actual 2020 \$000	Parent Actual 2021 \$000	Parent Actual 2020 \$000
	Notes					
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	15,797	15,271	15,287	-	-
Personnel services	3	-	-	-	15,303	14,067
Other expenses	4	3,704	3,105	2,510	3,704	2,510
Depreciation and amortisation	5	299	293	1,084	299	1,084
Grants and subsidies	6	924	964	827	924	827
Finance costs	7	1	-	5	1	5
Total expenses excluding losses		20,725	19,633	19,713	20,231	18,493
Revenue						
NSW Ministry of Health recurrent allocations	9	19,835	18,895	18,530	19,835	18,530
NSW Ministry of Health capital allocations	9	85	85	85	85	85
Acceptance by the Crown ² of employee benefits	12	494	471	1,220	-	-
Sale of goods and services from contracts with customers	10	5	40	21	5	21
Grants and other contributions	11	74	4	-	74	-
Other income	13	-	12	11	-	11
Total revenue		20,493	19,507	19,867	19,999	18,647
Operating result		(232)	(126)	154	(232)	154
Gains / (losses) on disposal	14	17	-	(5)	17	(5)
Net result from continuing operations	25	(215)	(126)	149	(215)	149
TOTAL COMPREHENSIVE INCOME		(215)	(126)	149	(215)	149

¹ Unaudited adjusted budget, see Note 27.

² Crown represents "The Crown in right of the State of New South Wales"

The accompanying notes form part of these financial statements.

Clinical Excellence Commission

Statement of Financial Position as at 30 June 2021

	Notes	Consolidated Actual 2021 \$000	Consolidated Budget ¹ 2021 \$000	Consolidated Actual 2020 \$000	Parent Actual 2021 \$000	Parent Actual 2020 \$000
ASSETS						
Current assets						
Cash and cash equivalents	15	50	50	129	50	129
Receivables	16	275	128	268	275	268
		325	178	397	325	397
Total current assets		325	178	397	325	397
Non-current assets						
Property, plant & equipment	17					
- Land and buildings		-	38	16	-	16
- Plant and equipment		-	-	4	-	4
Total property, plant & equipment		-	38	20	-	20
Right-of-use assets	18	17	23	123	17	123
Intangible assets	19	1,174	1,010	780	1,174	780
Total non-current assets		1,191	1,071	923	1,191	923
Total assets		1,516	1,249	1,320	1,516	1,320
LIABILITIES						
Current liabilities						
Payables	20	969	933	793	969	793
Contract liabilities	21	49	-	-	49	-
Borrowings	22	7	7	107	7	107
Provisions	23	2,973	2,705	2,707	2,973	2,707
Total current liabilities		3,998	3,645	3,607	3,998	3,607
Non-current liabilities						
Borrowings	22	11	9	18	11	18
Provisions	23	80	80	53	80	53
Total non-current liabilities		91	89	71	91	71
Total liabilities		4,089	3,734	3,678	4,089	3,678
Net assets		(2,573)	(2,485)	(2,358)	(2,573)	(2,358)
EQUITY						
Accumulated funds		(2,573)	(2,485)	(2,358)	(2,573)	(2,358)
Total Equity		(2,573)	(2,485)	(2,358)	(2,573)	(2,358)

¹ Unaudited adjusted budget, see Note 27.

The accompanying notes form part of these financial statements.

Clinical Excellence Commission

Statement of Changes in Equity for the period ended 30 June 2021

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2020		(2,358)	(2,358)
Total comprehensive income for the year		(215)	(215)
Balance at 30 June 2021		(2,573)	(2,573)

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2019		(2,507)	(2,507)
Total Comprehensive Income for the Year		149	149
Balance at 30 June 2020		(2,358)	(2,358)

The accompanying notes form part of these financial statements.

Clinical Excellence Commission

Statement of Cash Flows for the period ended 30 June 2021

	Notes	Consolidated Actual 2021 \$000	Consolidated Budget ¹ 2021 \$000	Consolidated Actual 2020 \$000	Parent Actual 2021 \$000	Parent Actual 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(14,748)	(14,506)	(14,341)	-	-
Suppliers for goods and services		(4,576)	(3,869)	(3,332)	(4,576)	(3,332)
Grants and subsidies		(1,103)	(1,143)	(981)	(1,103)	(981)
Finance costs		(1)	-	(6)	(1)	(6)
Personnel services		-	-	-	(14,748)	(14,341)
Total payments		(20,428)	(19,518)	(18,660)	(20,428)	(18,660)
Receipts						
NSW Ministry of Health recurrent allocations		19,835	18,895	18,530	19,835	18,530
NSW Ministry of Health capital allocations		85	85	85	85	85
Reimbursements from the Crown ²		261	261	450	261	450
Sale of goods and services		46	122	59	46	59
Grants and other contributions		237	118	-	237	-
Other		541	508	616	541	616
Total receipts		21,005	19,989	19,740	21,005	19,740
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	577	471	1,080	577	1,080
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		17	-	15	17	15
Purchases of property, plant and equipment and intangibles		(566)	(441)	(607)	(566)	(607)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(549)	(441)	(592)	(549)	(592)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of principal portion of lease liabilities		(107)	(109)	(601)	(107)	(601)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(107)	(109)	(601)	(107)	(601)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents	15	129	129	242	129	242
CLOSING CASH AND CASH EQUIVALENTS	15	50	50	129	50	129

¹ Unaudited adjusted budget, see Note 27.

² Crown represents "The Crown in right of the State of New South Wales"

The accompanying notes form part of these financial statements.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

1. Statement of Significant Accounting Policies

a) Reporting entity

The Clinical Excellence Commission (the CEC) was established under the provisions of the Health Services Act 1997 with effect from 18 August 2004.

The CEC is a NSW Government entity and is controlled by the NSW Ministry of Health, which is the immediate parent. The reporting entity is also controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent. The reporting entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The CEC, as a reporting entity, comprises all the entities under its control, namely:

- * The parent entity comprises all the operating activities of the CEC.
- * The Clinical Excellence Commission Special Purpose Service Entity, which was established as a Division of the CEC on 18 August 2004 in accordance with the Health Services Act 1997. This Division provides personnel services to enable the CEC to exercise its functions.

As a consequence the values in the financial statements presented herein consist of the parent entity and the consolidated entity which comprises the parent and special purpose service entity. In the process of preparing the consolidated financial statements consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2021 have been authorised for issue by the Chief Executive on 10 September 2021.

b) Basis of preparation

The CEC's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- * applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- * the requirements of the *Government Sector Finance Act 2018* (GSF Act); and
- * Treasurer's Directions issued under the GSF Act.

The financial statements of the CEC have been prepared on a going concern basis.

The Secretary of NSW Health, the Chair of the Clinical Excellence Commission Board and the Chief Executive, have agreed to service and funding levels for the forward financial year. The Statement of Service sets out the level of financial resources for public health services under the CEC's control and the source of these funds. By agreement, the Statement of Service requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the CEC fails to meet Statement of Service performance standards, the NSW Ministry of Health as the state manager can take action in accordance with annual performance framework requirements, including financial support and increased management interaction by the NSW Ministry of Health.

The negative Net Result position has mainly resulted from non-cash expenses with no revenue or funding source, which also impacts negatively on the Statement of Changes in Equity, however this treatment, which aligns with NSW Treasury arrangement and directions on Cash buffers, does not impact the CEC as a going concern.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

1. Statement of Significant Accounting Policies

Since March 2020, the NSW Government has committed more than \$4.0 billion to support NSW Health to increase its capacity and to manage the ongoing impacts of COVID-19. The 2021-22 NSW Budget included over \$30 billion for the NSW Health Cluster. This was enshrined in legislation on 28 June 2021 in Division 3 of the Appropriation Act 2021 No 18.

The CEC has received an additional \$1.02 million (2020: \$Nil) through NSW Ministry of Health allocations as financial support for COVID-19 activity, see Note 9.

Despite the impact of COVID-19, the going concern assumption remains appropriate. Reasons for this include:

- * Allocated funds, combined with other revenues earned, are adequate to pay debts as and when they become due and payable.
- * The CEC has the capacity to review the timing of NSW Ministry of Health allocation cash flows to ensure debts can be paid when they become due and payable.
- * The CEC has developed an Efficiency and Improvement Plan (EIP) which identifies revenue improvement and cost saving strategies. Benefits from the EIP are retained by the CEC and assist in meeting its overall budget target. The EIP is monitored and evaluated by the NSW Ministry of Health throughout the financial year.

Property, plant and equipment and financial assets at fair value are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management have made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars (unless otherwise stated) and are expressed in Australian currency, which is the CEC's presentation and functional currency.

c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards which include Australian Accounting Interpretations.

d) Accounting for the Goods & Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- * amount of GST incurred by the CEC as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- * receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

e) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Certain comparative information has been reclassified to ensure consistency with current year presentation and classification.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

1. Statement of Significant Accounting Policies

f) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2020-21

The accounting policies applied in 2020-21 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time as follows:

- * The CEC applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The application of AASB 1059 doesn't have any material impact on the financial statement of the CEC.
- * Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the CEC.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The CEC, has assessed the potential impact of the new standards and interpretations issued but not yet effective and have determined they are unlikely to have a material impact on the financial statements of the CEC.

g) Impact of COVID-19 on Financial Reporting for 2020-21

The COVID-19 pandemic has resulted in significant changes in the CEC activity and in the way the services are being delivered. The pandemic has also impacted financial reporting in 2020-21 and increased disclosures are presented in the following notes:

- * Note 1b) Basis of preparation
- * Note 9 NSW Ministry of Health allocations

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

2. Employee related expenses

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Salaries and wages (including annual leave and allocated days off)	13,777	12,736	-	-
Superannuation - defined benefit plans	131	113	-	-
Superannuation - defined contribution plans	1,232	1,072	-	-
Long service leave	590	1,171	-	-
Redundancies	-	126	-	-
Workers' compensation insurance	57	58	-	-
Fringe benefits tax	10	11	-	-
	15,797	15,287	-	-

Employee related costs of \$0.57 million (2020: \$0.57 million) have been capitalised in property, plant and equipment and intangible assets and are therefore excluded from the above.

3. Personnel services

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Salaries and wages (including annual leave and allocated days off)	-	-	13,777	12,736
Superannuation - defined contribution plans	-	-	1,232	1,072
Long service leave	-	-	227	64
Redundancies	-	-	-	126
Workers' compensation insurance	-	-	57	58
Fringe benefits tax	-	-	10	11
	-	-	15,303	14,067

Personnel services of Clinical Excellence Commission were provided by its controlled entity, Clinical Excellence Commission Special Purpose Service Entity.

Personnel services of \$0.57 million (2020: \$0.57 million) have been capitalised in property, plant and equipment and intangible assets and are excluded from the above.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

4. Other expenses

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Auditor's remuneration - audit of financial statements	41	39	41	39
Consultancies	150	13	150	13
Contractors	556	348	556	348
Domestic supplies and services	3	19	3	19
Food supplies	1	20	1	20
Fuel, light and power	7	38	7	38
Information management expenses	836	675	836	675
Insurance	3	2	3	2
Maintenance (see Note 4 (b))	437	82	437	82
Motor vehicle expenses	8	17	8	17
Postal and telephone costs	62	70	62	70
Printing and stationery	21	30	21	30
Staff related costs	56	102	56	102
Travel related costs	36	176	36	176
Other (see Note 4 (a))	1,487	879	1,487	879
	3,704	2,510	3,704	2,510

4. Other expenses (continued)

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
(a) Other				
Corporate support services	246	198	246	198
Courier and freight	1	7	1	7
Legal services	71	-	71	-
Membership/professional fees	34	46	34	46
Security services	-	1	-	1
Expenses relating to short-term leases	764	14	764	14
Functions	13	211	13	211
Lease expense relating to usage	31	230	31	230
Other miscellaneous	327	172	327	172
	1,487	879	1,487	879
(b) Reconciliation of total maintenance				
Maintenance contracts	2	4	2	4
New / replacement equipment under \$10,000	435	64	435	64
Repairs maintenance / non contract	-	14	-	14
	437	82	437	82

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

4. Other expenses (continued)

Recognition and Measurement

Maintenance expense

Day-to-day servicing costs or maintenance are charged as expenses as incurred except where they relate to the replacement or enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated.

Operating expenses

Operating expenses generally represent the day-to-day running costs incurred in the normal operations of the CEC. These costs are expensed as incurred. The recognition and measurement policy for non-employee related expenses is detailed in Note 20.

Insurance

The CEC's insurance activities are conducted through the NSW Treasury Managed Fund (TMF) Scheme of self-insurance for government entities. The expense / (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance for NSW, a controlled entity of the ultimate parent.

Lease expense

The CEC recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term, i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

5. Depreciation and amortisation

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Depreciation - buildings	16	96	16	96
Depreciation - plant and equipment	4	109	4	109
Depreciation - right-of-use buildings	100	600	100	600
Depreciation - right-of-use plant and equipment	7	3	7	3
Amortisation - intangible assets	172	276	172	276
	299	1,084	299	1,084

Refer to Note 17 Property, plant and equipment, Note 18 Leases, and Note 19 Intangible assets for recognition and measurement policies on depreciation and amortisation.

6. Grants and subsidies

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Grants paid to entities controlled by the immediate parent	-	10	-	10
Therapeutic Advisory Group	353	345	353	345
Other grants	571	472	571	472
	924	827	924	827

Recognition and Measurement

Grants and subsidies expense generally comprise contributions in cash or in kind to various local government authorities and not-for-profit community organisations to support their health-related objectives and activities. The grants and subsidies are expensed on the transfer of the cash or assets. The transferred assets are measured at their fair value.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

7. Finance costs

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Interest expense from lease liabilities	1	5	1	5
	1	5	1	5

* Of the interest expense from financial liabilities at amortised cost, \$Nil (2020: \$Nil) related to financial liabilities relating to service concession arrangements. Refer to Note 22 for further details on service concession arrangements.

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW General Government Sector entities.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

8. Revenue

Recognition and Measurement

Income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers (AASB 15) or AASB 1058 Income of Not-for-Profit Entities (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15. Comments regarding the accounting policies for the recognition of income are discussed below.

Under the GSF Act 2018, the CEC's own source revenue (which includes but is not limited to receipts from operating activities and proceeds from the sale of property, plant and equipment) meets the definition of deemed appropriation money under the GSF Act.

Deemed appropriation money is money received directly by the CEC which forms part of the consolidated fund and is not appropriated to the CEC by an Act.

Movement of Section 4.7 GSF Act - Deemed Appropriations

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Opening balance	129	-	129	-
Add: Appropriations deemed on 1 July 2019	-	242	-	242
Add: additions of deemed appropriations	1,104	1,140	1,104	1,140
Less: expenditure charged against deemed appropriations	1,183	1,253	1,183	1,253
	50	129	50	129

Notes

¹ 'Expenditure' refers to cash payments. The term 'expenditure' has been used for payments for consistency with AASB 1058 Income of Not-for-Profit Entities.

² Deemed appropriations is a legal concept under the GSF Act, that does not have a corresponding financial statement line item. Instead, deemed appropriations may come from various sources, such as sale of goods and services, and the corresponding revenue is disclosed in the relevant sections of these items in the financial statements.

9. NSW Ministry of Health allocations

Payments are made by the immediate parent as per the Statement of Service to the CEC and adjusted for approved supplementations, mostly for salary agreements and approved enhancement projects. The Statement of Service between the immediate parent and the CEC does not contain sufficiently specific enforceable performance obligations as defined by AASB 15 and are therefore recognised upon the receipt of cash, in accordance with AASB 1058.

The CEC recognised additional NSW Ministry of Health recurrent allocations of \$1.02 million (2020: \$Nil) and NSW Ministry of Health capital allocations of \$Nil (2020: \$Nil) to cover costs incurred for the preparation, diagnosis, treatment and vaccination of COVID-19 patients.

10. Sale of goods and services from contracts with customers

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
(a) Rendering of services comprise the following:				
Salary packaging fee	5	4	5	4
Other	-	17	-	17
	5	21	5	21

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

10. Sale of goods and services from contracts with customers (continued)

Recognition and Measurement (continued)

Rendering of services

Revenue from rendering of services is recognised when the CEC satisfies the performance obligation by transferring the promised services.

Type of service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Non-Patient services provided to staff, General community, Non-NSW Health entities and Entities controlled by the immediate parent	Various non-patient related services are provided to the members of staff, general community, non-NSW health entities and entities controlled by the immediate parent. The performance obligations for these services are typically satisfied by transferring the promised services to its respective customers. The payments are typically due within 30 days after the invoice date.	Revenue is recognised when promised services are delivered. No element of financing is deemed present as the services are made with a short credit term.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

11. Grants and other contributions

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Other grants with sufficiently specific performance obligations				
Other grants	49	-	49	-
Grants without specific performance obligations				
Other grants	25	-	25	-
	74	-	74	-

Recognition and Measurement

Grants and other contributions

Revenue from grants with sufficiently specific performance obligations are recognised when the CEC satisfies a performance obligation by transferring the promised goods or services. The CEC typically receives grants in respect of research, clinical drug trials and other community, health and wellbeing related projects. The CEC uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract. The payments are typically based on agreed timetable or on achievement of different milestones set up in the contract.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer to Note 21 for the transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the CEC obtains control over the granted assets (e.g. cash).

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

12. Acceptance by The Crown in right of the State of New South Wales (Crown) of employee benefits

The following liabilities and / or expenses have been assumed by the Crown:

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Superannuation - defined benefit plans	131	113	-	-
Long service leave provision	363	1,107	-	-
	494	1,220	-	-

13. Other income

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Other income comprises the following:				
Sponsorship	-	5	-	5
Other	-	6	-	6
	-	11	-	11

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for the period ended 30 June 2021

14. Gains / (losses) on disposal

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Gains / (losses) on disposals of:				
Property, plant and equipment				
Written down value of assets disposed	-	20	-	20
Less: proceeds from disposal	17	15	17	15
Total gains / (losses) on disposal	17	(5)	17	(5)

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for the period ended 30 June 2021

15. Cash and cash equivalents

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Cash at bank and on hand	50	129	50	129
	50	129	50	129

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	50	129	50	129
	50	129	50	129

Refer to Note 28 for details regarding credit risk and market risk arising from financial instruments.

HealthShare NSW, a controlled entity of the immediate parent makes all payments to employees and most payments to suppliers of goods and services and grants and subsidies on behalf of the CEC. These payments are reported as expenses and operating cash outflows in the financial statements of the CEC.

HealthShare NSW receives payments directly from the NSW Ministry of Health on behalf of the CEC to fund these payments. These payments are reported as revenue (NSW Ministry of Health recurrent allocations) and operating cash inflows in the financial statements of the CEC when HealthShare NSW makes these payments on behalf of the CEC.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

16. Receivables

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Trade receivables from contracts with customers	1	21	1	21
Intra health receivables	61	91	61	91
Goods and Services Tax	109	66	109	66
Other receivables	2	46	2	46
Sub total	173	224	173	224
Prepayments	102	44	102	44
	275	268	275	268
	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Contract receivables (included in Note 16)	63	112	63	112
Total contract receivables	63	112	63	112

Recognition and Measurement

All 'regular way' purchases or sales of receivables are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of receivables that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The CEC holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The CEC recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the CEC expects to receive, discounted at the original effective interest rate.

For trade receivables, the CEC applies a simplified approach in calculating ECLs. The CEC recognises a loss allowance based on lifetime ECLs at each reporting date. The CEC has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

17. Property, plant and equipment

(a) Total property, plant and equipment

PARENT AND CONSOLIDATION

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
At 1 July 2019 - fair value			
Gross carrying amount	1,631	204	1,835
Less: accumulated depreciation and impairment	1,519	71	1,590
Net carrying amount	112	133	245

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Year ended 30 June 2020			
Net carrying amount at beginning of year	112	133	245
Disposals	-	(20)	(20)
Depreciation expense	(96)	(109)	(205)
Net carrying amount at end of year	16	4	20

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

	Land and Buildings \$000	Plant and Equipment ¹ \$000	Total \$000
At 1 July 2020 - fair value			
Gross carrying amount	1,631	127	1,758
Less: accumulated depreciation and impairment	1,615	123	1,738
Net carrying amount	16	4	20

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Period ended 30 June 2021			
Net carrying amount at beginning of period	16	4	20
Depreciation expense	(16)	(4)	(20)
Net carrying amount at end of period	-	-	-

¹ For non-specialised assets with short useful lives, recognition at depreciated historical cost is regarded as an acceptable approximation of fair value, in accordance with Treasury Policy Paper 14-01.

The net carrying amount of service concession assets included in each class of property, plant and equipment as at 30 June 2021:

- land and buildings \$Nil (2020: \$Nil)
- plant and equipment \$Nil (2020: \$Nil)
- infrastructure systems \$Nil (2020: \$Nil)

During the current period, the net carrying amount of \$Nil (2020: \$Nil) for existing assets of the CEC has been reclassified as service concession assets.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

17. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the CEC

PARENT AND CONSOLIDATION

The CEC has no property, plant and equipment where it is the lessor under operating leases. All property, plant and equipment balances are for items held and used by the CEC.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Land and buildings are owned by the Health Administration Corporation. Land and buildings which are operated / occupied by the CEC are deemed to be controlled by the CEC and are reflected as such in the financial statements.

Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the CEC.

All material identifiable components of assets are depreciated separately over their useful life.

Land is not a depreciable asset. Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

Details of depreciation rates initially applied for major asset categories are as follows:

	Useful lives
Buildings - leasehold improvements	3-10 years
Plant and equipment	4-20 years

'Plant and equipment' comprises, among others, medical, computer and office equipment, motor vehicles, furniture and fittings and PODS (a detachable or self-contained unit on ambulances used for patient treatment).

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

17. Property, plant and equipment (continued)

Right-of-use assets acquired by lessees

From 1 July 2019, AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The CEC has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained in Note 18.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 140 Investment Property.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material.

The CEC assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the CEC estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated Statement of Comprehensive Income.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

18. Leases

(a) Entity as a lessee

The CEC leases various property, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes. The CEC does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the CEC and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$Nil have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extensions and termination options was an increase in recognised lease liabilities and right-of-use assets of \$Nil.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The CEC has elected to recognise payments for short-term leases and low value leases as expenses on a straight line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new and comprise mainly of small office and medical equipment items.

Right-of-use assets under leases

The following table presents right-of-use assets. There are no right-of-use assets that meet the definition of investment property.

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2020	100	24	124
Depreciation expense	(100)	(7)	(107)
Balance at 30 June 2021	-	17	17

PARENT AND CONSOLIDATION

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2019	700	-	700
Additions	-	26	26
Depreciation expense	(600)	(3)	(603)
Balance at 30 June 2020	100	23	123

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

18. Leases (continued)

(a) Entity as a lessee (continued)

Lease liabilities

The following table presents liabilities under leases.

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	2021	2020
	\$000	\$000
Balance at 1 July	125	700
Additions	-	26
Interest expenses	1	5
Payments	(108)	(606)
Balance at end of period	18	125

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the CEC is the lessee:

PARENT AND CONSOLIDATION

	2021	2020
	\$000	\$000
Depreciation expense of right-of-use assets	107	603
Interest expense on lease liabilities	1	6
Expenses relating to short-term leases	764	14
Total amount recognised in the statement of comprehensive income	872	623

The CEC had total cash outflows for leases of \$0.87 million for the period ended 30 June 2021 (2020: \$0.62 million).

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

18. Leases (continued)

(a) Entity as a lessee (continued)

Recognition and Measurement

The CEC assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The CEC recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The CEC recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer (ii) below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Buildings	1 to 5 years
Motor vehicles and other equipment	1 to 5 years

If ownership of the leased asset transfers to the CEC at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The CEC assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the CEC estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the CEC recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase option reasonably certain to be exercised by the CEC; and
- payments of penalties for terminating the lease, if the lease term reflects the CEC exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for real estate leases, the incremental borrowing rate is used. The CEC does not borrow funds in the market. Instead they receive an allocation of the appropriations from the Crown and where the Crown needs additional funding, Treasury Corporation (TCorp) goes to the market to obtain these funds. As a result, the CEC is using TCorp rates as their incremental borrowing rates. These rates are published by NSW Treasury on a regular basis.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

18. Leases (continued)

(a) Entity as a lessee (continued)

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The CEC's lease liabilities are included in borrowings in Note 22.

iii. *Short-term leases and leases of low-value assets*

The CEC applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, motor vehicles and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

iv. *Leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives*

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the CEC to further its objectives is the same as normal right-of-use assets. They are measured at cost, subject to impairment.

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for the period ended 30 June 2021

19. Intangible assets

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	Total \$000
At 1 July 2019	
Cost (gross carrying amount)	794
Less: accumulated amortisation and impairment	345
Net carrying amount	449
Year ended 30 June 2020	
Net carrying amount at beginning of year	449
Additions - acquired separately	607
Amortisation (recognised in depreciation and amortisation)	(276)
Net carrying amount at end of year	780
At 1 July 2020	
Cost (gross carrying amount)	1,402
Less: accumulated amortisation and impairment	622
Net carrying amount	780
Period ended 30 June 2021	
Net carrying amount at beginning of period	780
Additions - acquired separately	566
Amortisation (recognised in depreciation and amortisation)	(172)
Net carrying amount at end of period	1,174
At 30 June 2021	
Cost (gross carrying amount)	1,451
Less: accumulated amortisation and impairment	277
Net carrying amount	1,174

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for the period ended 30 June 2021

19. Intangible assets (continued)

Recognition and Measurement

The CEC recognises intangible assets only if it is probable that future economic benefits will flow to the CEC and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the CEC's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The CEC's intangible assets are amortised using the straight-line method over a period of four years.

Computer software developed or acquired by the CEC are recognised as intangible assets. Most computer software is acquired from eHealth NSW, a controlled entity of the immediate parent. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

20. Payables

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Accrued salaries, wages and on-costs	414	316	-	-
Payroll and fringe benefits tax	10	10	-	-
Accrued liability - purchase of personnel services	-	-	424	326
Creditors	228	23	228	23
- Payables to entities controlled by the immediate parent	207	367	207	367
- Other	110	77	110	77
	969	793	969	793

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 28.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the CEC and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

21. Contract liabilities

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Contract liabilities	49	-	49	-
	49	-	49	-

Recognition and Measurement

Contract liabilities relate to consideration received in advance from customers. The balance of the contract liabilities at 30 June 2021 was impacted by the timing of payments received for grants and other contributions. The satisfaction of the specific performance obligations within the contract had not been met at the 30 June 2021. Revenue from the contract liabilities will be recognised when the specific performance obligations have been met.

The contract liability balance has increased during the year because of the timing of payments received.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

22. Borrowings

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Lease liabilities (see Note 18)	7	107	7	107
	7	107	7	107
Non-current				
Lease liabilities (see Note 18)	11	18	11	18
	11	18	11	18

No assets have been pledged as security / collateral for liabilities and there are no restrictions on any title to property.

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in Note 28.

Recognition and Measurement

Borrowings represents interest bearing liabilities mainly raised through NSW Treasury Corporation, lease liabilities, service concession arrangement liabilities and other interest bearing liabilities.

Financial liabilities at amortised cost

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Borrowings are classified as current liabilities unless the CEC has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Refer to Note 28 (b) for derecognition policy.

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Leases \$000	Total liabilities from financing activities \$000
1 July 2019	-	-
Recognised on adoption of AASB 16	700	700
Adjusted 1 July 2019	700	700
Cash flows	(601)	(601)
New leases	26	26
30 June 2020	125	125
Recognised on adoption of AASB 1059	-	-
1 July 2020	125	125
Cash flows	(107)	(107)
30 June 2021	18	18

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

23. Provisions

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Current				
Employee benefits and related on-costs				
Annual leave - obligations expected to be settled within 12 months	1,363	1,325	-	-
Annual leave - obligations expected to be settled after 12 months	692	400	-	-
Long service leave consequential on-costs - obligations expected to be settled within 12 months	76	608	-	-
Long service leave consequential on-costs - obligations expected to be settled after 12 months	731	-	-	-
Provision for other employee benefits	111	101	-	-
Provision for personnel services liability	-	-	2,973	2,434
	2,973	2,434	2,973	2,434
Other Provisions				
Restoration costs	-	273	-	273
	-	273	-	273
Total current provisions	2,973	2,707	2,973	2,707
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	80	53	-	-
Provision for personnel services liability	-	-	80	53
Total non-current provisions	80	53	80	53
Aggregate employee benefits and related on-costs				
Provisions - current	2,973	2,434	-	-
Provisions - non-current	80	53	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 20)	414	316	-	-
Liability - purchase of personnel services	-	-	3,467	2,803
	3,467	2,803	3,467	2,803

Movements in provisions (other than employee benefits)

Movements in other provisions during the financial year, other than employee benefits, are set out below:

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Restoration costs				
Carrying amount at beginning of period	273	262	273	262
- Additional provisions recognised	-	11	-	11
- Amounts used	(273)	-	(273)	-
Carrying amount at end of period	-	273	-	273

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23. Provisions (continued)

Recognition and Measurement

Employee benefits and other provisions

Salaries and wages, annual leave, sick leave, allocated days off (ADO) and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave and ADO are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, they are required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by NSW Treasury, a controlled entity of the ultimate parent, has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. On-costs of 17.8% are applied to the value of leave payable at 30 June 2021 (comparable on-costs for 30 June 2020 were 16.2%). The CEC has assessed the actuarial advice based on the CEC's circumstances to both the annual leave and ADO and has determined that the effect of discounting is immaterial. All annual leave and ADO are classified as a current liability even where the CEC does not expect to settle the liability within 12 months as the CEC does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave and superannuation

The CEC's liability for long service leave and defined benefit superannuation (State Authorities Superannuation Scheme and State Superannuation Scheme) are assumed by The Crown in right of the State of New South Wales. The CEC accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits'.

Specific on-costs relating to long service leave assumed by The Crown in right of the State of New South Wales are borne by the CEC.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using the long-term Commonwealth Government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and Aware Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of workers' compensation insurance premiums and fringe benefits tax.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

23. Provisions (continued)

Recognition and Measurement (continued)

Other provisions

Other provisions are recognised when: the CEC has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the CEC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when the CEC has a detailed formal plan, and the CEC has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

24. Contingent liabilities and contingent assets

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The CEC is not aware of any contingent liabilities or assets which would have a material effect on the disclosures in these financial statements.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

25. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Net cash used on operating activities	577	1,080	577	1,080
Depreciation and amortisation expense	(299)	(1,084)	(299)	(1,084)
(Increase) / decrease in unearned revenue	-	14	-	14
Decrease / (increase) in provisions	(296)	(324)	(296)	(324)
Increase / (decrease) in prepayments and other assets	11	(231)	11	(231)
Decrease / (increase) in payables	(176)	699	(176)	699
Decrease / (increase) in contract liabilities	(49)	-	(49)	-
Net gain / (loss) on sale of property, plant and equipment	17	(5)	17	(5)
Net result	(215)	149	(215)	149

26. Non-cash financing and investing activities

	Consolidated 2021 \$000	Consolidated 2020 \$000	Parent 2021 \$000	Parent 2020 \$000
Property, plant and equipment acquired by a lease	-	26	-	26
	-	26	-	26

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

27. Adjusted budget review

NSW Health's budget is shown at a consolidated level when presented in parliament each year (i.e. in the NSW Government Budget Papers). The CEC's budget is not presented in parliament, therefore AASB 1055 Budgetary Reporting is not applicable. Unlike the requirement in AASB 1055 Budgetary Reporting to present original budget information, the CEC's financial statements present adjusted budget information. The adjusted budgeted amounts are drawn from the initial Service Agreements between the CEC and the NSW Ministry of Health at the beginning of the financial year, as well as any adjustments for the effects of additional supplementation provided in accordance with delegations to derive a final budget at year end (i.e. adjusted budget). The budget amounts are not subject to audit and, accordingly, the relevant budget entries in the financial statements are unaudited.

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Net result

The actual Net Result was lower than adjusted budget by \$89 thousand, primarily due to:

The net effect of Expense being unfavorable to budget by \$1.1 million and Revenue being favourable to budget by \$986 thousand.

Expense unfavorability relates to:

- COVID incremental expense that remains unfunded of \$200 thousand
- Increase in staffing cost as staff in specific teams could not take planned leave due to their involvement in COVID, increasing the ERE costs by \$300 thousand
- Additional cost associated with the Ministry's requirement for CEC to relocate to 1 Reserve Road of \$250 thousand
- Unachieved Efficiency target allocated to the CEC as part of 2020/21 Performance Agreement of \$300 thousand

Revenue favorability relates to:

- Additional recurrent allocation paid by the Ministry to cover increased cash requirement to settle payroll and creditor payments.

Assets and liabilities

The net asset position of the CEC is \$89 thousand unfavorable to the budgeted position due to the net effect of total assets being favorable by \$267 thousand and total liabilities being unfavorable by \$355 thousand.

Total asset balance is favorable due to:

- Increase in Non-current Assets (predominantly our internally developed software) by \$120 thousand
- Debtors balance being higher than anticipated by \$147 thousand

Total liability balance is unfavorable due to:

- Increase in creditors balance as well as contract liabilities relating to unearned income by \$85 thousand
- Increase in provision for employee leave entitlement by \$268 thousand

Cash flows

The net cash position remains consistent with the budgeted amount of \$50 thousand.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

27. Adjusted budget review (continued)

Movements in the level of the NSW Ministry of Health Recurrent Allocation that have occurred since the time of the initial allocation on November 2020 are as follows:

	\$000
Initial allocation	17,194
<u>Supplementary Budget Adjustments</u>	
NSW Health Safety & Quality Curriculum Implementation Partnership budget provided to LHDs/SHNs	(1,200)
Budget Retraction - Relocation to 1 Reserve Road	(100)
Serious Incident Management Implementation	700
Pregnancy and newborn Services Network (PSN) realignment of functions and resources	509
Safer Baby Bundle carbon monoxide monitoring	315
Perinatal Mortality Review Project	240
Maternity Safety Action Dashboard	218
COVID-19 Budget Relief	1,019
Balance as per Statement of Comprehensive Income	18,895

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

28. Financial instruments

The CEC's principal financial instruments are outlined below. These financial instruments arise directly from the CEC's operations or are required to finance its operations. The CEC does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The CEC's main risks arising from financial instruments are outlined below, together with the CEC's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the CEC, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed on a continuous basis.

(a) Financial instrument categories

PARENT AND CONSOLIDATION

Class	Category	Carrying Amount 2021 \$000	Carrying Amount 2020 \$000
Financial assets			
Cash and cash equivalents (Note 15)	Amortised cost	50	129
Receivables (Note 16) ¹	Amortised cost	64	158
Total financial assets		114	287
Financial liabilities			
Borrowings (Note 22)	Financial liabilities measured at amortised cost	18	125
Payables (Note 20) ²	Financial liabilities measured at amortised cost	959	783
Total financial liabilities		977	908

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 Financial Instruments: Disclosures).

The CEC determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either:

- The CEC has transferred substantially all the risks and rewards of the asset; or
- The CEC has neither transferred nor retained substantially all the risks and rewards for the asset, but has transferred control.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

28. Financial instruments (continued)

(b) Derecognition of financial assets and financial liabilities (continued)

When the CEC has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the CEC has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the CEC's continuing involvement in the asset. In that case, the CEC also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Financial risk

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the CEC. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses).

Credit risk arises from financial assets of the CEC, including cash, receivables and authority deposits. No collateral is held by the CEC. The CEC has not granted any financial guarantees.

Credit risk associated with the CEC's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

The CEC considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the CEC may also consider a financial asset to be in default when internal or external information indicates that the CEC is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the CEC.

Cash and cash equivalents

Cash comprises cash on hand and bank balances deposited within the NSW Treasury banking system. Interest is earned on daily bank balances at rates of approximately 0.00% in 2020-21 compared to 0.00% in the previous year. The TCorpIM Cash Fund is discussed in market risk below.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables, other receivables and contract assets

Collectability of trade receivables, other receivables and contract assets is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The CEC applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and contract assets.

To measure the expected credit losses, trade receivables, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

28. Financial instruments (continued)

(c) Financial risk (continued)

i. Credit risk (continued)

Accounting policy for impairment of trade receivables and other financial assets (continued)

Receivables - trade receivables, other receivables and contract assets (continued)

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The CEC has identified relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

Trade receivables, other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables, other receivables and contract assets as at 30 June 2021 and 30 June 2020 was determined as follows:

PARENT AND CONSOLIDATION

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount ¹	3	-	-	-	-	3
Expected credit loss	-	-	-	-	-	-
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount ¹	67	-	-	-	-	67
Expected credit loss	-	-	-	-	-	-

Notes

¹ The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB7 Financial Instruments: Disclosures. Therefore the 'total' will not reconcile to the receivables total in Note 16 and the contract assets total in Note NA.

The CEC is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2021 and 30 June 2020.

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Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

28. Financial instruments (continued)

(c) Financial risk (continued)

ii. Liquidity risk

Liquidity risk is the risk that the CEC will be unable to meet its payment obligations when they fall due. The CEC continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

The CEC has negotiated no loan outside of arrangements with the NSW Ministry of Health or NSW Treasury.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The CEC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The CEC has exposure to liquidity risk. However, the risk is minimised by the service agreement with the NSW Ministry of Health, as the annual service agreement requires local management to control its financial liquidity and in particular meet benchmarks for the payment of creditors. Where the CEC fails to meet service agreement performance standards, the Ministry as the state manager can take action in accordance with annual performance framework requirements, including providing financial support and increased management interaction (refer Note 1).

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. For all suppliers, that has a correctly rendered invoice, that has a matched purchase order and where goods have been received, an immediate payment is made irrespective of current contract payment terms.

For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

For other suppliers, where settlement cannot be affected in accordance with the above, e.g. due to short term liquidity constraints, contact is made with creditors and terms of payment are negotiated to the satisfaction of both parties.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

28. Financial instruments (continued)

(c) Financial risk (continued)

ii. Liquidity risk (continued)

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The table below summarises the maturity profile of the CEC's financial liabilities together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

	EIR ³ %	Nominal Amount ¹ \$000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non - Interest Bearing \$000	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
2021								
Payables:								
- Creditors ²		959	-	-	959	959	-	-
Borrowings:								
- Lease liabilities	2.8%	19	19	-	-	7	12	-
		978	19	-	959	966	12	-
2020								
Payables:								
- Creditors ²		783	-	-	783	783	-	-
Borrowings:								
- Lease liabilities	1.7%	125	125	-	-	107	18	-
		908	125	-	783	890	18	-

Notes:

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the CEC can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7 Financial Instruments: Disclosures).

³ Weighted Average Effective Interest Rate (EIR).

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

28. Financial instruments (continued)

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The CEC's exposures to market risk are primarily through interest rate risk on the CEC's borrowings and other price risks associated with the movement in the Hour Glass Investment Facilities. The CEC has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the CEC operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2020. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the CEC's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily through NSW TCorp. The CEC does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official Reserve Bank of Australia interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

However, the CEC is not permitted to borrow external to the NSW Ministry of Health (except energy loans which are negotiated through NSW Treasury). Both NSW Treasury and NSW Ministry of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

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	2021		2020	
	\$000		\$000	
	-1%	1%	-1%	1%
Net result	(0)	0	(0)	0
Equity	(0)	0	(0)	0

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

29. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2021 \$000	2020 \$000
Short-term employee benefits	82	76
Post-employment benefits	8	6
	90	82

During the financial year, Clinical Excellence Commission obtained key management personnel services from the immediate parent and incurred \$384 thousand (2020: \$377 thousand) for these services. This amount does not form part of the key management personnel compensation disclosed above.

The CEC's key management personnel comprise its board members and chief executive (or acting chief executive) from time to time during the year.

Compensation for the Minister for Health is paid by the Legislature and is not reimbursed by the NSW Ministry of Health and its controlled entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

Remuneration for the Secretary and Deputy Secretaries are paid by the NSW Ministry of Health and is not reimbursed by the health entities. Accordingly no such amounts are included in the key management personnel compensation disclosures above.

(b) Transactions with key management personnel and their close family members

CEC provided a research grant to Neuroscience Research Australia (Falls Network), where a KMP and a close family member are lead researchers. The grant application was awarded through the standard application process. Total grant awarded during the period was \$0.209 million (2020: \$0.189 million)

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2020: \$Nil).

(d) Transactions the CEC had with government related entities during the financial year

During the financial year and comparative year, the CEC entered into the various transactions with other entities consolidated as part of the NSW Ministry of Health (the immediate parent) and the NSW Total State Sector (the ultimate parent) within the normal course of business.

The following operating expenses were incurred with entities controlled by the immediate parent:

- Health Administration Corporation (includes Ambulance Service of NSW, eHealth NSW, Health Infrastructure, Health System Support Group, HealthShare NSW and NSW Health Pathology) provides shared services for the majority of information management services, and corporate support services.
- Staff related costs in relation to seconded staff and some executive salaries

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the period ended 30 June 2021

29. Related party disclosures

(d) Transactions the CEC had with government related entities during the financial year (continued)

The following operating expenses were incurred with entities controlled by the ultimate parent:

- Payroll and fringe benefits taxes
- Audit of the statutory financial statements
- Legal and consultancy services
- Motor vehicle toll expenses
- Insurance costs
- Rental costs for Property NSW leased properties

The following revenues were earned from entities controlled by the immediate parent:

- Revenue from recurrent and capital allocations

The following revenues were earned from entities controlled by the ultimate parent:

- Revenue from acceptance of long service leave liabilities and defined benefit

Assets and liabilities as follows:

- Receivables and payables in respect of the above noted related party revenue and expense transactions

30. Events after the reporting period

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

END OF UNAUDITED FINANCIAL STATEMENTS