



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 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes comprising a Statement of Material Accounting Policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

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 2024* (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).

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

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 20. The note states that AASB1055 'Budgetary Reporting' is not applicable to the Commission. It also states that unlike the requirement in AASB 1055 '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 Regulation 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

17 September 2024
SYDNEY

Clinical Excellence Commission

Statement by the Accountable Authority

for the year ended 30 June 2024



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

1. The financial statements of the Clinical Excellence Commission for the year ended 30 June 2024 have been prepared in accordance with:
 - a. Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
 - b. applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2024* ; and
 - c. Treasurer's Directions issued under the GSF Act.
2. The financial statements present fairly the Clinical Excellence Commission's financial position as at 30 June 2024 and the financial performance and 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, appearing to read 'M Nicholl'.

Adjunct Professor Michael Nicholl

Chief Executive

17 September 2024

A handwritten signature in black ink, appearing to read 'A Wilson'.

Professor Andrew Wilson

Board Chair

17 September 2024

Clinical Excellence Commission

Statement of Comprehensive Income for the year ended 30 June 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2	22,956	22,918	19,744	-	-
Personnel services	3	-	-	-	21,773	18,261
Operating expenses	4	3,779	3,793	4,574	3,779	4,574
Depreciation and amortisation	5	516	509	452	516	452
Grants and subsidies	6	468	468	612	468	612
Total expenses excluding losses		27,719	27,688	25,382	26,536	23,899
Revenue						
Ministry of Health recurrent allocations	9	24,988	25,200	23,000	24,988	23,000
Ministry of Health capital allocations	9	600	600	577	600	577
Acceptance by the Crown ² of employee benefits	12	1,183	1,191	1,483	-	-
Sale of goods and services from contracts with customers	10	5	-	12	5	12
Grants and other contributions	11	367	307	262	367	262
Total revenue		27,143	27,298	25,334	25,960	23,851
TOTAL COMPREHENSIVE INCOME		(576)	(390)	(48)	(576)	(48)

¹ Unaudited adjusted budget, see Note 20.

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 2024

		Consolidated	Consolidated	Consolidated	Parent	Parent
		Actual	Budget ¹	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Notes	\$000	\$000	\$000	\$000	\$000
ASSETS						
Current assets						
Receivables	13	316	148	147	316	147
Total current assets		316	148	147	316	147
Non-current assets						
Right-of-use assets	14	1	7	4	1	4
Intangible assets	15	1,674	1,640	1,549	1,674	1,549
Total non-current assets		1,675	1,647	1,553	1,675	1,553
Total assets		1,991	1,795	1,700	1,991	1,700
LIABILITIES						
Current liabilities						
Payables	16	1,844	1,425	1,295	1,844	1,295
Borrowings	17	-	3	3	-	3
Provisions	18	3,738	3,772	3,439	3,738	3,439
Total current liabilities		5,582	5,200	4,737	5,582	4,737
Non-current liabilities						
Provisions	18	105	105	83	105	83
Total non-current liabilities		105	105	83	105	83
Total liabilities		5,687	5,305	4,820	5,687	4,820
Net assets		(3,696)	(3,510)	(3,120)	(3,696)	(3,120)
EQUITY						
Accumulated funds		(3,696)	(3,510)	(3,120)	(3,696)	(3,120)
Total Equity		(3,696)	(3,510)	(3,120)	(3,696)	(3,120)

¹ Unaudited adjusted budget, see Note 20.

The accompanying notes form part of these financial statements.

Clinical Excellence Commission

Statement of Changes in Equity for the year ended 30 June 2024

PARENT AND CONSOLIDATION

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2023		(3,120)	(3,120)
Total comprehensive income for the year		(576)	(576)
Balance at 30 June 2024		(3,696)	(3,696)

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2022		(3,060)	(3,060)
Correction of error - long service leave calculations		(12)	(12)
Balance at 1 July 2022		(3,072)	(3,072)
Total comprehensive income for the year		(48)	(48)
Balance at 30 June 2023		(3,120)	(3,120)

The accompanying notes form part of these financial statements.

Clinical Excellence Commission

Statement of Cash Flows for the year ended 30 June 2024

	Notes	Consolidated Actual 2024 \$000	Consolidated Budget ¹ 2024 \$000	Consolidated Actual 2023 \$000	Parent Actual 2024 \$000	Parent Actual 2023 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(21,842)	(21,657)	(18,502)	-	-
Suppliers for goods and services		(3,629)	(3,985)	(4,889)	(3,629)	(4,889)
Grants and subsidies		(541)	(541)	(732)	(541)	(732)
Personnel services		-	-	-	(21,842)	(18,502)
Total payments		(26,012)	(26,183)	(24,123)	(26,012)	(24,123)
Receipts						
Ministry of Health recurrent allocations		24,988	25,201	23,000	24,988	23,000
Ministry of Health capital allocations		600	600	577	600	577
Reimbursements from the Crown ²		510	510	556	510	556
Sale of goods and services		2	1	50	2	50
Grants and other contributions		419	358	326	419	326
Other		134	118	196	134	196
Total receipts		26,653	26,788	24,705	26,653	24,705
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	641	605	582	641	582
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment and intangibles		(635)	(605)	(577)	(635)	(577)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(635)	(605)	(577)	(635)	(577)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of principal portion of lease liabilities		(6)	-	(7)	(6)	(7)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(6)	-	(7)	(6)	(7)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents		-	-	(2)	-	(2)
CLOSING CASH AND CASH EQUIVALENTS		-	-	-	-	-

¹ Unaudited adjusted budget, see Note 20.

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 year ended 30 June 2024

1. Statement of Material Accounting Policy Information

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 reporting entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The CEC is a NSW Government entity and is controlled by the Ministry of Health, which is the immediate parent. The Ministry of Health is 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 CEC is also a parent entity in its own right, as it controls the operations of the:

- * The Clinical Excellence Commission.
- * The Clinical Excellence Commission Special Purpose Service Entity which provides personnel services to the CEC to exercise its functions and was established under the provisions of the Health Services Act 1997 with effect from 18 August 2004.

The consolidated entity includes the CEC as a parent entity and the CEC Special Purpose Service Entity. The consolidated financial statements disclose balances for the parent entity and the consolidated entity.

In preparing the consolidated financial statements, 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 2024 have been authorised for issue by the Chief Executive on 17 September 2024.

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'), the *Government Sector Finance Regulation 2024*; 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.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

b) Basis of preparation (continued)

Other circumstances why the going concern assumption is appropriate 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 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 Ministry of Health throughout the financial year.

The CEC's Statement of Financial Position presents a negative equity position mainly resulting from the accumulation of non-cash expenses with no revenue or funding source. However, this treatment, which aligns with NSW Treasury arrangement and directions on Cash buffers, does not impact the CEC as a going concern.

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

The CEC has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future periods as new information comes to light on this matter.

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.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information (continued)

d) 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. These include:

- * Note 4 Operating expenses: Details of operating expenses were previously split into two tables but have now been combined into one table for a more streamlined presentation in the current year. A number of new expense lines have also been added to provide additional information, these expenses previously formed part of different expense lines. There has been no change in the total operating expense amount.

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

(i) Effective for the first time in 2023-24

The CEC applied AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates for the first time in 2023-24. The amendment requires reporting entities to disclose only 'material' accounting policies, rather than 'significant' accounting policies. This amendment has led to removal of several previously disclosed accounting policies that were not considered material.

Apart from the above noted change, the accounting policies applied in 2023-24 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards (AAS), unless NSW Treasury determines otherwise.

The following new AAS has not been applied and is not yet effective:

- * AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

AASB 2022-10 amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. For these assets, AASB 2022-10 clarifies when an entity is required to consider whether the asset's highest and best use differs from its current use, under what circumstances the asset's use is considered 'financially feasible', and when an entity should use its own assumptions as a starting point in developing unobservable inputs. AASB 2022-10 also provides guidance on how the cost approach is to be applied to measure the asset's fair value. The standard applies prospectively to annual periods beginning on or after 1 January 2024. The standard will not have a material impact on the CEC.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

2. Employee related expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	19,282	16,341	-	-
Superannuation - defined benefit plans	68	115	-	-
Superannuation - defined contribution plans	2,120	1,725	-	-
Long service leave	1,239	1,473	-	-
Redundancies	157	-	-	-
Workers' compensation insurance	79	79	-	-
Fringe benefits tax	11	11	-	-
	22,956	19,744	-	-

* Salaries and wages includes annual leave, accrued days off (ADOs) and parental leave.

Refer to Note 18 for further details on recognition and measurement of employee related expenses.

Employee related costs of \$0.64 million (2023: \$0.51 million) have been capitalised in intangible assets and are therefore excluded from the above.

3. Personnel services

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Salaries and wages*	-	-	19,282	16,341
Superannuation - defined contribution plans	-	-	2,120	1,725
Long service leave	-	-	124	105
Redundancies	-	-	157	-
Workers' compensation insurance	-	-	79	79
Fringe benefits tax	-	-	11	11
	-	-	21,773	18,261

* Salaries and wages includes annual leave, accrued days off (ADOs) and parental leave.

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

Personnel services of \$0.64 million (2023: \$0.51 million) have been capitalised in intangible assets and are excluded from the above.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

4. Operating expenses

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Advertising	2	2	2	2
Auditor's remuneration - audit of financial statements	42	47	42	47
Contractors	571	963	571	963
Corporate support services	259	241	259	241
Expenses relating to short-term leases	883	768	883	768
Information management expenses	1,096	1,338	1,096	1,338
Insurance	1	2	1	2
Legal services	5	-	5	-
Maintenance	41	6	41	6
Membership / professional fees	13	13	13	13
Motor vehicle expenses	7	7	7	7
Postal and telephone costs	1	1	1	1
Printing and stationery	16	12	16	12
Professional services (excluding consultants)	82	192	82	192
Staff related costs	29	61	29	61
Travel related costs	152	116	152	116
Other miscellaneous	579	805	579	805
	3,779	4,574	3,779	4,574

Other miscellaneous of \$0.58 million (2023: \$0.80 million) includes audiovisual expenses, capital project expenses, chaplaincy expenses, data records and storage, expenses relating to non-lease component of a lease, other intra health expenses, other management services, patient support services and translator services amongst others.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

5. Depreciation and amortisation

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Depreciation - infrastructure systems	-	-	-	-
Depreciation - right-of-use plant and equipment	6	6	6	6
Amortisation - intangible assets	510	446	510	446
	516	452	516	452

Refer to Note 14 Leases, and Note 15 Intangible assets for recognition and measurement policies on depreciation and amortisation.

6. Grants and subsidies

	Consolidated	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Grants to entities controlled by the immediate parent	14	-	14	-
Other grants	454	612	454	612
	468	612	468	612

Recognition and Measurement

Grants and subsidies expense generally comprise of 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 year ended 30 June 2024

7. Revenue

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 minor 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.

8. Summary of compliance

The Appropriation Act 2023 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$19,613 million to the Minister for Health out of the Consolidated Fund for the services of the Ministry of Health for the year 2023-24. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Ministry of Health and entities that it is administratively responsible for, including the CEC.

The lead Minister for the CEC, being the Minister for Health, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time the CEC receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the CEC. These deemed appropriations are taken to have been given for the services of the Ministry of Health.

In addition, government money that the CEC receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is also deemed appropriation moneys where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

A summary of compliance is disclosed in the financial statements of the Annual Report of the Ministry of Health. It has been prepared by aggregating the spending authorities of the Minister for Health for the services of the Ministry of Health. It reflects the status at the point in time this disclosure statement is being made. CEC's spending authority and expenditure is included in the summary of compliance.

The delegation / sub-delegations for 2024 and 2023, authorising officers of the CEC to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the CEC. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation / sub-delegations are subject to the overall authority of the Ministry of Health to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the Ministry of Health.

9. 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.

Interstate patient flows are funded through the NSW State Pool Account, based on activity and consistent with the price determined in cross border agreements. The funding is also recognised as part of the Ministry of Health recurrent allocation from the immediate parent.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

10. Sale of goods and services from contracts with customers

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
(a) Rendering of services comprise the following:				
Salary packaging fee	5	1	5	1
Fees for conferences and training	-	11	-	11
	5	12	5	12
	5	12	5	12

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

11. Grants and other contributions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Other grants with sufficiently specific performance obligations				
Commonwealth government grants other	367	262	367	262
	367	262	367	262

Recognition and Measurement

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 an agreed timetable or on achievement of different milestones in the contract.

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 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Superannuation - defined benefit plans	68	115	-	-
Long service leave provision	1,115	1,368	-	-
	1,183	1,483	-	-

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

13. Receivables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Trade receivables from contracts with customers	19	7	19	7
Intra health receivables	179	20	179	20
Goods and Services Tax	60	40	60	40
Other receivables	13	22	13	22
Prepayments	45	58	45	58
	316	147	316	147

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Contract receivables (included in Note 13)	198	30	198	30
Total contract receivables	198	30	198	30

Recognition and Measurement

Impairment

For trade receivables, the CEC applies a simplified approach in calculating Expected Credit Losses (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.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. 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 \$3,000.

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.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. Leases (continued)

(a) Entity as a lessee (continued)

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

	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2023	4	4
Reassessments	3	3
Depreciation expense	(6)	(6)
Balance at 30 June 2024	1	1

PARENT AND CONSOLIDATION

	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	10	10
Depreciation expense	(6)	(6)
Balance at 30 June 2023	4	4

Lease liabilities

The following table presents liabilities under leases.

PARENT AND CONSOLIDATION

	2024 \$000	2023 \$000
Balance at 1 July	5	10
Payments	(6)	(7)
Other adjustments	1	-
Balance at 30 June	-	3

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

	2024 \$000	2023 \$000
Depreciation expense of right-of-use assets	6	6
Expenses relating to short-term leases	883	768
Total amount recognised in the statement of comprehensive income	889	774

The CEC had total cash outflows for leases of \$0.89 million for the year ended 30 June 2024 (2023: \$0.77 million).

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

14. 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 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
Motor vehicles and other equipment	1 to 5 years

ii. Lease liabilities

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.

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.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15. Intangible assets

PARENT AND CONSOLIDATION

	Total \$000
At 1 July 2022	
Cost (gross carrying amount)	2,012
Less: accumulated amortisation and impairment	594
Net carrying amount	1,418
Total \$000	
Year ended 30 June 2023	
Net carrying amount at beginning of year	1,418
Additions - Internal Development	577
Amortisation (recognised in depreciation and amortisation)	(446)
Net carrying amount at end of year	1,549
Total \$000	
At 1 July 2023	
Cost (gross carrying amount)	2,590
Less: accumulated amortisation and impairment	1,041
Net carrying amount	1,549
Total \$000	
Year ended 30 June 2024	
Net carrying amount at beginning of year	1,549
Additions - Internal Development	635
Amortisation (recognised in depreciation and amortisation)	(510)
Net carrying amount at end of year	1,674
Total \$000	
At 30 June 2024	
Cost (gross carrying amount)	3,224
Less: accumulated amortisation and impairment	1,550
Net carrying amount	1,674

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

15. Intangible assets (continued)

Recognition and Measurement

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.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

16. Payables

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Accrued salaries, wages and on-costs	783	601	-	-
Accrued liability - purchase of personnel services	-	-	783	601
Creditors	699	450	699	450
Other creditors				
- Payables to entities controlled by the immediate parent	362	244	362	244
	1,844	1,295	1,844	1,295

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 22.

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.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

17. Borrowings

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Lease liabilities (see Note 14)	-	3	-	3
	-	3	-	3

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 22.

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 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 22 (b) for derecognition policy.

Changes in liabilities arising from financing activities

PARENT AND CONSOLIDATION

	Leases \$000	Total liabilities from financing activities \$000
1 July 2022	10	10
Cash flows	(7)	(7)
30 June 2023	3	3
1 July 2023	3	3
Cash flows	(6)	(6)
Lease reassessments	3	3
30 June 2024	-	-

Cash flows from derivatives in the above table will not reconcile to the Statement of Cash Flows as the Statement of Cash Flows presents a net cash movement of financial assets and liabilities.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

18. Provisions

	Consolidated 2024 \$000	Consolidated 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Current				
Employee benefits and related on-costs				
Annual leave				
- Obligations expected to be settled within 12 months	2,070	1,798	-	-
- Obligations expected to be settled after 12 months	401	657	-	-
Long service leave consequential on-costs				
- Obligations expected to be settled within 12 months	94	74	-	-
- Obligations expected to be settled after 12 months	852	772	-	-
Parental leave				
- Obligations expected to be settled within 12 months	196	-	-	-
Provision for other employee benefits	125	138	-	-
Provision for personnel services liability	-	-	3,738	3,439
Total current provisions	3,738	3,439	3,738	3,439
Non-current				
Employee benefits and related on-costs				
Long service leave consequential on-costs	105	83	-	-
Provision for personnel services liability	-	-	105	83
Total non-current provisions	105	83	105	83
Aggregate employee benefits and related on-costs				
Provisions - current	3,738	3,439	-	-
Provisions - non-current	105	83	-	-
Accrued salaries, wages and on-costs and salaries and wages deductions (Note 16)	783	601	-	-
Liability - purchase of personnel services	-	-	4,626	4,123
	4,626	4,123	4,626	4,123

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

18. Provisions (continued)

Recognition and Measurement

Employee benefits and other provisions

Salaries and wages, annual leave, allocated days off (ADO), parental leave, sick leave 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, ADO and parental leave 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 19.50% are applied to the value of leave payable at 30 June 2024 (comparable on-costs for 30 June 2023 were 18.70%). The CEC has assessed the actuarial advice based on the CEC's circumstances to annual leave, ADO and parental leave and has determined that the effect of discounting is immaterial. All annual leave, ADO and parental leave 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 year ended 30 June 2024

19. Contingent liabilities and contingent assets

PARENT AND CONSOLIDATION

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

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

20. 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 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.

PARENT AND CONSOLIDATION

Net result

The actual Net Result was an operating loss of \$576 thousand, which is \$186 thousand unfavorable variance to the adjusted budget, primarily due to:

- The CEC received only \$25.6 million of the allocated \$25.8 million subsidy. This difference is due to a timing issue. The final payroll for the financial year wasn't settled until 3rd July resulting in a lower cash requirement in FY23/24 and consequently, a lower subsidy drawdown.

- Excluding the CEC subsidy, there were only minor variances. Expenses were \$31 thousand higher than budgeted, and the own-source revenue was also higher than budgeted by \$65 thousand primarily due to the National Preterm Birth Prevention Program.

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

	\$000
Initial allocation	23,134
Supplementary Budget	
MatIQ	1,200
Board Remuneration Budget from ACI	99
Medicines and Therapeutics Optimisation Program	530
Rapid Patient Experience Survey Trial	150
1 Reserve Road (1RR) Rental	1,198
Safety & Quality Essentials Pathways Implementation Partnerships	(1,200)
NSW Medicines Formulary publishing platform (Individual Patient Use approvals)	52
Superannuation Adjustment	38
NSW Biostatistician Trainee Program Placement	(57)
Paid Parental Leave	25
NSW Health System Advisory Council Membership	29
Stronger Communities Investment Pool Escalation	2
Balance as per Statement of Comprehensive Income	25,200

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

21. 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	Consolidated	Parent	Parent
	2024	2023	2024	2023
	\$000	\$000	\$000	\$000
Net cash used on operating activities	641	582	641	582
Depreciation and amortisation expense	(516)	(452)	(516)	(452)
Decrease / (increase) in provisions	(322)	(51)	(322)	(51)
Increase / (decrease) in prepayments and other assets	29	(57)	29	(57)
Decrease / (increase) in payables	(408)	(70)	(408)	(70)
Net result	(576)	(48)	(576)	(48)

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. 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	Carrying
		Amount	Amount
		2024	2023
		\$000	\$000
Financial assets			
Receivables (Note 13) ¹	Amortised cost	211	49
Total financial assets		211	49
Financial liabilities			
Borrowings (Note 17)	Financial liabilities measured at amortised cost	-	3
Payables (Note 16) ²	Financial liabilities measured at amortised cost	1,844	1,295
Total financial liabilities		1,844	1,298

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 year ended 30 June 2024

22. 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 CEC has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the CEC could be required to repay.

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.

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.

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.

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. Financial instruments (continued)

(c) Financial risk (continued)

i. Credit risk (continued)

The CEC is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2024 and 30 June 2023.

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 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 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 of Health 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 have a correctly rendered invoice, 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.

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Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

22. 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

	Interest Rate Exposure				Maturity Dates			
	EIR ³ %	Nominal Amount ¹ \$000	Fixed	Variable	Non -	< 1 Yr \$000	1-5 Yr \$000	> 5Yr \$000
			Interest Rate \$000	Interest Rate \$000	Bearing Interest \$000			
2024								
Payables:								
- Creditors ²		1,844	-	-	1,844	1,844	-	-
Borrowings:								
- Lease liabilities	6.62%	1	1	-	-	1	-	-
		1,845	1	-	1,844	1,845	-	-
2023								
Payables:								
- Creditors ²		1,295	-	-	1,295	1,295	-	-
Borrowings:								
- Lease liabilities	2.8%	3	3	-	-	3	-	-
		1,298	3	-	1,295	1,298	-	-

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 AASB 7 Financial Instruments: Disclosures).

³ Weighted Average Effective Interest Rate (EIR).

Clinical Excellence Commission

Notes to and forming part of the Financial Statements

for the year ended 30 June 2024

23. Related party disclosures

PARENT AND CONSOLIDATION

(a) Key management personnel (KMP) compensation

Key management personnel compensation is as follows:

	2024	2023
	\$000	\$000
Short-term employee benefits	141	124
Post-employment benefits	15	13
	156	137

During the financial year, Clinical Excellence Commission obtained key management personnel services from the immediate parent and incurred \$417 thousand (2023: \$412 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 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 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 \$0.208 million (2023: \$0.209 million).

(c) Transactions with the ultimate parent

There were no transactions with the ultimate parent during the financial period (2023: \$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 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.
- Rental for 1 Reserve Road, St Leonards, NSW 2065
- 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 year ended 30 June 2024

23. Related party disclosures (continued)

(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
- Insurance costs

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 superannuation

Assets and liabilities as follows:

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

24. 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 AUDITED FINANCIAL STATEMENTS