



2013– 2016  
Statement of Intent

HealthShare Limited

June 2013

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## **1 Introduction**

This Statement of Intent (SOI) has been prepared by HealthShare Limited to meet the requirements of Part 4 of the Crown Entities Act 2004.

This document outlines the objectives and performance that will be delivered during 2013/14. It contains forecast information for the 2013/14 to the 2015/16 years and reflects the current environment of increasing fiscal restraint.

HealthShare's direction and agreed outcomes have been set within the context of current government expectations, national and regional sector priorities, legislative compliance and public sector accountability. HealthShare will continue to develop efficient and effective shared services, in cooperation with Midland DHBs and other agencies, to contribute towards the financial and clinical sustainability of the health and disability support services of the Midland region.

It should be noted that HealthShare is an evolving shared services organisation. However, at the time of writing this SOI, the Midland region has no plans to move additional services into HealthShare during the 2013/14 financial year.

The financial statements of HealthShare have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Public Finance Act 1989.

\_\_\_\_\_

Date:

Jim Green  
Chair

\_\_\_\_\_

Date:

Director

## 2 Nature and Scope of Activities

### 2.1 Purpose

HealthShare supports Midland District Health Boards' (DHBs) regional activity through facilitation and coordination of regional processes and the delivery of regional shared services as specified by the region's DHBs.

HealthShare does not have a direct impact on the health of the regional community. Its work in supporting clinical change through the Regional Services Plan (RSP) and the provision of effective back office services supports the region's focus on sustainable health service delivery.

### 2.2 Vision, Mission and Values

HealthShare's vision, mission and values clearly articulate HealthShare's support role in the Midland partnership.



#### Vision

Connected Midland communities through **transforming** health services

#### Mission

To serve the Midland DHBs through network coordination and support excellence by:

- working in cooperative partnerships with Midland DHBs, their constituent agencies and communities
- leading and facilitating change through national and regional programmes of work
- building a future focused organisation that finds new ways of thinking and working

#### Values

- Cooperative, forward thinking partnerships - *our relationship values*
- Professional, accountable working relationships – *our working values*
- Ethical, trustworthy personal behaviour – *our behavioural values*

## 2.3 HealthShare

HealthShare, established in 2001, is a regional Shared Services Agency jointly owned by Waikato, Bay of Plenty, Lakes, Tairāwhiti and Taranaki District Health Boards (shareholding DHBs).

Until mid 2011 HealthShare operated as a single function shared service agency with the primary purpose of assisting the Shareholding DHBs in meeting their statutory and contractual obligations to monitor the delivery and performance of services through the provision of routine third party audit programmes.

From August 2011 HealthShare has taken on an expanded role and now provides operational support to the shareholding DHBs in a number of areas identified as benefiting from a regional solution. Where HealthShare provides services to non-shareholding DHBs, (eg. third party audit and assurance) this support is provided under contract.

Shareholder DHBs determine the services that HealthShare will provide, and the level of these services, on an annual basis. These determinations are made through the Regional Services Plan, DHB Annual Plans and regional business case processes.

The 2012/13 and 2013/14 years have been planned as transition years for HealthShare while the region's DHBs determine the final form of regional services.

## 2.4 Service Provision

The services provided by HealthShare cover the following broad areas:

- Activities that support future regional direction and change through the development of regional plans
- Activities that support clinical service change through the development of new regional clinical networks
- Key functions that support and enable change through the ongoing development of the region's workforce and information systems
- Back office service provision that can drive efficiencies at a regional level, alongside new national back office shared services.

The following regional services are expected to be provided from HealthShare in 2013/14:

- Regional service planning and reporting facilitation
- Clinical Service Network development facilitation including:
  - Regional Clinical Networks
    - Midland Cancer (Bay of Plenty, Lakes, Tairāwhiti, Waikato)
    - Mental Health and Addictions
  - Clinical Network development including:

• Maternity Renal	• Stroke
• Cardiac	• Child Health
• Elective	• Rheumatic fever
• Health of Older People	• Midland Region Trauma System
• Radiology	

- Midland Region Training Network
- Workforce development support
- Regional Information Services plan implementation
- Shared services including:
  - Third party provider Audit and Assurance service
  - Regional Internal Audit service (Waikato, Lakes, Tairāwhiti, Taranaki)
  - Midland Recruitment and Selection Service
- Midland Smokefree programme.

### **3 Contribution to Regional and National Outcomes**

Within the Midland region the 5 DHBs and HealthShare are working together to deliver a clinically sustainable and financially viable health service for the region. The Regional Services Plan provides the strategic framework for this partnership.

HealthShare contributes to the Midland region through planning and facilitating regional change and by providing greater efficiencies in back office functions as a regional shared services organisation (RSSO).

The HealthShare Strategic Alignment Framework, figure 1 below, illustrates how HealthShare activities align to and support regional and national outcomes and objectives. Figure 1 is based on the Midland 2013/14 RSP performance framework.

While HealthShare is directly accountable for some regional outcomes, in particular back office efficiency outcomes, other regional change outcomes are a partnership effort between HealthShare and the region's DHBs. HealthShare is responsible for progressing commitments made in the Midland RSP.

Figure 2 identifies the key accountabilities within the Midland region for HealthShare workstreams. The nature of the impact on health outcomes, by HealthShare activity, is also mapped against Government and Ministry of Health priorities.

A continuous focus on three key outcomes will see HealthShare successful in achieving its role in the Midland region.

1. New ways of planning and working together as a region
2. Coordinated regional networks and activities
3. Effective regional shared services

To drive the above outcomes HealthShare:

- works in cooperative partnership with Midland DHBs
- ensures partnership accountability through the business planning and reporting process, and service level agreements for specific workstreams
- works closely with clinicians to increase the tempo of change
- has a focus on business excellence to improve services and find new ways of thinking and working
- is a future focused organisation with an interest in innovation and sector change.

### 3.1 HealthShare Strategic Alignment Framework

#### National Level as specified by the Minister / Ministry

Health & Disability System Outcomes	All New Zealanders lead longer, healthier and more independent lives		New Zealand’s economic growth is supported	
Health sector goals	Better, Sooner, More Convenient Health Services for all New Zealanders			
Policy Drivers	Regional Collaboration	Integrated Care	Value for Money	
Ministry of Health Intermediate Outcomes	Good health and independence are protected and promoted	A more unified and improved health and disability system	People receive better health and disability services	The health and disability system and services are trusted and can be used with confidence

#### Midland Region

Midland Vision	All residents of Midland District Health Boards lead longer, healthier and more independent lives				
Regional Strategic Outcomes	To improve the health of the Midland population		To reduce or eliminate health inequalities		
Regional Outcome Indicators	To increase our average life expectancy		To reduce premature death rates	To improve our amenable mortality rate	
Regional Strategic Objectives	To build the workforce	Systems Integration across the continuum of care	To improve quality across agreed regional services	To improve clinical information systems	To improve Māori Health outcomes
By focusing on these objectives, we will be able to drive change that enables us to live within our means.					

#### HealthShare

Regional Services Aim	Clinically sustainable and financially viable regional services				
Outcomes	New ways of planning and working as a region Coordinated regional networks and activities Effective regional shared services				
Performance Categories and Key Objectives	<b>Regional Planning</b> To ensure service and systems integration through co-ordinated regional planning	<b>Clinical Service Networks</b> To drive sustainable clinical improvement through the facilitation of clinician led clinical networks	<b>Workforce Development</b> To ensure a sustainable, fit for purpose, regional workforce through supported training and development programmes	<b>Information Systems</b> To build regional IS capability through the implementation of the Regional Information Services Plan	<b>Shared Services</b> To provide effective regional back office services to the Midland DHBs

Figure 1 HealthShare's alignment to regional and national outcomes

### 3.2 HealthShare's Accountability and Impact Framework



Figure 2 HealthShare's Accountability and Impact Framework

The services that HealthShare delivers to the region may continue to increase as national back office solutions are developed by HBL. HealthShare continues to liaise directly with HBL as regional business cases are nominated, developed and approved.



## 4 Governance

### 4.1 HealthShare Board and Midland relationships

HealthShare has a five member Board of Directors (Board) comprising the CE of each of the shareholding DHBs. The Midland DHBs hold equal shareholding in HealthShare. Figure 3 below depicts the current HealthShare functional structure.

The Chief Executive is accountable to the Board, through the Chairman, for the management of HealthShare and day to day operations. The Board meets monthly to monitor performance.

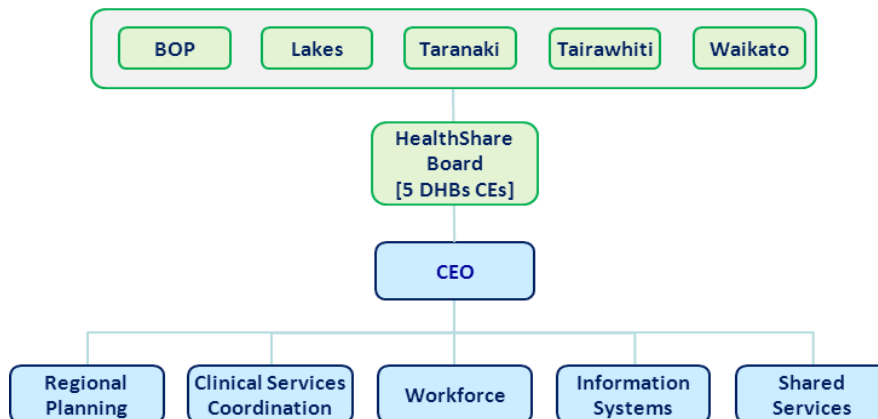


Figure 3 HealthShare functional structure

The nature of the services provided by HealthShare to the Midland region requires a close working relationship with DHB staff and key stakeholders. The key stakeholder relationship is with the regional Chief Executive forum where planning for and reporting on regional outcomes is governed and managed. HealthShare develops an annual business plan which details the specific services to be provided and associated budgets.

### 4.2 Reporting to the Minister

HealthShare does not have a direct relationship with the Minister. There is no obligation to routinely report matters to the Minister. Any relationship with the Minister, including notification of changes/capital investment, will be through the Chairs of the Shareholding DHBs. HealthShare will ensure that decision-making complies with all legislative requirements to consult with or notify the Minister of Health.

## 5 Organisation Health and Capability

### 5.1 Good Employer

HealthShare is committed to meeting its Good Employer obligations prescribed in the Crown Entities Act Part 3 Section 118. Policies and work practices ensure the fair and proper treatment of employees in all aspects of their employment including:

- Good and safe working conditions
- Equal employment opportunities
- Opportunities for the enhancement of the abilities of individual employees.

Staff development that focuses on both individual and organisational development will be a particular focus over the period of this SOI as HealthShare takes on additional functions on behalf of the region.

HealthShare is committed to promoting a healthy workplace for HealthShare staff. HealthShare acknowledges its responsibilities for health and safety management including injury prevention, the promotion of workplace health and safety and supporting rehabilitation in the event of injury. The company maintains appropriate policies and procedures to ensure compliance with the Health and Safety in Employment Amendment Act 2003 and health and safety representatives are in place.

## 5.2 Performance Management

To ensure that HealthShare's development is built on a foundation of business excellence it has made a commitment to continuous performance improvement. The company has developed a performance improvement framework (PIF) which is based on the 2010 State Services Commission (SSC) performance framework, figure 4 below. Minor modifications have been made to reflect HealthShare's core business as a shared service agency.

As part of the framework development a comprehensive self review process has been developed to assess the company's status against the following domains:

- Leadership, direction and delivery
- External relationships
- People development
- Financial and resource management.

The 2013/14 performance improvement programme focus will be based on the results from the first self assessment, undertaken in the 2012/13 year.

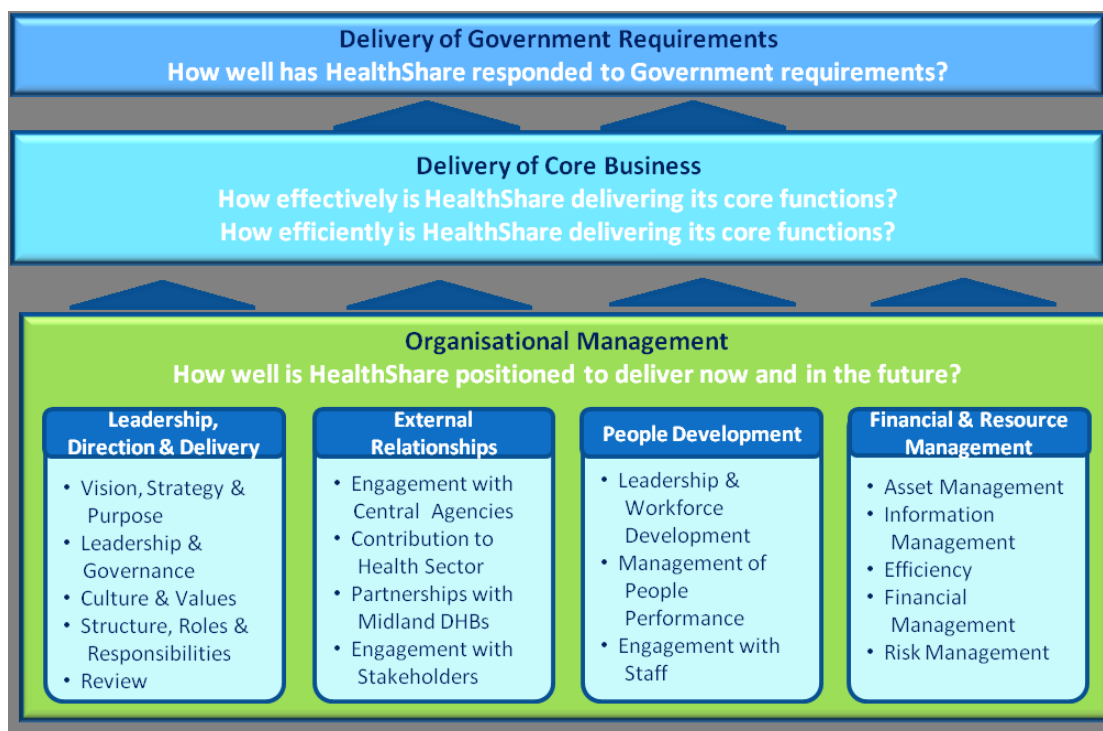


Figure 4 HealthShare's performance management framework

### **5.3 Organisational Effectiveness**

HealthShare will continue to organise its activities to ensure effective and efficient service delivery by:

- Developing an annual business plan in consultation with shareholding DHBs
- Operating its finances within an operating and cash flow budget which is approved by the Board and has been set in conjunction with the Midland Chief Executive forum
- Reporting both financial and non-financial performance through monthly Board reports
- Ensuring organisational capacity and capability is matched to shareholding DHBs and other stakeholder requirements
- Providing additional services as agreed with shareholding DHBs or other stakeholders
- Investigating intra and inter regional opportunities to provide efficiency and effectiveness gains
- Working with Health Benefits Ltd on national shared service business cases
- Ensuring that the services HealthShare provides continue to meet shareholding DHBs' satisfaction through formal monitoring process.

HealthShare sources financial, human resources and information support from Waikato DHB to minimise infrastructural costs to the region.

## 6 Forecast Service Performance

### 6.1 Performance Framework

HealthShare's full performance framework, below, includes both the strategic alignment components identified in section 3 and the delivery components in the statement of service performance in section 6.3 following.

HealthShare's Performance Framework Component	Description of framework component
<b>Regional strategic objectives alignment</b>	Those regional objectives that are directly impacted by HealthShare's performance
<b>HealthShare key outcomes</b>	3 high level outcomes that, when achieved, will change the state of Midland regional activity
<b>Performance category (output class) and key objective</b>	5 categories and objectives that cover HealthShare's major accountabilities and detail HealthShare's role within the broader regional work
<b>Key Objectives</b>	Summary level objectives which provide focus for work to be delivered during the period of the SOI
<b>Outputs for 2013/14</b>	Specific measurable deliverables
<b>Performance measures</b>	Performance targets and the associated evidence based reporting method per output

HealthShare service delivery covers five service performance categories and the scope of its role and the type of work undertaken varies between them. It is envisaged that future growth of HealthShare will be in the category of shared services, either back office functions or activities that have a regional support/coordination focus. Effective service performance is supported by the sixth category, organisational management.

Performance Category	Key Objective
<b>Regional planning</b>	To ensure service and systems integration through co-ordinated regional planning
<b>Clinical service networks</b>	To drive sustainable clinical improvement through the facilitation of clinician led clinical networks
<b>Workforce development</b>	To ensure a sustainable, fit for purpose, regional workforce through supported training and development programmes
<b>Information systems</b>	To build regional IS capability through the implementation of the Regional Information Services Plan
<b>Shared services</b>	To provide effective regional back office services to the Midland DHBs
<b>Organisational management</b>	To ensure that HealthShare is well positioned to deliver services efficiently and effectively now and in the future

## 6.2 Service Delivery

### Regional planning

HealthShare's regional planning function provides programme expertise to undertake service planning and reporting for regional activity, as specified by the regional CEs and Chairs Group. The function facilitates the production of the RSP through active engagement of key stakeholder groups across the Midland region including the Planning & Funding Alliance Leadership Team (PFALT); clinicians; clinical service action groups; primary, secondary providers; and DHB staff.

Regional planning oversight is provided by the newly developed PFALT, an amalgamation of the previous RSP steering committee and the regional P&F GM group. This function is also responsible for quarterly RSP reporting to the National Health Board (NHB) and the region's DHBs.

### Clinical service networks

Clinical networks aim to:

- Share knowledge and information to enable informed decision making.
- Facilitate regional service quality improvement leading to better, sooner, more convenient services.
- Support innovation and infrastructure development to reduce inequalities and build capacity and capability.

The role of a network is to lead regional planning and service improvement; link to national and regional initiatives; support the achievement of health targets and policy priorities; and reduce inequalities in clinical outcomes. Midland region has networks that can be classified into three maturity levels of operation: start-up; under development and delivering services.

Start-up networks include:

- **Rheumatic fever:** A regional approach to managing some aspects of Rheumatic fever will be established in 2013/14. The key focus of the regional activity will be on education, care pathway development, and effective use of regional expertise and resources to support local initiatives and actions in reducing the incidence of rheumatic fever.
- **Child Health Services:** The regional child health service level alliance team will focus on identifying all existing child health developments and activities across the region and ensuring a regional approach and alignment of activities with national and local direction where appropriate.

Networks under development include:

- **Maternity Services:** Maternity services were identified as a vulnerable service early in the development of regional planning. There are significant workforce issues across maternity services, and opportunities exist to strengthen quality improvement activities, share resources, and standardise approaches to service delivery across the region.
- **Renal Services:** The focus of the Regional Renal Action Group will be on implementing new models of care to strengthen renal services across the Midland region. There are significant workforce issues across renal services, and opportunities exist to strengthen quality improvement activities, share resources, and standardise approaches to service delivery across the region.

- **Health of Older People:** The main aims of this work are to support ageing in place and the maintenance of a good quality of life and independence for as long as possible. The action group will focus on understanding the services available in the health of older persons sector including wrap around services, delirium and dementia services. This will also include gaining a better understanding of information that is currently being collected so that better utilisation of this is possible e.g. InterRai information.

A key driver for the 2013/2014 plan is developing and implementing a model of care, finding and flagging at risk older people and a better discharge planning model. From a clinical perspective dementia and delirium have been recognised as two streams where more consistent identification and clinical practice will have a significant impact on admission and readmission rates into acute and aged residential care services.

Finally a key area of concern for the action group is the workforce for the sector, it is large and diverse and there appears to be activity occurring that is not well understood. The action group would like to understand this activity and explore opportunities for innovation and identify workforce priorities for the region.

- **Radiology:** A multi-regional radiology group has been established and will facilitate a number of national activities. The Midland Health Network Service Level Alliance Team (SLAT) has completed significant work around the development of primary referred radiology guidelines. The Midland Region Radiology Network will build on the work of the SLAT, implement appropriate national initiatives, and consider broader regional radiology issues.
- **Cardiology/cardiac services:** The Midland Region Cardiac Network will focus on activities that work towards ensuring equitable access to cardiac care across the Midland Region. The focus will be on making a difference to population health outcomes and inequalities through a cardiology pathway strongly rooted across the continuum of care from prevention through to specialist care, inclusive of cardiac rehabilitation. Further development of the acute coronary syndrome (ACS) pilot is a major focus area for this network.
- **Elective Services:** Regional activity will focus on best use of regional expertise and capacity to support delivery of elective services across the Midland region. Service improvement will be supported by regional referral pathways, clinical networks and consistently applied access criteria.
- **Stroke Services:** The regional work will focus on supporting national and local work through collegial support, troubleshooting and alignment of practice, protocols and systems where possible. The network will consider a number of metrics to monitor the quality of stroke care and services in the region. These will include; readmission rates post stroke, admission rates to aged residential care, thrombolysis rate, the percentage of stroke patients cared for in a stroke unit and bench marking rehabilitation data.

There will also be a strong focus on education for stroke clinicians and the wider clinical community. This will include regular study days and networking, online learning, a skills and knowledge framework (supported nationally), a regional case review forum, a lead stroke nurse's forum and education resources available for use by Maori health key workers.

Finally the network would like to explore a telestroke service pilot as a possible model to support DHB clinicians with smaller numbers of stroke presentations for thrombolysis.

- **Midland Region Trauma Service:** Midland Regional Trauma System (MRTS) was launched in March 2010 by the Minister of Health with the aim of ensuring consistent application of best practice in care to trauma patients across the Midland Region.

The function of the trauma teams is to provide support to major trauma patients and their families by visiting them as soon as possible after admission and performing multidisciplinary needs assessments, developing individual risk profiles and ensuring that the input of all departments and subspecialties are maximised within a comprehensive holistic framework.

The core group provides ongoing professional support and clinical advice as required, administers the central trauma registry and Trauma Quality Improvement Programme (TQIP) based on registry data and manages the MRTS education programme.

#### Networks delivering services include:

- **Midland Cancer Network:** The network has a leadership, facilitation and coordination role with cancer continuum stakeholders to reduce the incidence, inequalities and impact of cancer and improve the patient experience and outcomes. As required Midland Cancer Network also has a lead network function supporting the national work programme.
- **Mental Health Services:** The network exists to lead regional planning and delivery and to reduce inequalities in mental health and addiction outcomes.

#### **Workforce development**

Workforce development in the Midland region is delivered as a cooperative function across the 5 DHBs and HealthShare. The Regional Services Plan provides the framework for the integration of activity and the identification of outcomes and accountabilities.

HealthShare has a key role, on behalf of Health Workforce NZ (HWNZ), to facilitate the work of the Midland Regional Training Network (MRTN). The Network aims to provide more effective and integrated health professional training for key sections of the workforce.

#### **Information systems**

Midland region operates a coordinated services model for IS delivery. Regional IS functions within HealthShare are responsible for regional strategic alignment of information services across the shareholding DHBs and facilitating delivery of the Regional IS Plan. Each DHB continues to run its own IS function led by a DHB CIO.

Regional IS functions drive standardisation and robust change across all regional IS programmes and initiatives. They create the environment within which regional programmes and initiatives are successful. Regional IS services are delivered from a 'lead DHB' with regional governance oversight.

As implementation of the Regional IS Plan progresses, and regional IS services are created, there may be a need for further regional IS functions to be created within HealthShare. This will utilise the capability and expertise across the region. The required resources and structures will be defined in concert with the needs of the region under the guidance of the Regional IS functions and DHB CIOs.

## **Shared Services**

During the 2013/14 year HealthShare will deliver four shared services for the Midland Region. Over the following years of this SOI this number may increase.

### Regional Internal Audit service

In line with The Minister of Health's expectation for DHBs to progress regional approaches, a team of internal audit personnel was established in July 2012 in HealthShare to service the four participating DHBs, with individual auditors based at the main site of the DHB that they predominantly service. 2013/14 will be the first year of operation for this service.

The governance and management of this shared service involves functional reporting to each DHB for DHB internal audit activity, and regional cooperation and administrative reporting for the regional function to the regional shared service, HealthShare.

Existing internal audit FTEs and current external service providers have been predominantly retained, although the use of external providers has been somewhat reduced to enable an increase in FTEs. There has been an early focus on establishing consistent systems and processes for operating the shared service.

The main aims for developing a regional Internal Audit service include:

- reducing the level of outsourced audit activity currently being contracted by DHBs at relatively expensive rates in order to reuse some of those funds to employ internal resource
- obtaining additional cost savings, revenue and productivity gains from more financial-based audits and efficiency/effectiveness reviews
- undertaking the same key audits at all DHBs thereby allowing benchmarking to reduce the overall cost as a result of increasing auditor familiarity with the subject matter and lessons learned
- achieving an increased scope of service and access to a greater range of skills, knowledge and experience, including support for new DHB staff members
- providing more standardised and effective services, including enhanced performance management, quality assurance and peer support, particularly for those DHBs currently serviced by external providers
- improving the overall cooperation and information-sharing amongst Midland DHBs.

### Third Party Audit & Assurance service

The Audit and Assurance service provides the region with a range of contract based audit services, that support DHB provider monitoring and quality improvement initiatives. The service provides an impartial Regional Fees Review facilitation service that ensures the sustainability and viability of GP services and that fee increases are fair and reasonable to patients and providers. Audit and Assurance also provides certification services as a DAA to facilities nationally.

### Regional Recruitment and Selection service

The recruitment and selection service provides Midland DHBs with an eRecruitment capability which includes a talent management platform known as Taleo and a systems administration function focused on improving the productivity and effectiveness of recruitment and selection within the region.



This service was rolled-out across the DHBs in the 2012/13 financial year and 2013/14 will be a year of further systems integration eg. with HRMIS systems; and the implementation of new functionality eg. regional RMO recruitment process.

#### Midland Smokefree programme

HealthShare facilitates the Midland Smokefree programme by engaging with stakeholder groups from across the region as they work towards the vision of 'a smokefree Midland by 2025'. These groups include DHB and provider arm services as well as community groups, Iwi and key inter-sectoral agencies. This programme is funded by the Ministry of Health.

### 6.3 Service Performance

<i>Regional planning</i>	<i>To ensure service and systems integration through co-ordinated regional planning</i>
<i>Supports HealthShare outcome</i>	<i>[2] Coordinated regional networks and activities</i>

Key objectives	Output for 2013/14	HealthShare performance measures
To facilitate the development of the RSP focusing on clinical sustainability and financial viability	<ul style="list-style-type: none"> <li>• An approved Midland region 2013/14 RSP</li> <li>• Strong stakeholder relationships with regional CEs, Midland clinical networks and DHB Planning &amp; Funding staff</li> </ul>	<ul style="list-style-type: none"> <li>• National Health Board (NHB) requirements for the regional planning process are met, <i>measured by feedback from the NHB</i></li> <li>• Effective facilitation of RSP oversight / planning processes and active engagement with key stakeholders, <i>measure - to be determined by newly developed PFALT</i></li> </ul>
To facilitate performance reporting against the RSP	<ul style="list-style-type: none"> <li>• Quarterly reports on the 2013/14 RSP to the NHB</li> <li>• Bi-monthly reports to the Chief Executive forum</li> </ul>	<ul style="list-style-type: none"> <li>• National Health Board requirements for the regional reporting process are met, <i>measured by feedback from the NHB</i></li> <li>• Regional CE reporting requirements are met, <i>measured by timeliness of reports received by the CE forum and the successful follow-up of variances</i></li> </ul>

<i>Clinical Service Networks</i>	<i>To drive sustainable clinical change through the facilitation of clinician led clinical network development</i>
<i>Supports HealthShare outcomes</i>	<i>[1] New ways of planning and working as a region</i> <i>[2] Coordinated regional networks and activities</i>

### Developing Clinical Service Networks

Key objectives	Output for 2013/14	HealthShare performance measures
<p>To facilitate regional clinical service networks currently in development:</p> <ul style="list-style-type: none"> <li>• Cardiac</li> <li>• Maternity</li> <li>• Renal</li> <li>• Elective services</li> <li>• Radiology</li> <li>• Health of older people</li> <li>• Stroke</li> <li>• Trauma</li> </ul> <p>To facilitate regional clinical service networks in start-up mode in 2013/14:</p> <ul style="list-style-type: none"> <li>• Rheumatic fever</li> <li>• Child health</li> </ul>	<ul style="list-style-type: none"> <li>• Strong engagement with Midland clinicians and key stakeholder groups</li> <li>• Well supported networks / action groups</li> <li>• Facilitation/implementation of agreed action plans as specified in the 2013/14 RSP</li> </ul>	<ul style="list-style-type: none"> <li>• Effective facilitation of network/action groups, <i>measure - to be determined by newly developed PFALT</i></li> <li>• On-going stakeholder commitment and action, <i>measured by actions reported quarterly against the 2013/14 RSP</i></li> </ul>
To proactively engage in National initiatives related to the Midland region clinical networks	<ul style="list-style-type: none"> <li>• Contribution to national clinical service initiatives to ensure alignment of national and regional work programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Constructive engagement with national programmes, <i>measured by participation in national activity as reported to the HealthShare Board</i></li> </ul>

## Mental Health & Addictions Network (MHAN)

Key objectives	Output for 2013/14	HealthShare performance measures
<p>To facilitate Mental Health and Addictions Midland programmes in the following key areas:</p> <ul style="list-style-type: none"> <li>• Eating disorders inpatient care <ul style="list-style-type: none"> <li>◦ Northern ED services review recommendations implementation</li> </ul> </li> <li>• High and complex needs <ul style="list-style-type: none"> <li>◦ H&amp;C inpatient secure beds investigation</li> </ul> </li> <li>• Forensic inpatient care <ul style="list-style-type: none"> <li>◦ National adult forensic beds process implementation</li> </ul> </li> <li>• Youth forensic implementation <ul style="list-style-type: none"> <li>◦ MOH and MSD and Youth Justice programmes</li> <li>◦ Midland model of care implementation</li> </ul> </li> <li>• Perinatal/maternal mental health and addiction <ul style="list-style-type: none"> <li>◦ Stocktake of perinatal services</li> <li>◦ Model of care development</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Strong engagement with Midland clinicians and key stakeholder groups including the regional PFALT</li> <li>• Well supported MHAN governance and work groups</li> <li>• Facilitation / implementation of agreed action plans as specified in the 2013/14 RSP</li> </ul>	<ul style="list-style-type: none"> <li>• Effective facilitation of MHAN governance/work groups, <i>measured by stakeholder assessment of HealthShare service delivery</i></li> <li>• Ongoing stakeholder commitment and action, <i>measured by actions reported quarterly against the 2013/14 RSP</i></li> </ul>
<p>To support the NGO sector with a MHAN regional data management service</p>	<ul style="list-style-type: none"> <li>• Consistent application of PRIMHD within the region</li> <li>• Implementation of agreed action plans as specified in the 2013/14 RSP</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing NGO sector support, <i>measured by actions reported quarterly against the 2013/14 RSP</i></li> </ul>

## Midland Cancer Network (MCN)

Key objectives	Output for 2013/14	HealthShare performance measures
<p>To facilitate Midland cancer control work groups and agreed action plans in the following prioritised areas:</p> <ul style="list-style-type: none"> <li>• Faster Cancer Treatment <ul style="list-style-type: none"> <li>○ Wait time indicators development</li> <li>○ Improve multidisciplinary meetings</li> <li>○ Stocktake and gap analysis audit against a national tumour standard</li> <li>○ Support care coordination</li> </ul> </li> <li>• Endoscopy improvement and colonoscopy indicators</li> <li>• Tairawhiti adult cancer service change</li> <li>• BOP radiation oncology service change (TBC)</li> <li>• Palliative care</li> <li>• Medical Oncology service development</li> </ul>	<ul style="list-style-type: none"> <li>• Strong engagement with Midland clinicians and key stakeholder groups through well supported cancer control work groups</li> <li>• Facilitation and implementation of agreed action plans as specified in the 2013/14 RSP</li> </ul>	<p>Effective regional and local work group meetings with stakeholders to support implementation, <i>measured by the number and type of work group meetings</i></p> <ul style="list-style-type: none"> <li>• Ongoing stakeholder commitment and action, <i>measured by actions reported quarterly against the 2013/14 RSP</i></li> </ul>

Workforce Development	<i>To ensure a sustainable, fit for purpose, regional workforce through supported training and development programmes</i>
Supports HealthShare outcomes	<i>[1] New ways of planning and working as a region</i> <i>[2] Coordinated regional networks and activities</i> <i>[3] Effective regional shared services</i>

Key objectives	Output for 2013/14	HealthShare performance measures
<p>To support workforce development activities defined by the Midland DHBs in the 2013/14 RSP including:</p> <ul style="list-style-type: none"> <li>• Strategies for managing an ageing workforce</li> <li>• Recruitment and retention strategies for workforces in rural areas and vulnerable services</li> <li>• Strategies for alternative workforces</li> <li>• Workforce modelling</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitation / implementation of HealthShare components of agreed action plans</li> </ul>	<ul style="list-style-type: none"> <li>• National requirements for regional workforce development activities established in RSP planning process are met, <i>measured by feedback from the NHB</i></li> <li>• Active and ongoing engagement with key stakeholders, <i>measured by stakeholder assessment of HealthShare service delivery</i></li> </ul>
<p>To facilitate the activities of the MRTN to improve access to consistent training</p> <p>Provide support the MRTN Leadership Group</p>	<ul style="list-style-type: none"> <li>• Key projects for 2013/14 include: <ul style="list-style-type: none"> <li>– PG1/2 programme standardisation</li> <li>– Implementation of three innovative clinical placements</li> <li>– Career planning for all trainees</li> </ul> </li> <li>• Briefing paper development covering: rural GPs, e-learning, RMO retention, nursing innovations and Maori healthcare</li> </ul>	<ul style="list-style-type: none"> <li>• HWNZ requirements are met, <i>measured by feedback from HWNZ</i></li> <li>• Active and ongoing engagement with key DHB stakeholders, <i>measured by stakeholder assessment of HealthShare service delivery</i></li> <li>• MRTN leadership group requirements are met, <i>measured by MRTN Leadership Group approval</i></li> </ul>

Information systems	To build regional IS capability through the implementation of the Regional Information Services Plan
Supports HealthShare outcomes	[1] New ways of planning and working as a region [3] Effective regional shared services

Key objectives	Output for 2013/14	HealthShare performance measures
Ensure that the Midland region secures optimal value and clinical outcomes across its programme and project portfolios of IT related investments at an affordable cost, with an acceptable risk profile.	<ul style="list-style-type: none"> <li>Strong, effective governance structure in place</li> <li>Strong engagement with key stakeholder groups regionally and nationally</li> <li>Aligned and prioritised IS investments</li> <li>Facilitation and implementation of prioritised initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Regional IS investment prioritised by business and clinical stakeholders based on affordability, clinical and business benefit and risk, <i>as measured by quarterly IS Portfolio reporting to the IS Executive.</i></li> </ul>
Support effective and efficient clinical practice and integrated care focused on the patient by providing clinicians with access to appropriate information and tools through a reliable, stable and trusted Clinical Workstation platform.	<ul style="list-style-type: none"> <li>Strong clinical leadership in place</li> <li>Clinical IS investment aligned to local, regional and national priorities</li> <li>Clinical Workstation regional solution implemented and live in a Midland region DHB</li> <li>Regional access to laboratory results</li> </ul>	<ul style="list-style-type: none"> <li>Clinical Information systems implementation aligned to clinical priorities, <i>as measured by actions reported to the CIS Programme Board.</i></li> </ul>
Standardised Medication Management systems implemented across the region.	<ul style="list-style-type: none"> <li>Regional Hospital Pharmacy platform implemented across Midland DHBs</li> <li>Medications Management IS investment aligned to regional and national priorities</li> <li>Integrated medications management systems implemented at Taranaki DHB</li> </ul>	<ul style="list-style-type: none"> <li>Medication Management systems implementation aligned to clinical priorities, <i>as measured by actions reported to the Medications Management Programme Board.</i></li> </ul>
All users can cooperate, contribute and consume information services in a secure and trusted environment.	<ul style="list-style-type: none"> <li>Effective regional IS service management defined in service level agreements for all regional IS services</li> <li>Regional computing platform available to support regional information services</li> <li>Regional authentication and integration services available to support regional information services</li> </ul>	<ul style="list-style-type: none"> <li>Effective provision of regional information services, <i>as measured by reporting to the IS Leadership Team of performance against agreed service levels</i></li> </ul>

*Shared Services* | *To provide effective regional back office services to the Midland DHBs*

*Supports HealthShare outcomes* | *[1] New ways of planning and working as a region*  
*[3] Effective regional shared services*

## Audit and Assurance

Key objectives	Output for 2013/14	HealthShare performance measures
To provide Midland audit services for third party provider contracts	<ul style="list-style-type: none"> <li>Planned, actioned and reported third party audit activity</li> </ul>	<ul style="list-style-type: none"> <li>Regional DHB audit and monitoring service requirements are met, <i>measured by:</i> <ul style="list-style-type: none"> <li><i>status reporting against the annual audit schedule, to the HealthShare board</i></li> <li><i>Programme reporting against the annual audit schedule, to shareholding DHBs</i></li> <li><i>Achievement of audit programme volumes</i></li> <li><i>Formal annual stakeholder satisfaction survey</i></li> </ul> </li> </ul>
To provide non DHB contract audit services	<ul style="list-style-type: none"> <li>Identify and secure efficient volumes of non DHB audit customers</li> <li>Maintain effective relationships with non DHB service providers.</li> </ul>	<ul style="list-style-type: none"> <li>Effective marketing of non DHB audit services, <i>measured by:</i> <ul style="list-style-type: none"> <li><i>Market share of Certification services</i></li> <li><i>MOH feedback on service provision</i></li> <li><i>Less than 10% of customers exit HealthShare services.</i></li> </ul> </li> </ul>
To engage with national and regional work programmes	<ul style="list-style-type: none"> <li>Proactive engagement with national and regional agencies and DHBs and participation in relevant work streams</li> <li>Secretariat services for Regional Fees Review Committee</li> </ul>	<ul style="list-style-type: none"> <li>Effective engagement with key regional / national stake-holders , <i>measured by:</i> <ul style="list-style-type: none"> <li><i>Actions reported to the HealthShare Board</i></li> </ul> </li> <li>Effective Regional Fees Review Committee secretariat services <i>measured by:</i> <ul style="list-style-type: none"> <li><i>Processes achieved within timeframes.</i></li> </ul> </li> </ul>



## Regional Internal Audit

Key objectives	Output for 2013/14	HealthShare performance measures
Reduce the level of outsourced audit activity being contracted by DHBs at relatively expensive rates in order to reuse some of those funds to employ internal resource	<ul style="list-style-type: none"> <li>• Reduction in outsourced services and related costs</li> <li>• Employment of additional internal resource</li> <li>• Increase in audit activities for relevant DHBs</li> </ul>	<ul style="list-style-type: none"> <li>• Less external cost and more internal cost overall from financial results</li> <li>• Number of in-depth reviews completed across the client DHBs from completed audit plan</li> </ul>
Obtain additional cost savings, revenue and productivity gains from more financial-based audits and efficiency / effectiveness reviews	<ul style="list-style-type: none"> <li>• Additional financial-based audits completed</li> <li>• Financial gains achieved at client DHBs</li> </ul>	<ul style="list-style-type: none"> <li>• Quantified cost savings, revenue increases or productivity / efficiency gains from relevant audits</li> </ul>
Undertake the same key audits at all DHBs thereby allowing benchmarking to reduce the overall cost as a result of increasing auditor familiarity with the subject matter and lessons learnt	<ul style="list-style-type: none"> <li>• Similar audits carried out at multiple client DHBs</li> <li>• Reduced time and cost required for applicable reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Number of audits common to multiple DHBs from completed audit plan</li> <li>• Less preparation time per audit on average from assessment of time taken per review</li> <li>• More effective audit results / reports from the number, nature and risk / efficiency ratings for report recommendations</li> </ul>
Achieve an increased scope of service and access to a greater range of skills, knowledge and experience, including support for new DHB staff members	<ul style="list-style-type: none"> <li>• Greater audit plan scope than previous years</li> <li>• Sharing of auditor skills, knowledge and experience</li> </ul>	<ul style="list-style-type: none"> <li>• More diversity and coverage in the RIA / DHB audit plans</li> <li>• Auditors' learnings determined during their performance reviews</li> </ul>
Provide more standardised and effective services, including enhanced performance management, quality assurance and peer support, particularly for those DHBs currently serviced by external providers	<ul style="list-style-type: none"> <li>• Standard processes and audit approaches applied for all client DHBs</li> <li>• Improved auditor performance, work quality and review reports</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed audit templates always used per review work-files</li> <li>• Enhanced auditor service performance determined from performance reviews</li> <li>• Positive evaluation results from client DHBs</li> </ul>
Improve the overall cooperation and information-sharing amongst all Midland DHBs across back-office functions	<ul style="list-style-type: none"> <li>• Regular sharing of key issues, risks and associated solutions amongst client DHBs</li> </ul>	<ul style="list-style-type: none"> <li>• Examples from audits or sundry work activities of shared learnings</li> </ul>

## Midland Recruitment and Selection Service

Key objectives	Output for 2013/14	HealthShare performance measures
To provide an eRecruitment service to the Midland DHBs to assist with talent management	<ul style="list-style-type: none"> <li>Consistent DHB access to the Taleo system and effective administration support</li> </ul>	<ul style="list-style-type: none"> <li>System availability – 99%; service response rated as high, <i>reported to the regional HR GMs</i></li> </ul>
To provide additional integration and functionality as specified by the DHBs, to be finalised. Possibilities include: HRMIS and RMO projects	<ul style="list-style-type: none"> <li>Interface between Taleo and the PSE payroll system</li> <li>RMO recruitment process rollout</li> </ul>	<ul style="list-style-type: none"> <li>Successful partnership between HealthShare and DHBs in the planning and implementation of agreed projects, <i>reported to the regional HR GMs</i></li> </ul>

## Midland Smokefree

Key objectives	Output for 2013/14	HealthShare (HSL) performance measures
To facilitate the establishment of the Midland Region Smokefree Leadership framework	<ul style="list-style-type: none"> <li>A Midland region Smokefree stakeholder leadership forum established with Terms of Reference</li> <li>12 Year Smokefree strategy confirmed</li> <li>Schedule of Smokefree targets confirmed to assist measurement of progress towards the 2025 smokefree vision</li> <li>Prioritisation of targets confirmed</li> <li>Implementation of actions to achieve 2013 - 14 – 15 targets</li> </ul>	<ul style="list-style-type: none"> <li>Effective facilitation of Smokefree governance/work groups and active engagement with key stakeholders, <i>measured by HSL's formal annual stakeholder satisfaction survey</i></li> <li>Ongoing stakeholder commitment and actions measured against 13/14 RSP</li> </ul>

<i>Organisational Management</i>	<i>To ensure that HealthShare is well positioned to deliver services efficiently and effectively now and in the future</i> <i>[NB: measurement categories are based on the organisational management level of the PIF, figure 3 in section 5.2]</i>
<i>Supports HealthShare outcomes</i>	<i>[1] New ways of planning and working as a region</i> <i>[3] Effective regional shared services</i>

## Leadership, Direction & Delivery

Key objectives	Output for 2013/14	HealthShare performance measures
To foster a high performance culture within HealthShare teams	<ul style="list-style-type: none"> <li>Implement the newly developed Performance Improvement Framework (PIF) across all functions</li> </ul>	<ul style="list-style-type: none"> <li>PIF implemented and all staff performance measures based on the PIF, in their individual performance plan, <i>measured by actions reported to HealthShare board</i></li> </ul>
To ensure HealthShare operates with an appropriate policy environment	<ul style="list-style-type: none"> <li>Continue the planned review/rewrite of HealthShare policies</li> </ul>	<ul style="list-style-type: none"> <li>An updated suite of organisational policies with a schedule set for future reviews, <i>measured by actions reported to HealthShare board</i></li> </ul>

## External Relationships

Key objectives	Output for 2013/14	HealthShare performance measures
To ensure constructive regional engagement with central agencies and a proactive contribution to national initiatives	<ul style="list-style-type: none"> <li>Strong engagement with key stakeholder groups on regional activities including the NHB, HWNZ, NHITB, HQSC, CIC</li> </ul>	<ul style="list-style-type: none"> <li>Effective engagement with national key stakeholders, <i>measured by feedback from central agencies</i></li> </ul>
To ensure productive partnerships with Midland region DHBs	<ul style="list-style-type: none"> <li>Well supported regional networks and action groups, with prioritised and aligned regional workstreams</li> <li>A regional stakeholder satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Effective contribution to and facilitation of regional activities and resources, <i>measured by actions reported to HealthShare board</i></li> <li>Satisfactory customer feedback, <i>measured against services delivered and proactive issue close-out</i></li> </ul>

## People Development

Key objectives	Output for 2013/14	HealthShare performance measures
To manage staff turnover	<ul style="list-style-type: none"> <li>The development of an appropriate benchmark for HealthShare staff turnover</li> </ul>	<ul style="list-style-type: none"> <li>HealthShare staff turnover %, <i>measured by actual turnover compared to benchmark set</i></li> </ul>
To engage staff in organisational and personal performance improvement	<ul style="list-style-type: none"> <li>All staff have an annual performance plan with objectives set against HealthShare's PIF</li> <li>All staff have a minimum of one performance review annually</li> </ul>	<ul style="list-style-type: none"> <li>100% of staff have a performance plan and an associated review, <i>measured by the year-end report to the HealthShare board</i></li> </ul>
To continue to develop organisational/staff capability and capacity to respond to new opportunities	<ul style="list-style-type: none"> <li>To provide professional development opportunities for all staff, with a particular focus on business excellence and change management</li> </ul>	<ul style="list-style-type: none"> <li>Professional development opportunities identified and undertaken, <i>measured by actions reported to the HealthShare board</i></li> </ul>

## Financial and resource management

Key objectives	Output for 2013/14	HealthShare performance measures
To operate within the agreed budget as defined in HealthShare's annual business plan	<ul style="list-style-type: none"> <li>Budget level set, against formal service performance specifications, through the various regional and national funder mechanisms</li> <li>Active management of budget variance</li> </ul>	<ul style="list-style-type: none"> <li>Budget levels set to enable fulfilment of service performance; variances reported and managed, <i>measured by actions reported to the HealthShare board</i></li> <li>Year end breakeven position, <i>reported to HealthShare board</i></li> </ul>
To ensure HealthShare operates with an appropriate internal control environment	<ul style="list-style-type: none"> <li>Annual audit undertaken with independent auditors</li> </ul>	<ul style="list-style-type: none"> <li>Successful auditor's report, <i>measured by an unqualified audit opinion reported to the HealthShare board</i></li> </ul>

## 7 Forecast Financial Statements

### 7.1 Prospective Statement of Financial Performance

HEALTHSHARE LIMITED						
	\$000	\$000	\$000	\$000	\$000	\$000
	2011/12 Audited Actual	2012/13 Budget	2012/13 Forecast	2013/14 Budget	2014/15 Plan	2015/16 Plan
<b>Income</b>						
Revenue	3,687	7,450	7,673	8,616	9,627	9,856
Finance Income	6	0	16	0	0	0
<b>Total Income</b>	<b>3,693</b>	<b>7,450</b>	<b>7,689</b>	<b>8,616</b>	<b>9,627</b>	<b>9,856</b>
<b>Expenses</b>						
Employee Benefits	2,192	4,188	3,738	4,802	4,922	5,045
Depreciation	6	3	13	14	14	1
Outsourced Services	624	935	976	1,721	1,764	1,808
Other Operating Costs	871	2,324	2,185	2,857	2,928	3,002
<b>Total Expenses</b>	<b>3,693</b>	<b>7,450</b>	<b>6,912</b>	<b>9,394</b>	<b>9,628</b>	<b>9,856</b>
<b>Net Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>777</b>	<b>(778)</b>	<b>(1)</b>	<b>0</b>
Gains/(Loss) on Revaluation Reserve	0	0	0	0	0	0
<b>Total Comprehensive Income for the Year</b>	<b>0</b>	<b>0</b>	<b>777</b>	<b>(778)</b>	<b>(1)</b>	<b>0</b>
Surplus/(Deficit) Attributable To:						
Crown	0	0	777	(778)	(1)	0
Minority Interest	0	0	0	0	0	0

### 7.2 Prospective Statement of Cash Flows

HEALTHSHARE LIMITED						
	\$000	\$000	\$000	\$000	\$000	\$000
	2011/12 Audited Actual	2012/13 Budget	2012/13 Forecast	2013/14 Budget	2014/15 Plan	2015/16 Plan
<b>Cash flows from Operating Activities</b>						
Cash provided from DHB's and other stakeholders	2,534	7,450	8,224	8,866	9,627	9,855
Cash provided to Employees and suppliers	2,183	7,450	7,827	9,479	9,614	9,854
<b>Net Cash flow from Operating Activities</b>	<b>351</b>	<b>0</b>	<b>397</b>	<b>(613)</b>	<b>13</b>	<b>1</b>
<b>Cash flows from Investing Activities</b>						
<i>Cash provided from:</i>						
Sale of Assets	0	0	0	0	0	0
<i>Cash applied to:</i>						
Acquisition of property, plant & equipment	36	0	0	0	0	0
<b>Net Cash flow from Investing Activities</b>	<b>(36)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flows from Financing Activities</b>						
<i>Cash provided from:</i>						
Interest on Investments	6	0	16	0	0	0
<b>Net Cash flow from Financing Activities</b>	<b>6</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>
Overall Increase/(Decrease) in Cash Held	321	0	413	(613)	13	1
Add Opening Bank & STI Balance	462	43	875	262	275	276

### 7.3 Prospective Statement of Financial Position

HEALTHSHARE LIMITED						
	\$000	\$000	\$000	\$000	\$000	\$000
	2011/12 Audited Actual	2012/13 Budget	2012/13 Forecast	2013/14 Budget	2014/15 Plan	2015/16 Plan
<b>Equity</b>						
Crown Equity	191	192	969	191	191	192
<b>Equity</b>	<b>191</b>	<b>192</b>	<b>969</b>	<b>191</b>	<b>191</b>	<b>192</b>
<b>Current Assets</b>						
Trade and Other Receivables	1,452	459	900	649	650	650
Bank & Short Term Investments (STI)	462	43	875	262	275	276
<b>Total Current Assets</b>	<b>1,914</b>	<b>502</b>	<b>1,775</b>	<b>911</b>	<b>925</b>	<b>926</b>
<b>Current Liabilities</b>						
Trade and Other Payables	1,498	53	476	376	376	375
Employee Benefits	268	263	359	359	359	359
<b>Total Current Liabilities</b>	<b>1,766</b>	<b>316</b>	<b>835</b>	<b>735</b>	<b>735</b>	<b>734</b>
<b>Net Working Capital</b>	<b>148</b>	<b>186</b>	<b>940</b>	<b>176</b>	<b>190</b>	<b>192</b>
<b>Non-Current Assets</b>						
Property, plant & equipment	43	6	29	15	1	0
<b>Non-Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>191</b>	<b>192</b>	<b>969</b>	<b>191</b>	<b>191</b>	<b>192</b>

### 7.4 Prospective Statement of Movements in Equity

HEALTHSHARE LIMITED						
	\$000	\$000	\$000	\$000	\$000	\$000
	2011/12 Audited Actual	2012/13 Budget	2012/13 Forecast	2013/14 Budget	2014/15 Plan	2015/16 Plan
<b>Total Equity at Beginning of the Year</b>	<b>191</b>	<b>192</b>	<b>192</b>	<b>969</b>	<b>192</b>	<b>192</b>
Surplus/(deficit) for the year	0	0	777	(778)	(1)	0
<b>Total recognised revenue and expenses for the year</b>	<b>191</b>	<b>192</b>	<b>969</b>	<b>191</b>	<b>191</b>	<b>192</b>
<b>Total Equity at year end</b>	<b>191</b>	<b>192</b>	<b>969</b>	<b>191</b>	<b>191</b>	<b>192</b>

## 7.5 Revenue Funding by Output Class

Performance Categories	Organisat'n'l Management	Regional Planning	Clinical Services Networks	Workforce Develop'nt	Information Systems	Shared Services	Total
Budget 2013/14	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>							
DHB Revenue	586	151	2,199	197	2,652	2,124	7,909
Other Revenue	0	0	234	250	0	222	706
Total Revenue	586	151	2,433	447	2,652	2,346	8,616
<b>Expenditure</b>							
Personnel Costs	511	124	1,946	467	246	1,509	4,803
Other Operating	365	27	928	28	2,406	838	4,591
Total Operating Costs	876	151	2,874	494	2,652	2,346	9,394
Net Surplus/(Deficit)	(290)	0	(440)	(47)	0	0	(778)
<b>Budget 2014/15</b>							
<b>Revenue</b>							
DHB Revenue	898	155	2,751	202	2,718	2,177	8,902
Other Revenue	0	0	240	256	0	228	724
Total Revenue	898	155	2,991	459	2,718	2,405	9,626
<b>Expenditure</b>							
Personnel Costs	524	127	1,993	479	252	1,546	4,922
Other Operating	374	28	951	28	2,466	858	4,705
Total Operating Costs	898	155	2,944	507	2,718	2,405	9,628
Net Surplus/(Deficit)	0	0	46	(48)	0	0	(1)
<b>Budget 2015/16</b>							
<b>Revenue</b>							
DHB Revenue	921	159	2,821	207	2,786	2,231	9,126
Other Revenue	0	0	246	263	0	233	742
Total Revenue	921	159	3,066	470	2,786	2,465	9,868
<b>Expenditure</b>							
Personnel Costs	537	130	2,043	491	259	1,585	5,045
Other Operating	383	28	975	29	2,528	880	4,823
Total Operating Costs	920	159	3,018	520	2,786	2,465	9,868
Net Surplus/(Deficit)	0	0	48	(49)	0	0	0

## **8 Statement of Accounting Policies**

HealthShare Limited was registered under the Companies Act 1993, on 24 January 2001. HealthShare Limited is a company jointly owned by Waikato, Bay of Plenty, Lakes, Taranaki and Tairāwhiti DHBs. The financial statements have been prepared in accordance with the Companies Act 1993, the Financial Reporting Act 1993 and the Public Finance Act 1989.

The general accounting principles recognised as appropriate for the measurement and reporting of financial results on a historical cost basis have been followed by the company.

The five Midland shareholding DHBs have confirmed their ongoing financial support and therefore the company is considered a going concern.

HealthShare is undertaking a capital project for e-Pharmacy on behalf of the Midland Region spanning the next two years. The final cashflow is still being collated but is estimated to be in the region of five to six million dollars of capital spend. In addition, there will be a one-off operational cost of \$1.3m and ongoing operational costs of \$0.7m per annum. The impact of the e-Pharmacy project has not been included in the financial forecast as the impact is still at an indicative stage.

### **8.1 Notes to the Financial Statements**

#### **Reporting entity**

HealthShare Limited (HealthShare) is a reporting entity for the purposes of the New Zealand Public Health and Disability Act 2000, the Financial Reporting Act 1993, the Public Finance Act 1989 and the Crown Entities Act 2004.

HealthShare is the Midland DHB's shared service organisation. HealthShare is a Public Benefit Entity, as defined under New Zealand International Accounting Standard (NZIAS) 1. Public Benefit paragraphs have been removed from this standard. Audit NZ model Financial Statements suggest referring to FRS-44.7(b).

#### **Statement of compliance**

The financial statements have been prepared in accordance with the New Zealand Public Health and Disability Act 2000, the Crown Entities Act 2004, and Generally Accepted Accounting Practice in New Zealand (NZGAAP).

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS), and other applicable Financial Reporting Standards (FRSs), as appropriate for Public Benefit Entities.

#### **Basis of preparation**

The financial statements have been presented in New Zealand Dollars (NZD), rounded to the nearest thousand. The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of land, buildings, and forward foreign exchange contracts at fair value.

The preparation of financial statements under NZIFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on



historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Changes in accounting policies**

There have been no changes in accounting policies during the financial year.

#### **Foreign currency transactions**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

#### **Budget figures**

The budget figures have been prepared in accordance with NZGAAP. They comply with NZIFRS and other applicable financial reporting standards as appropriate for Public Benefit Entities. Those standards are consistent with the accounting policies adopted by HealthShare for the preparation of these financial statements.

#### **Financial instruments**

##### **Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, interest-bearing loans and borrowings, and trade and other payables.

Non-derivative financial instruments **not at fair value** through the statement of comprehensive income are **recognised initially at fair value** plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A non-derivative financial instrument is recognised if HealthShare becomes a party to the contractual provisions of the instrument, and derecognised if HealthShare's contractual rights to the cash flows from the financial assets expire or transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the HealthShare commits itself to purchase or sell the asset. Financial liabilities are derecognised if HealthShare's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits with maturity of no more than three months from the date of acquisition. Bank overdrafts repayable on demand are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is explained in a separate note.

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently stated at their amortised cost less impairment losses. Bad debts are written off during the period in which they are identified.

**Trade and other payables**

Trade and other payables are stated at amortised cost using the effective interest rate. Creditors and payables are non-interest bearing and normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

**Property, plant and equipment****Classes of property, plant and equipment**

The major classes of property, plant and equipment are as follows:

- Plant, equipment and vehicles
- Work in progress.

**Owned assets**

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, where relevant, the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of direct overheads.

Additions to property, plant and equipment between valuations are recorded at cost.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

**Disposal of Property, Plant and Equipment**

Where an item of property, plant and equipment is disposed of, the gain or loss recognised in the statement of comprehensive income is calculated as the difference between the net sales price and the carrying amount of the asset.

**Subsequent costs**

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the service potential or future economic benefits embodied within the new item will flow to HealthShare. All other costs are recognised in the statement of comprehensive income as an expense incurred.

**Depreciation**

Depreciation is charged to the statement of comprehensive income using the straight-line method. Depreciation is set at rates that will write off the cost or fair value of the assets, less their estimated residual values, over their useful lives. The estimated useful lives of major classes of assets and resulting rates are as follows:

<b>Class of asset</b>	<b>Estimated life</b>	<b>Depreciation rate</b>
• Plant and equipment	2 to 20 years	5-50%

The residual value of assets is reassessed annually. Work in progress is not depreciated. The total cost of a project is transferred to the appropriate class of asset on its completion, and then depreciated.

**Intangible assets****Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as an expense incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and operationally feasible and HealthShare has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour, and an appropriate proportion of overheads. Other development expenditure is recognised in the statement of comprehensive income as an expense incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

**Other intangibles**

Other intangible assets acquired by HealthShare are stated at cost less accumulated amortisation and impairment losses.

**Subsequent costs**

Subsequent costs on intangible assets is capitalised only when it increases the service potential or future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the statement of comprehensive income as an expense incurred.

**Amortisation**

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each balance date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

<b>Type of asset</b>	<b>Estimated life</b>	<b>Amortisation rate</b>
• Software	1 to 10 years	10-100%

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on weighted average cost. Work in progress includes the cost of direct materials, direct labour and an appropriate share of overheads.

**Impairment**

The carrying amounts of assets other than investment property, inventories and inventories held for distribution are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of comprehensive income.

For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance date.

An impairment loss on property, plant and equipment revalued on a class of asset basis is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for the same class of asset.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual trade receivables that are considered significant are subject to this approach. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

**Calculation of recoverable amount**

The estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

The estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is calculated differently depending on whether an asset generates cash or not. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

For non-cash generating assets that are not part of a cash generating unit, value in use is based on depreciated replacement cost. For cash generating assets value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Impairment gains and losses, for items of property, plant and equipment that are revalued on a class of assets basis, are also recognised on a class basis.

### **Reversals of impairment**

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount.

An impairment loss on an equity instrument investment classified as available-for-sale or on items of property, plant and equipment carried at fair value is reversed through the relevant reserve. All other impairment losses are reversed through the statement of comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Employee benefits**

#### **Defined contribution plans**

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of comprehensive income as incurred.

#### **Defined benefit plan**

The net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any planned assets is deducted. The discount rate is the yield at the balance date on New Zealand government bonds that have maturity dates approximating to the terms of the obligations. The calculation is performed by a qualified actuary using the projected unit credit method. All actuarial gains and losses are recognised in the statement of comprehensive income.

Where the defined benefit scheme is a multi-employer scheme with insufficient information to use defined benefit accounting then defined contribution accounting will be used.

#### **Long service leave, sabbatical leave and retirement gratuities**

The net obligation in respect of long service leave, sabbatical leave and retirement gratuities is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the market yield on relevant New Zealand government bonds at the balance date.

**Annual leave, sick leave and continuing medical education leave**

Annual leave, sick leave and continuing medical education leave are short-term obligations and are calculated on an actual basis at the amount expected to pay. The obligation is accrued for paid absences when the obligation relates to employees' past services and accumulates.

**Other Liabilities****Provisions**

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

**Income tax**

HealthShare is exempt from income tax under section CB3 of the Income Tax Act 2007.

**Goods and services tax**

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

**Revenue****Operational Funding**

The majority of revenue is via funding from the shareholding Midland DHBs on a population based formula. Revenue is recognised monthly, which allocates the revenue equally throughout the year.

**Goods sold and services rendered**

Revenue from goods sold is recognised when the significant risks and rewards of ownership of the goods has been transferred and where there is either no continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from services is recognised, to the proportion that a transaction is complete, when it is probable that the payment associated with the transaction will flow and the payment can be measured or estimated reliably, and to the extent that any obligations and all conditions have been satisfied.

**Expenses****Operating lease payments**

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income over the lease term as an integral part of the total lease expense.

**Finance lease payments**

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an

effective interest basis. The interest expense component of finance lease payments is recognised in the statement of comprehensive income using the effective interest rate method.

**Financing costs**

Financing costs comprise interest paid and payable on borrowings calculated using the effective interest rate method, and gains and losses on hedging instruments that are recognised in the statement of comprehensive income.

**Non-current assets held for sale and discontinued operations**

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable NZIFRS. Then, on initial classification as held for sale, a non-current asset and/or a disposal group is recognised at the lower of its carrying amount and its fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in the statement of comprehensive income, even when the asset was previously revalued. The same applies to gains and losses on subsequent re-measurement.

A discontinued operation is a component of the business that represents a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

**Business combinations involving entities under common control**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The book value measurement method is applied to all common control transactions.

**Standards not early adopted**

The following standards have not been early adopted.

NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year end 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, HealthShare is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means HealthShare expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, HealthShare is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

#### **New standards and interpretations not yet adopted**

Certain new standards, amendments and interpretations to existing standards have been published that are not yet effective for the year ended 30 June 2014, and have not been applied in preparing these financial statements. There are no new published standards that are applicable to the year ended 30 June 2014.

#### **Cost of Service Reports**

The cost of service statements represents the cost of providing the outputs less the revenue.

#### **Cost Allocation**

The net cost of service for each significant activity is arrived at using the cost allocation system outlined below.

#### **Cost Allocation Policy**

Direct costs are charged directly to output classes. Indirect costs are charged to output classes based on cost drivers and related activity and usage information.

#### **Criteria for Direct and Indirect Costs**

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

#### **Cost Drivers for Allocation of Indirect Costs**

The cost of internal services not directly charged to outputs is allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.