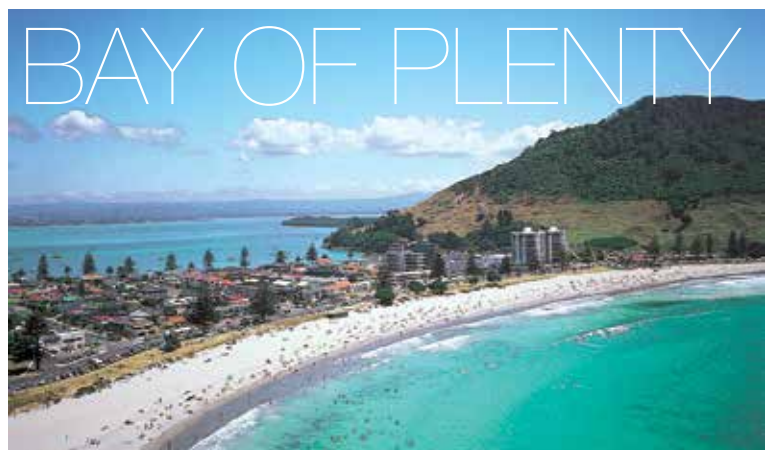
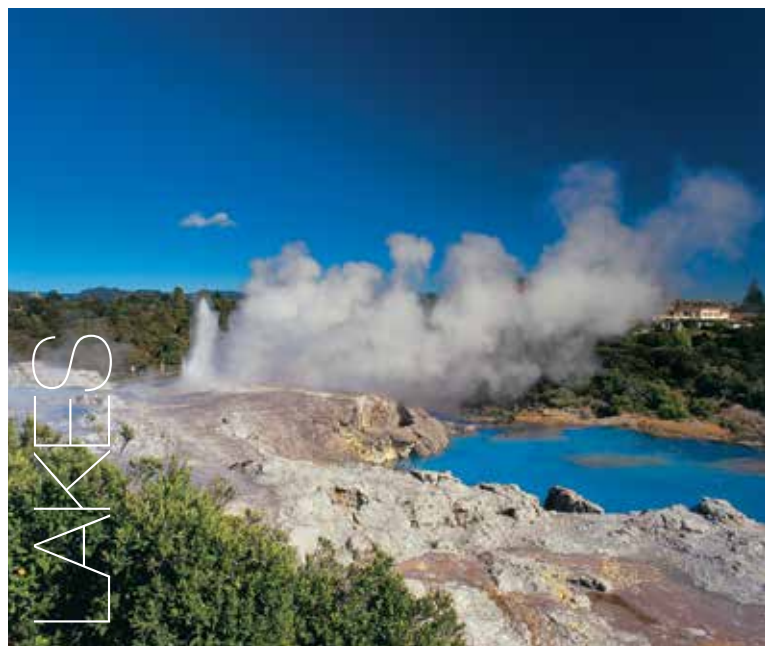
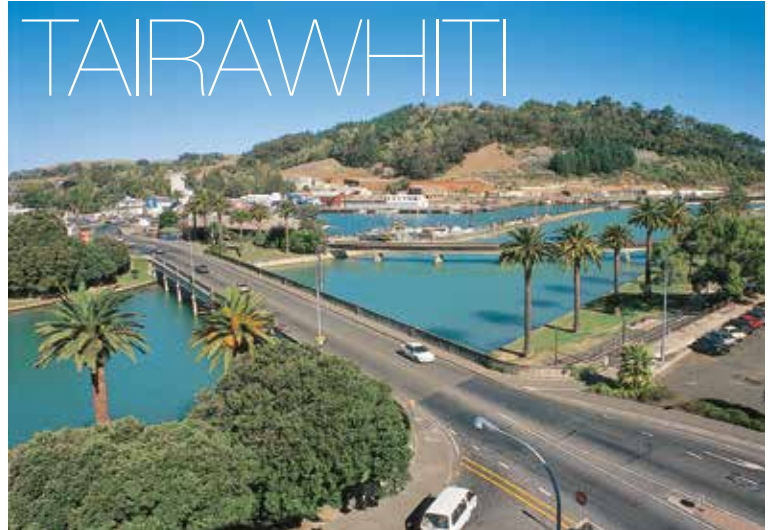
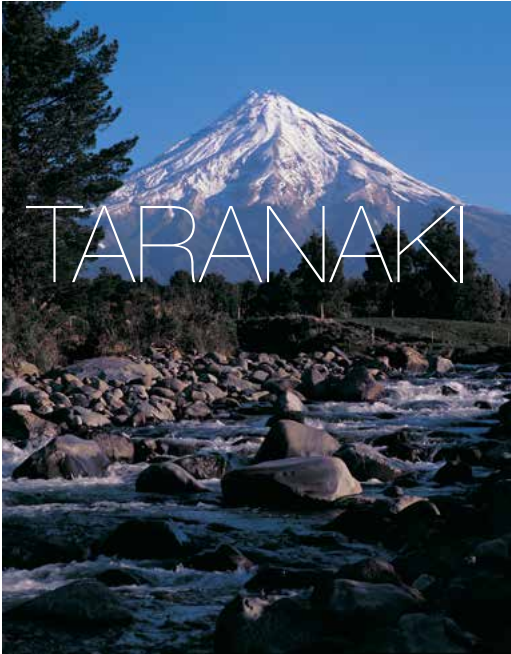


ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2013



# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

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# COMPANY DIRECTORY

FOR THE YEAR ENDED 30 JUNE 2013

COMPANY NUMBER 1112891

AUTHORISED CAPITAL 500 \$1 shares

REGISTERED OFFICE 16 Clarence St, Hamilton

SHAREHOLDERS	SHARES HELD
	Bay of Plenty District Health Board 100
	Lakes District Health Board 100
	Tairāwhiti District Health Board 100
	Taranaki District Health Board 100
	Waikato District Health Board 100
	<hr/> Total 500

DIRECTORS

Philip Cammish  
Craig Climo  
Ronald Dunham  
Anthony Foulkes  
Jim Green  
Brett Paradine (alternate director)  
Helen Mason (alternate director)  
Nicholas Saville-Wood (alternate director)  
Elizabeth Mary Smith (alternate director)  
Sandra Boardman (alternate director)  
Helene Carbonatto (alternate director)

AUDITORS

Audit New Zealand  
on behalf of the Auditor-General

BANKERS

Westpac Banking Corporation  
Hamilton

SOLICITORS

Chapman Tripp  
Auckland

# COMMENTARY

FOR THE YEAR ENDED 30 JUNE 2013

It is my pleasure to present this report on the twelfth year of the HealthShare Limited operations as the Midland District Health Boards' shared services agency. This has been a year of growth and continuous planning and activity to expand HealthShare Limited's role. This is in line with government policy direction to a stronger co-operative approach across the region, with the Midland DHBs deciding HealthShare Limited to be the vehicle for that increased momentum.

New HealthShare Limited activity includes:

- Regional Information Systems
- Regional Internal Audit
- Regional Clinical Training Director
- Taleo Regional Recruitment and Selection

New activities will continue to be developed during 2013/14 including introduction of new action groups for:

- Rheumatic Fever
- Child Health
- Regional Emergency Departments

As regional service planning evolves, we are now moving toward a period of change which will require greater co-ordination of DHB activity. HealthShare Limited will support DHBs by:

- Facilitating improved regional planning through co-ordination of analytical capability
- Alignment of DHB Annual Planning and Regional Services Plans through use of the Planning & Funding Alliance Leadership Team
- Greater engagement with DHB Chief Operating Officers in priority setting and improved accountability reporting to secure benefits from initiatives led by Clinical Networks and action groups
- Greater engagement with DHB Chief Information Officers, Chief Financial Officers and General Managers Human Resources, as service changes impact information demands, capital investment, financial sustainability and workforce.

I congratulate the HealthShare Limited staff for their efforts and application during the past year in continuing to put the goal of the provision of service quality at the forefront of their efforts. Their dedication, skill and sustained effort have continued to build on their specialised capability in providing enhanced audit service delivery and now a wide range of additional services across the Midland region.

I would also like to thank my colleagues on the Board for their support and commitment over the past year. We look forward to the development of the wider range of HealthShare Limited services in the coming year.



Jim Green  
Chair – HealthShare Limited

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

The Directors submit their report and the audited financial statements of HealthShare Limited for the year ended 30 June 2013.

## Principal Activity

The principal activity during the year was the provision of regional clinical network services.

## Financial Position

The equity of the company was represented by:

	2013	2012
	\$000	\$000
Current Assets	2,619	1,914
Less Current Liabilities	2,314	1,766
	305	148
Plus Non Current Assets	666	43
Equity	971	191

## Financial

The surplus for the year was \$780,458 (2012: Nil).

## Dividends

The Directors recommended that no dividend be paid (2012 – Nil).

## Donations

There were no donations made during the year (2012 – Nil).

## Auditor

Audit New Zealand is appointed under section 43 of the Public Finance Act 1989 and section 15 of the Public Audit Act 2001. Audit New Zealand has been appointed to provide these services, their total audit fee for 2013 is \$18,460 (2012 - \$17,870).

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

## The Directors of Healthshare Limited during the year ended 30 June 2013 were:

Philip Cammish

Craig Climo

Ronald Dunham

Anthony Foulkes

Jim Green

Brett Paradine (alternate director)

Helen Mason (alternate director)

Nicholas Saville-Wood (alternate director)

Elizabeth Mary Smith (alternate director)

Sandra Boardman (alternate director)

Helene Carbonatto (alternate director)

## Directors interests and use of information

The directors of HealthShare Limited are all officers of the District Health Boards that are the shareholders of HealthShare Limited. In addition, the following disclosures of interest have been made to the Board:

Anthony Foulkes	Director of HIQ Ltd Trustee of Taranaki Health Foundation Member of the National Health Information Technology Board to January 2013 Wife is employed as a General Practitioner by Carefirst. Carefirst is a member of Midlands Health Network PHO.
Philip Cammish	Director of Venturo Ltd
Sandra Boardman	Trustee of Taranaki Health Foundation
Helen Mason	Shareholder of General Consulting Services (consulting to small and medium sized businesses)
Ronald Dunham	Director of Spectrum Health Limited Director of Pragmatics International Limited Board member and President of the Health Roundtable
Craig Climo	Director of Health Benefits Limited Member of National Health Committee

The Company did not receive any notices from Directors requesting use of company information which would not otherwise have been available to them.



Chair/Director  
31 October 2013



Director  
31 October 2013

# STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2013

The Board and management of HealthShare Limited accept responsibility for the preparation of the financial statements and statement of service performance for the year ended 30 June 2013 and the judgements used in them.

The Board and management of Healthshare Limited accept responsibility for establishing and maintaining systems of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Board and management of HealthShare Limited, the financial statements and the statement of service performance for the year ended 30 June 2013 fairly reflect the financial position and operations of HealthShare Limited.

Signed on behalf of the Board



Chair/Director

31 October 2013



Director

31 October 2013



# STATEMENT OF SERVICE PERFORMANCE

## 2012/13 A YEAR OF ESTABLISHING HEALTHSHARE AS MIDLANDS REGIONAL SHARED SERVICES ORGANISATION

### **HealthShare Limited function teams and their service function in brief**

HealthShare Limited was established in 2001 as a regional Shared Services Agency jointly owned by Waikato, Bay of Plenty, Lakes, Taranaki and Tairāwhiti District Health Boards (shareholding DHBs), collectively forming the Midland Region.

Until mid 2011 HealthShare Limited 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 audit programmes.

From August 2011 HealthShare Limited has expanded its role and now provides operational support to the shareholding DHBs in a number of areas identified as benefiting from a regional solution.

HealthShare Limited supports Midland Region activity through facilitation and coordination of regional processes and the delivery of regional shared services as specified by the region's DHBs.

Strategically HealthShare Limited contributes to the Midland Region's desire to find efficiencies in the provision of non frontline health services. A continuous focus on three key outcomes will see HealthShare Limited succeed in achieving its role:

- new ways of planning and working together as a region
- coordinated regional networks and activities
- effective regional shared services.

**HealthShare Limited's Vision** - Connected Midland communities through transforming health services.

**HealthShare Limited's Mission** - To serve the Midland DHBs through network coordination and support excellence by:

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

### **HealthShare Limited's Values:**

- co-operative, forward thinking partnerships – *our relationship values*
- professional, accountable working relationships – *our working values*
- ethical, trustworthy personal behaviour – *our behavioural values*

### **Business Units and their function in brief:**

#### **1 Regional Services Planning (RSP)**

HealthShare Limited's regional services planning function provides programme expertise to undertake service planning for all regional activity covered by the RSP, as specified by the regional Chief Executives and Chairs Group. The function facilitates the production of the RSP through active engagement of key stakeholder groups across the Midland region including clinicians, clinical service action groups, primary and secondary providers, and DHB staff. Regional services planning oversight is provided by the Regional Services Plan Steering Committee. This function also provides a reporting function for the RSP to the National Health Board (NHB) and the region's DHBs.



## 2 Clinical Service Networks

The role of the clinical services 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.

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.
- **Radiology:** The Midland Region Radiology Network (MRRN) group is now well established. Work will continue into 2013/2014 on the collection and circulation of regional data which is shared between DHB groups and the MOH to improve radiology outcomes.
- **Health of older people:** The 2012/2013 year has been one of consolidating the group and work plan to facilitate appropriate support and care allowing 'ageing in place', and maintenance of a good quality of life and independence for as long as possible.
- **Rural health:** There is an opportunity for Midland to address issues of acute demand, improved access to chronic care services, seamless care across community services, and a greater choice for patients in how they access healthcare.
- **Renal:** The Midland Region Renal Action Group (MRRAG) has noted the need to focus on reducing disparity in clinical outcomes for renal service between population groups and DHB areas. 2013/2014 work includes developing strategies that achieve equity of access across the region and establish ways of providing constant standards of care.
- **Cardiac:** The Midland Region Cardiac Group (MRCG) aims to ensure that all work done is adaptable to the changing needs of the Midland region's cardiac service and that all initiatives work towards better primary/secondary integration and enhanced regional patient access and outcomes.
- **Midland cancer network:** The network has a leadership, facilitation and coordination role with cancer continuum stakeholder to reduce the incidence, inequalities and impact of cancer and improve the patient experience and outcomes. Midland Cancer Network has a leading network function for the national tumour stream work programmes for lung and breast cancer.
- **Mental health services:** The network exists to lead regional integration planning and delivery to reduce inequalities in mental health and addiction outcomes.

## 3 Workforce development

The regional workforce planning and development programme aims to address the workforce change required to meet current and future service needs. The function supports the commitments made in the Midland RSP via strategic workforce planning and development expertise; workforce intelligence; facilitating regional co-operation; secretariat for the Midland Training Network; specialist project delivery and supporting workforce innovation. The function also provides monitoring and reporting of regional workforce activities to the National Health Board (NHB), Health Workforce NZ and the region's DHBs.

#### **4 Midland Region Training Network**

The Midland Region Training Network function oversees a range of programmes and initiatives across the Network, and is the key link and liaison with health training stakeholders - including Health Workforce NZ – for the Midland Region.

The Midland Region Training Network function works in partnership with the Regional Workforce Development Manager to ensure effective and efficient coordination of the Midland Region Training Network, and that best practice and opportunities to improve effectiveness of processes are shared.

The Midland Region Training Network is a co-operative system of interacting roles and functions. The components operate autonomously in a virtual and adaptive model. Mechanisms connect the components at a base level, while the Midland Region Training Network Leadership Group provides the overarching direction in agreement with Regional Governance. Externally a number of factors shape the network such as national direction, policies, strategies and plans. The network provides an interface for relationships with local district stakeholders and health training stakeholders more generally.

#### **5 Regional Information Systems**

In 2012/13 the transition of the Information Systems of Midland DHBs to HealthShare Limited began, as this process has taken place HealthShare Limited has continued development of regional solutions to Information Systems through long term regional investment.

#### **6 Shared Services**

For the financial year 2012/13, Regional Internal Audit and Regional Recruitment & Selection were added to HealthShare Limited's Shared Services.

**6 (i) 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 Designated Audit Agency to facilitate nationally.

**6 (ii) Midland Smokefree Programme** engages 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 (iii) Regional Recruitment and Selection** is developing a regional recruitment service for the benefit of the region. Through standardization of process, we will see improved productivity and efficiency, reduction in costs of recruitment including advertising costs, agency fees and improved selection.

**6 (iv) Internal Audit** function aims to deliver a quality service to the participating Midland DHBs, predominantly through preparation and achievement of the Regional Internal Audit Plan for the DHBs, in line with the HealthShare Regional Internal Audit Team Charter and the International Professional Practices Framework of the Institute of Internal Auditors.

The Regional Internal Audit Team works with managers and staff in the DHBs to provide assurance to the DHB Boards via their audit committees on the effectiveness of risk management, control and governance processes.

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : REGIONAL PLANNING			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
To facilitate the development of the Regional Services Plan (RSP) focusing on clinical regional sustainability and functional 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 and Funding staff</li> <li>A well supported RSP steering committee</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 NHB</i></li> <li>Effective facilitation of RSP oversight / planning processes and active engagement with key stakeholders, <i>measured by HSL's formal annual stakeholder satisfaction survey</i></li> </ul>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>All quarterly reporting submitted on time, identified by the quarterly assessments provided by the MOH.</li> <li>The Midland Region 2013/14 RSP was approved by Ministry of Health.</li> </ul> <p><b>Achieved</b></p> <p>In place of the annual stakeholder survey, a focus group stakeholder workshop was held, this was a face to face session and the feedback revealed:</p> <ul style="list-style-type: none"> <li>There was unanimous agreement that the clinical networks are well serviced by HSL project managers;</li> <li>The Project Managers are seen as very efficient and effective in their management of the networks;</li> <li>It was clear that the Project Managers are seen as key reasons for current network success.</li> <li>That there was a general lack of understanding regarding all the various groups that operate within the region, their roles and mandates. To address this HSL will develop a brief introductory brochure describing its role within Midland region which can be used to provide background information to any HSL stakeholder.</li> <li>There is an issue for clinical networks in understanding where they fit within regional priorities and in particular in understanding the networks' mandates and to whom they are accountable. HSL will provide a more detailed description of what each stakeholder's relationship is with HSL, and within the broader region and for each customer type. This will identify roles, mandates, responsibilities and accountabilities and reporting frameworks.</li> </ul>

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

<p>To facilitate performance reporting against RSP.</p>	<ul style="list-style-type: none"> <li>Quarterly reports on the 2012/13 RSP to the NHB</li> <li>Monthly reports to the Chief Executive (CE) 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 variances</i></li> </ul>	<p><b>Achieved</b></p> <p>All quarterly reporting submitted on time, identified by the quarterly assessments provided by the Ministry of Health.</p> <p><b>Achieved</b></p> <p>A standing agenda item on the Midland CE's monthly meeting allows for HealthShare Ltd (HSL) reports that require CE review/ approval to be moved directly from the HealthShare board agenda to the Midland CEs agenda. This creates a timely presentation as the Midland CEs monthly meeting follows HSL Board meeting.</p>
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# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : CLINICAL SERVICES NETWORKS – DEVELOPING CLINICAL SERVICES NETWORKS			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
<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>• Rural Health</li> <li>• Elective services.</li> </ul> <p>To facilitate regional clinical service networks in start-up mode in 2012/13:</p> <ul style="list-style-type: none"> <li>• Radiology</li> <li>• Health of older people</li> <li>• Stroke.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong engagement with Midland clinicians and key stakeholder groups including the RSP steering committee</li> <li>• Well supported networks / action groups</li> <li>• Facilitation / implementation of agreed action plans as specified in the 2012/13 RSP.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective facilitation of network/action groups, <i>measured by HSL's formal annual stakeholder satisfaction survey</i></li> <li>• On-going stakeholder commitment and action, <i>measured by actions reported quarterly against the 2012/13 RSP</i></li> </ul>	<p><b>Achieved</b></p> <p>In place of the annual stakeholder survey, a focus group stakeholder workshop was held, this was a face to face session and the feedback revealed:</p> <ul style="list-style-type: none"> <li>• The Project Managers provide effective process management, network organisation and communication assistance.</li> <li>• 'Relieving' the network chairs of some of the more tedious administrative workload is appreciated</li> <li>• Face to face meetings are seen as invaluable in progressing activity at an appropriate rate and for assisting in gaining commitment from the various parties involved.</li> <li>• The support received for data analysis work was also highly commended. Lack of valid data/ information has previously been an impediment.</li> <li>• There was little understanding of how HSL in general works with its DHB partners and with other key stakeholders – this will be addressed with HSL sharing its RSP quarterly reports with wider audiences at Midland DHBs, ie Chief Operating Officers, GMs Planning &amp; Funding.</li> <li>• It was identified that the networks are at varying stages of development and there is a desire for some of the more developed networks to move more quickly to the point of real change – this will be addressed once HSL website is fully developed as the communication mechanism to show case/highlight work of clinical networks.</li> </ul> <p><b>Partially Achieved</b></p> <p>All quarterly reporting submitted to the Midland CEs and DHBs for comment/ approval prior to submission to the Ministry of Health.</p> <p>The quarterly RSP reports revealed achieved in Cancer, Acute Coronary Syndrome, Electives, Health of Older People, Māori Health, Maternity, Mental Health, and Addictions, Radiology, Renal, Rural Health and Stoke, partially achieved for Trauma and not achieved for Cardiac Secondary Services.</p>

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

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 RSP steering committee</i></li> </ul>	<b>Achieved</b> Where relevant the Programme and Project Managers have participated in national programmes (some of HSL work is the project management of such programmes eg. the Cancer Network, SmokeFree, Elective Services, Regional Director of Training).
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# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : CLINICAL SERVICES NETWORKS – MENTAL HEALTH AND ADDICTIONS NETWORK (MHAN)			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
<p>To facilitate Mental Health and Addictions Midland programmes in the following key areas:</p> <ul style="list-style-type: none"> <li>• Child and youth forensic services</li> <li>• Dementia</li> <li>• Adult mental health and addictions service delivery</li> <li>• Information management</li> <li>• Primary mental health and addictions</li> </ul>	<ul style="list-style-type: none"> <li>• Strong engagement with Midland clinicians and key stakeholder groups including the RSP steering committee</li> <li>• Well supported MHAN governance and work groups</li> <li>• Facilitation / implementation of agreed action plans as specified in the 2012/13 RSP</li> </ul>	<ul style="list-style-type: none"> <li>• Effective facilitation of MHAN governance/ work groups, <i>measured by HSL's formal annual stakeholder satisfaction survey</i></li> <li>• On-going stakeholder commitment and action, <i>measured by actions reported quarterly against the 2012/13 RSP</i></li> </ul>	<p><b>Achieved</b></p> <p>There was no stakeholder survey completed in 2013, next survey to be completed in 2013/14 financial year, this is done every two years.</p> <p>Quarterly meetings with the Clinical Governance and Managed Networks were held, this has shown that Mental Health &amp; Addictions Network is functioning well.</p> <p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• In the RSP Quarterly reports, it has highlighted Mental Health &amp; Addictions Network have achieved and all actions are tracking to plan.</li> <li>• A range of mini-conferences were held throughout the year and evaluation reports completed after every session.</li> <li>• Workshops were conducted covering governance and Strategy and Planning at least twice a quarter and evaluation reports were completed at every workshop.</li> </ul>



# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : CLINICAL SERVICES NETWORKS – MIDLAND CANCER NETWORK (MCN)			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
<p>To facilitate Midland cancer control work groups and agreed action plans in the following priority areas:</p> <ul style="list-style-type: none"> <li>• Radiation oncology</li> <li>• New medical oncology Model of Care</li> <li>• Faster Cancer Treatment</li> <li>• Lung and bowel cancer</li> <li>• Colonoscopy services</li> <li>• Multidisciplinary meetings</li> <li>• Palliative care</li> <li>• Tairāwhiti adult cancer services</li> <li>• Cancer information collection</li> </ul>	<ul style="list-style-type: none"> <li>• Strong engagement with Midland clinicians and key stakeholder groups including the RSP steering committee</li> <li>• Well supported cancer control work groups</li> <li>• Facilitation / implementation of agreed action plans as specified in the 2012/13 RSP</li> </ul>	<ul style="list-style-type: none"> <li>• Effective facilitation of regional governance/ work groups, <i>measured stakeholder attendance audit</i></li> <li>• On-going stakeholder commitment and action, <i>measured by actions reported quarterly against the 2012/13 RSP</i></li> </ul>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• Stakeholder audit of attendance is recorded in the various regional work groups meeting minutes. In addition attendance and progress demonstrates stakeholder commitment. There were a total of 103 work group meetings both at a national and regional with stakeholders for 2012-13 that aligned with the national cancer programme plan and the RSP cancer plan initiatives.</li> </ul> <p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• On-going stakeholder commitment is demonstrated in the completed RSP actions as reported quarterly.</li> <li>• In the RSP Quarterly reports, it has highlighted Midland Cancer Network have achieved and all actions are tracking to plan.</li> <li>• Midland Cancer Network reported 6 monthly to the Ministry of Health Cancer Team in more detail, including financial performance. The Ministry provided an acknowledgement letter and this was then discussed in 2 monthly meetings with Ministry and network (new initiative for 2012/13).</li> </ul>
<p>To facilitate the National Lung Cancer Working Group work programme</p> <p>To facilitate the National Breast Cancer Working Group work programme</p>	<ul style="list-style-type: none"> <li>• Well supported national lung cancer and breast cancer working groups</li> <li>• Facilitation of the agreed programme activities</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry reporting requirements are met, <i>measured by feedback from the Ministry of Health</i></li> </ul>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• In the RSP Quarterly reports, it has highlighted Midland Cancer Network have achieved and all actions are tracking to plan.</li> <li>• There is now closer alignment to the RSP, national priorities and recognition of specific regional service improvement priorities.</li> </ul>

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : WORKFORCE DEVELOPMENT			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
To progress regional workforce development programmes	<ul style="list-style-type: none"> <li>Strong engagement with Midland key stakeholder groups including the RSP steering committee; Midland Region Training Network Leadership Group; Regional Clinical Networks and Action Groups; Regional DHB executives; regional workforce development workstreams</li> <li>Well supported workforce development governance and work groups</li> <li>Facilitation / implementation of agreed action plans as specified in the 2012/13 RSP</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 on-going engagement with key stakeholders, <i>measured by HSL's formal annual stakeholder satisfaction survey</i></li> <li>Effective stakeholder commitment and action, <i>measured by actions reported quarterly against the 2012/13 RSP</i></li> </ul>	<p><b>Partially Achieved</b></p> <ul style="list-style-type: none"> <li>In the RSP Quarterly reports, it has highlighted that Workforce Development have partially achieved and some actions are not tracking to plan but adequate resolution plan has been provided.</li> </ul> <p><b>Partially Achieved</b></p> <ul style="list-style-type: none"> <li>There was no annual survey of key stakeholders.</li> <li>Key workforce activity developed with the clinical networks.</li> <li>Developed on-going strategic relationship with Midland GMs of HR.</li> </ul> <p><b>Partially Achieved</b></p> <ul style="list-style-type: none"> <li>In the RSP Quarterly reports, it has highlighted that Workforce Development have partially achieved and some actions are not tracking to plan but adequate resolution plan has been provided.</li> </ul>
To proactively engage in national initiatives related to regional workforce	<ul style="list-style-type: none"> <li>Contribution to national workforce development initiatives supporting alignment of national and regional work programmes</li> </ul>	<ul style="list-style-type: none"> <li>Effective stakeholder contribution, <i>measured by actions reported quarterly against the 2012/13 RSP</i></li> </ul>	<p><b>Partially Achieved</b></p> <ul style="list-style-type: none"> <li>RSP Quarterly reports, identified Workforce Development have partially achieved has been provided.</li> <li>Key workforce activity developed with the clinical network</li> <li>Developed on-going strategic relationship with Midland GMs of HR</li> </ul>

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : INFORMATION SYSTEMS			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
Ensure that the Midland region secures optimal value and clinical outcomes across its programme, project and service 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>	Regional IS investment prioritised by business and clinical stakeholders based on affordability, capacity and risk, as measured by quarterly IS Portfolio reporting to the IS Executive.	<p><b>Achieved</b></p> <p>The IS Portfolio has been developed and is based on affordability, capacity and risk.</p> <p>The IS Portfolio was reviewed quarterly during 2012/13 by the IS Executive, including prioritisation of new investment requests.</p>
Support clinical priorities in Midland by providing clinicians with access to information, tools and functionality for clinical decision making, appropriate to their role(s).	<ul style="list-style-type: none"> <li>• Strong clinical leadership in place</li> <li>• Clinical IS investment aligned to regional and national priorities</li> <li>• Clinical Workstation regional solution implemented and DHB rollout in progress</li> <li>• Access to Laboratory Results available to all DHB clinicians across Midland</li> </ul>	<ul style="list-style-type: none"> <li>• Clinical Information systems implementation aligned to clinical priorities, as measured by actions reported to the CIS Programme Board.</li> </ul>	<p><b>Achieved</b></p> <p>Strong clinical leadership in place. CIS Advisory Group established and active.</p> <p><b>Achieved</b></p> <p>Clinical IS investment aligned to regional and national priorities. Clinical priorities included within the IS Portfolio being implemented.</p> <p><b>Not Achieved</b></p> <p>Clinical Workstation regional solution implemented and DHB rollout in progress – unable to be prioritised within the approved IS Portfolio due to affordability and capacity constraints. CWS Phase 0 project in progress investigating recommended actions.</p> <p><b>Not Achieved</b></p> <p>Access to Laboratory Results available to all DHB clinicians across Midland – unable to be prioritised within the approved IS Portfolio due to affordability and capacity constraints. CWS Phase 0 project in progress investigating recommended actions.</p>

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

Standardised Medication Management systems implemented across the region.	<ul style="list-style-type: none"> <li>• Regional Hospital Pharmacy platform implemented and rollout to DHBs in progress</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>	<p><b>Achieved</b></p> <p>Regional Hospital Pharmacy platform implemented and rollout to DHBs in progress – implementation and rollout to DHBs in progress.</p> <p><b>Partially Achieved</b></p> <p>Medications Management IS investment aligned to regional and national priorities – IS investment included in IS Portfolio but later than national targets.</p> <p><b>Achieved</b></p> <p>Integrated medications management systems implemented at Taranaki DHB- Taranaki solution implemented and rollout in progress.</p>
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 capability in place</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 Executive of performance against agreed service levels.</i></li> </ul>	<p><b>Partially Achieved</b></p> <p>Effective regional IS service management capability in place – Service management capability aligned to the regional coordinated services model being implemented.</p> <p><b>Partially Achieved</b></p> <p>Regional computing platform available to support regional information services – Regional computing platform including authentication and integration services being used to support regional projects and support for full production services being implemented.</p> <p><b>Partially Achieved</b></p> <p>Regional authentication and integration services available to support regional information services– Regional computing platform including authentication and integration services being used to support regional projects, and support for full production services being implemented.</p>

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : SHARED SERVICES – AUDIT & ASSURANCE			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
To provide Midland audit services for 3rd party provider contracts	<ul style="list-style-type: none"> <li>Planned, actioned and reported 3rd party audit activity</li> </ul>	<ul style="list-style-type: none"> <li>Effective marketing of non DHB audit services, <i>measured by HSL Board satisfaction</i></li> </ul>	<b>Not Achieved</b> 93% of all audits were completed as at 30 June 2013.
To provide non Midland DHB contract audit services	<ul style="list-style-type: none"> <li>Planned, actioned and reported audit contracts - non DHB</li> </ul>	<ul style="list-style-type: none"> <li>Effective marketing of non DHB audit services, <i>measured by HSL Board satisfaction.</i></li> <li>Contract requirements met, <i>measured by full contract payment</i></li> </ul>	<b>Achieved</b> Strong uptake of non-DHB audit services. There are currently 12 non DHB customers. This was reported in monthly Dashboard reports to HSL Board.  <b>Achieved:</b> All contract requirements have been met and payments have been made or invoiced out to non DHB customers as at 30 June 2013.
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 actions reported to the HSL Board</i></li> <li>Efficient Regional Fees Review Committee secretariat services, <i>measured by HSL's formal annual stakeholder satisfaction survey</i></li> </ul>	<b>Achieved</b> Annual meetings with other Shared Services Agencies. Working collaboratively with Central Region Technical Advisory Services. Regular engagement with Midland DHBs and Ministry of Health.  <b>Achieved</b> No annual stakeholder survey was undertaken for 2012/13 financial year. Regional Fees Review Committee undertaken when required and within timeframes. Last meeting held in September 2012.

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : SHARED SERVICES – MIDLAND SMOKEFREE			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
To facilitate the Midland Smokefree programme.	<ul style="list-style-type: none"> <li>Strong engagement with key stakeholder groups including inter-sectoral agencies within the Midland region</li> <li>Well supported network/ action groups, with aligned workstreams, across the Midland DHB smokefree programme areas</li> <li>Facilitation/ implementation of agreed 2012/13 RSP action plans</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>On-going stakeholder commitment and action, <i>measured by actions reported quarterly against the 2012/13 RSP</i></li> </ul>	<p><b>Achieved</b></p> <p>Midland Smokefree Leadership Workshop evaluation report completed at the end of each workshop and this replaced the annual stakeholder survey. Feedback revealed:</p> <ul style="list-style-type: none"> <li>Overall 87.5% of respondents were satisfied with the outcome of the workshop will enhance the Smokefree programme.</li> <li>Key themes from the comments were to keep focusing on the strategic view.</li> <li>More than 80% of participants were satisfied that the workshop achieved the objectives it set out to.</li> <li>Positive collaboration featured highly through out survey comments.</li> <li>It was highlighted that more collaboration was required and over a third of the group thought that the group needed to be extended to include the Ministries of Social Development, Māori Development, Councils, the Education sector and more. HSL is working towards addressing these comments.</li> <li>Three comments thought that some aspects of facilitation could have been improved. This is taken into account for the next workshop.</li> </ul> <p><b>Partly Achieved</b></p> <ul style="list-style-type: none"> <li>RSP Quarterly reports, identified SmokeFree programme have partially achieved and some actions are not tracking to plan but adequate resolution plan has been provided.</li> <li>On-going engagement with DHB at management and operational levels continues.</li> <li>Engagement with Iwi and Hapu groups, in the Region and with Territorial Local Authorities – all progressing well</li> <li>Outcome of those facilitations – to continue development of pilot addictions model for the region.</li> </ul>

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : ORGANISATIONAL MANAGEMENT -LEADERSHIP, DIRECTION AND DELIVERY			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
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> <li>Undertake the first self-review against the PIF</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 agreed with Chief Executive or HSL Board.</i></li> <li>Benchmark and targets set for future reviews, <i>measured by targets set with Chief Executive or HSL Board</i></li> </ul>	<p><b>Achieved</b> PIF implemented as part of annual individual staff performance agreement and performance review.</p> <p><b>Achieved</b> Benchmark and targets were set as part of individual staff performance agreement and performance review.</p>
To ensure HealthShare operates with an appropriate policy environment	<ul style="list-style-type: none"> <li>Full review/update of HealthShare policies to ensure suitability for new functions</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 Chief Executive.</i></li> </ul>	<p><b>Partly Achieved</b> Delegations policy was developed during 2012/13 financial year and approved by HSL Board in August 2013.</p> <p>Other policies – work in progress.</p>



# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparisons are included.

OUTPUT CLASS : ORGANISATIONAL MANAGEMENT – EXTERNAL RELATIONSHIPS			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
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>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>The team has been in constant contact with central agencies throughout the year.</li> <li>In addition to this, the CEO also has Quarterly meetings with National Health Board, Health Workforce NZ and National Health IT Board.</li> <li>HSL has had monthly meetings with Health Benefits Limited and other Regional Shared Services Organisations.</li> <li>A meeting was also held with Health &amp; Quality Services Commission and engaged with Office of the Auditor General on RSP review throughout the year.</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 HSL board</i></li> <li>Satisfactory customer feedback, <i>measured against services delivered and proactive issue close-out</i></li> </ul>	<p><b>Achieved</b></p> <p>This is achieved by HSL team providing monthly Dashboard reports to HSL board meetings, highlighting achievements areas, identifying risk/issues and mitigation actions.</p> <p><b>Achieved</b></p> <p>No regional customer satisfaction survey was conducted, instead this was measured against the monthly dashboard reporting to HSL board. These reports showed services were delivered and pro-active issues were closed-out.</p>

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparatives are included.

OUTPUT CLASS : ORGANISATIONAL MANAGEMENT – PEOPLE DEVELOPMENT			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
To manage staff turnover.	<ul style="list-style-type: none"> <li>The development of an appropriate benchmark for HSL staff turnover</li> </ul>	<ul style="list-style-type: none"> <li>HSL staff turnover %, <i>measured by actual turnover compared to benchmark set</i></li> </ul>	<b>Not Achieved</b> <ul style="list-style-type: none"> <li>A benchmark of 15-20% staff turnover was developed.</li> <li>HSL accounted for 8 resignations in 2012/13 but the net result was addition of 7 new FTEs due to expansion of business.</li> <li>Overall HSL had 15 new staff appointed.</li> <li>Therefore HSL staff turnover was 24% which is above HSL's benchmark.</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 Performance Improvement Framework</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 actions agreed with Chief Executive or HSL Board.</i></li> </ul>	<b>Achieved</b> <p>100% of staff have performance plans in place and have had performance reviews.</p> <p>HealthShare Senior Leadership team members have a regular/monthly 1:1 sessions with the CEO.</p>
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 agreed with Chief Executive or HSL board</i></li> </ul>	<b>Achieved</b> <p>HealthShare is supportive of its staff taking courses, attending conferences and continuing education programmes throughout the year for professional development.</p>

# STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Please note: the performance measures are new for 2012/13 financial year and therefore no prior year comparatives are included.

OUTPUT CLASS : ORGANISATIONAL MANAGEMENT – FINANCIAL AND RESOURCE MANAGEMENT			
Key Objectives	Outcome for 2012/13	HealthShare Performance Measures	Performance
To operate within the agreed budget as defined in HSLs 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 HSL board</i></li> <li>Year-end breakeven position, <i>reported to HSL board</i></li> </ul>	<p><b>Achieved</b></p> <p>Budgets were set at the beginning of the year and variances reported at monthly HSL board meetings.</p> <p><b>Achieved</b></p> <p>Revenue and expenditure both resulted in favourable variances, resulting in a surplus, due to changes in funding for services.</p>
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 HSL board</i></li> </ul>	<p><b>Achieved</b></p> <p>An unqualified Audit Report was issued.</p>

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Budget \$000	2013 Actual \$000	2012 Actual \$000
<b>Income</b>				
Revenue	2	7,450	7,622	3,687
Finance income		-	23	6
<b>Total income</b>		<b>7,450</b>	<b>7,645</b>	<b>3,693</b>
<b>Expenditure</b>				
Employee benefit costs	3	4,188	3,791	2,192
Depreciation	4	3	16	6
Outsourced services		935	866	624
Other operating expenses	6	2,324	2,192	871
<b>Total expenditure</b>		<b>7,450</b>	<b>6,865</b>	<b>3,693</b>
<b>Surplus/(deficit) before and after tax</b>		<b>-</b>	<b>780</b>	<b>-</b>
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>	7	<b>-</b>	<b>780</b>	<b>-</b>

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Budget \$000	2013 Actual \$000	2012 Actual \$000
Balance at 1 July		192	191	191
Total comprehensive income		-	780	-
<b>Total recognised income and expenses</b>	7	<b>-</b>	<b>780</b>	<b>-</b>
Owner Transactions		-	-	-
Contributions/(withdrawals) from owners		-	-	-
<b>Balance at 30 June</b>		<b>192</b>	<b>971</b>	<b>191</b>

Explanations of major variances to budget are provided in note 18.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 Budget \$000	2013 Actual \$000	2012 Actual \$000
<b>Non-current assets</b>				
Property, plant and equipment	4	6	35	43
Intangibles	5	-	631	-
<b>Total non-current assets</b>		<b>6</b>	<b>666</b>	<b>43</b>
<b>Current assets</b>				
Trade and other receivables	8	459	1,524	1,452
Cash and cash equivalents	9	43	1,095	462
<b>Total current assets</b>		<b>502</b>	<b>2,619</b>	<b>1,914</b>
<b>Total assets</b>		<b>508</b>	<b>3,285</b>	<b>1,957</b>
<b>Equity</b>	7	<b>192</b>	<b>971</b>	<b>191</b>
<b>Current liabilities</b>				
Trade and other payables	10	53	1,899	1,498
Employee benefits	11	263	415	268
<b>Total current liabilities</b>		<b>316</b>	<b>2,314</b>	<b>1,766</b>
<b>Total equity and liabilities</b>		<b>508</b>	<b>3,285</b>	<b>1,957</b>

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Budget \$000	2013 Actual \$000	2012 Actual \$000
<b>Cash flows from operating activities</b>				
Cash receipts		7,450	8,130	2,534
Interest received		-	23	6
Cash paid to suppliers and employees		(7,450)	(6,881)	(2,183)
<b>Net cash flows from operating activities</b>	12	<b>-</b>	<b>1,272</b>	<b>357</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment		-	(8)	(36)
Acquisition of intangible assets		-	(631)	-
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>(639)</b>	<b>(36)</b>
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		-	633	321
Cash and cash equivalents at beginning of year		43	462	141
<b>Cash and cash equivalents at end of year</b>	9	<b>43</b>	<b>1,095</b>	<b>462</b>

Explanations of major variances to budget are provided in note 18.

# NOTES TO THE FINANCIAL STATEMENTS

## SIGNIFICANT ACCOUNTING POLICIES

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### REPORTING ENTITY

HealthShare Limited was registered under the Companies Act 1993 on 24 January 2001. The Transfer Agreement was enacted on the 15th February 2001.

The financial statements of HealthShare Limited have been prepared in accordance with the Financial Reporting Act 1993, the Companies Act 1993 and the Crown Entities Act 2004.

HealthShare Limited is a public benefit entity, as defined under New Zealand International Accounting Standard (NZ IAS) 1.

HealthShare Limited's principal activity during the period was the provision of regional clinical network services.

The financial statements were authorised for issue by the Chairman and a Director on 31 October 2013.

#### BASIS OF PREPARATION

##### Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards (FRS), as appropriate for public benefit entities.

##### Functional and presentation currency

The financial statements have been presented in New Zealand Dollars and are rounded to the nearest thousand dollars (\$000). The functional currency is New Zealand dollars.

##### Measurement basis

The financial statements have been prepared on a historical cost basis except for financial instruments which are stated at their fair value.

##### Professional judgement

The preparation of financial statements in conformity with NZ IFRS 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.

Estimates and assumptions have been made in determining the useful lives of plant, equipment and furnishings. Judgements have been made in determining whether leases are classified as operating or financial leases.

# NOTES TO THE FINANCIAL STATEMENTS

## SIGNIFICANT ACCOUNTING POLICIES

### Changes in accounting policies

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

### Standards amendments and interpretations issued that are not yet effective and not have been early adopted.

The following standards have not been early adopted in the preparation of the financial statements for the year ended 30 June 2013.

- NZIFRS 9 *Financial Instruments* will eventually replace NZIAS 39 *Financial Instruments: Recognition and Measurement*. NZIAS 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 NZIFRS 9. NZIFRS 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 NZIAS 39. The approach in NZIFRS 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 new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZIAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The company has not yet assessed the effect of the new standard and expects it will not be early adopted.

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 Limited is classified as a Tier 2 reporting entity and it will be required to apply the Public Benefit Entity Accounting Standards Reduced Disclosure Regime (PAS RDR). 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 Limited expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, HealthShare Limited 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 Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

### Budget figures

The budget figures are those included in the Annual Plan approved by the Board of Directors. The budget figures have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable FRS as appropriate for public benefit entities.

### Financial assets

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



# NOTES TO THE FINANCIAL STATEMENTS

## SIGNIFICANT ACCOUNTING POLICIES

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of 3 months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Bank overdrafts are included within borrowings in current liabilities in the statement of financial position.

### Financial Instruments

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest rate 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.

A receivable is impaired when there is objective evidence that HealthShare Limited will be unable to collect amounts due. Indicators that a debtor is impaired include financial difficulties of the debtor, probability the debtor will enter bankruptcy, receivership, or liquidation and default in payments. The difference between the asset's carrying amount and the present value of the estimated future cash flows is equal to the total amount of the impairment. 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.

### Property, plant and equipment

The major classes of property, plant and equipment is plant, equipment and furnishings.

### 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, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of direct overheads.

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 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.

### Depreciation

Depreciation is charged to the statement of comprehensive income using the straight line method on all property, plant and equipment.

Depreciation is set at rates that will write off the cost (or valuation) 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:

Class of asset	Estimated life	Depreciation rate
Plant, equipment and furnishings	3 to 15 years	7-33%

The residual value of assets is reassessed annually.

# NOTES TO THE FINANCIAL STATEMENTS

## SIGNIFICANT ACCOUNTING POLICIES

### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of HealthShare's website are recognised as an expense when incurred.

### Impairment

The carrying amounts of property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets 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.

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

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 the number of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

### 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## SIGNIFICANT ACCOUNTING POLICIES

### Defined contribution plans

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

### Annual leave and sick leave

Annual leave and sick leave is a short-term obligation and is 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.

### Provisions

A provision is recognised when HealthShare Limited has 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 obligation.

### Income tax

HealthShare Limited is an approved public authority and is therefore exempt from payment of income tax. Accordingly, no charge for income tax has been provided for.

### 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.

The net amount of GST that is recoverable from, or payable to, the IRD is included in receivables and payables in the statement of financial position. GST that is received from or paid to the IRD is classified as a net operating cash flow in the statement of cash flows.

### Revenue

Revenue and interest income are recognised on an accrual basis. Other operating revenue is recognised when earned or on receipt or delivery of service, whichever is earlier. Related party revenue is revenue received from the shareholding DHBs for regional clinical network services. Non-related party revenue is revenue received from other DHBs for audit services.

### 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.

### Equity

Total equity is the difference between HealthShare Limited's assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 REVENUE

	2013 Actual \$000	2012 Actual \$000
Non-related party revenue - fees for audit services	11	17
Related party revenue - fees for regional clinical network services	6,864	3,670
Related party revenue - health and disability services	438	-
Related party revenue - Clinical Training Agency revenue	250	-
Other income	59	-
	7,622	3,687

## 3 EMPLOYEE BENEFIT COSTS

	2013 Actual \$000	2012 Actual \$000
Salaries and wages	3,726	2,161
Defined contribution plan employer contributions	65	31
	3,791	2,192

# NOTES TO THE FINANCIAL STATEMENTS

## 4 PROPERTY, PLANT AND EQUIPMENT

	Actual \$000	Actual \$000
	Equipment	Total
<b>Cost</b>		
Balance at 1 July 2011	142	142
Additions	36	36
Disposals	-	-
<b>Balance at 30 June 2012</b>	<b>178</b>	<b>178</b>
Balance at 1 July 2012	178	178
Additions	8	8
Disposals	(107)	(107)
<b>Balance at 30 June 2013</b>	<b>79</b>	<b>79</b>
<b>Depreciation and impairment losses</b>		
Balance at 1 July 2011	129	129
Depreciation charge for the year	6	6
Disposals	-	-
<b>Balance at 30 June 2012</b>	<b>135</b>	<b>135</b>
Balance at 1 July 2012	135	135
Depreciation charge for the year	16	16
Disposals	(107)	(107)
<b>Balance at 30 June 2013</b>	<b>44</b>	<b>44</b>
<b>Carrying amounts</b>		
At 1 July 2011	13	13
<b>At 30 June 2012</b>	<b>43</b>	<b>43</b>
At 1 July 2012	43	43
<b>At 30 June 2013</b>	<b>35</b>	<b>35</b>

Asset values have been reviewed for impairment at balance date. All assets are represented at fair value. As a result no impairment provision has been recognised at 30 June 2013 (2012:\$Nil).

# NOTES TO THE FINANCIAL STATEMENTS

## 5 INTANGIBLE ASSETS

	Actual \$000	Actual \$000
	Work in Progress	Total
<b>Cost</b>		
Balance at 1 July 2011	-	-
Additions	-	-
Disposals	-	-
<b>Balance at 30 June 2012</b>	-	-
Balance at 1 July 2012	-	-
Additions	631	631
Disposals	-	-
<b>Balance at 30 June 2013</b>	631	631
<b>Amortisation and impairment losses</b>		
Balance at 1 July 2011	-	-
Amortisation charge for the year	-	-
Disposals	-	-
<b>Balance at 30 June 2012</b>	-	-
Balance at 1 July 2012	-	-
Amortisation charge for the year	-	-
Disposals	-	-
<b>Balance at 30 June 2013</b>	631	631
<b>Carrying amounts</b>		
At 1 July 2011	-	-
At 30 June 2012	-	-
At 1 July 2012	-	-
At 30 June 2013	631	631

## 6 OTHER OPERATING EXPENSES

	2013 Actual \$000	2012 Actual \$000
Audit fees - for audit of 2012 / 2013 financial statements	18	-
Audit fees - for audit of 2011 / 2012 financial statements	8	18
Provider Audit Services	59	18
Other Audit fees	217	-
Operating lease expenses	146	75
Legal fees	2	1
Staff accommodation	84	56
Bureau and Outsourcing costs	69	41
Other	1,589	662
	2,192	871

# NOTES TO THE FINANCIAL STATEMENTS

## 7 EQUITY

	Share Capital	Retained Earnings	Total Equity
	\$000	\$000	\$000
Balance at 1 July 2011	1	190	191
Total comprehensive income	-	-	-
<b>Balance at 30 June 2012</b>	<b>1</b>	<b>190</b>	<b>191</b>
Balance at 1 July 2012	1	190	191
Total comprehensive income	-	780	780
<b>Balance at 30 June 2013</b>	<b>1</b>	<b>970</b>	<b>971</b>

## 8 TRADE AND OTHER RECEIVABLES

	2013 Actual \$000	2012 Actual \$000
Trade receivables from related parties	1,157	810
Trade receivables from non-related parties	29	-
Accrued income from related parties	219	642
Prepayments	119	-
	<b>1,524</b>	<b>1,452</b>

Trade receivables are shown at expected realisable value. Trade and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carry value of trade and other receivables approximates their fair value. Trade and other receivables have been assessed for impairment and no impairment indicators exist.

## 9 CASH AND CASH EQUIVALENTS

	2013 Actual \$000	2012 Actual \$000
Bank balances	118	31
Call deposits	977	431
	<b>1,095</b>	<b>462</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 10 TRADE AND OTHER PAYABLES

	2013	2012
	Actual	Actual
	\$000	\$000
Trade payables to related parties	694	925
Trade payables to non-related parties	612	479
Income in advance with related parties	461	-
ACC levy payable	9	1
GST and PAYE payable	123	93
	1,899	1,498

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of the trade and other payables approximates to their fair value.

## 11 EMPLOYEE BENEFITS

	2013	2012
	Actual	Actual
	\$000	\$000
Liability for annual leave	276	161
Liability for sick leave	6	4
Salary and wages accrual	133	103
	415	268

## 12 RECONCILIATION OF NET SURPLUS FOR THE PERIOD WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2013	2012
		Actual	Actual
		\$000	\$000
Net surplus/(deficit)		780	-
<b>Add back non-cash items:</b>			
Depreciation	4	16	6
<b>Movements in working capital:</b>			
(Increase)/decrease in trade and other receivables	8	47	(1,153)
(Increase)/decrease in prepayments	8	(119)	-
Increase/(decrease) in trade and other payables	10	(60)	1,349
Increase/(decrease) in employee entitlements	11	147	155
Increase/(decrease) in income advance	10	461	-
Net movement in working capital		476	351
Net cash inflow/(outflow) from operating activities		1,272	357

# NOTES TO THE FINANCIAL STATEMENTS

## 13 RELATED PARTIES

### Identity of related parties

HealthShare Limited is owned by the five District Health Boards in the Midland Region who are in turn wholly owned by the Crown.

### Significant transactions with government related entities

During the year ended 30 June 2013 HealthShare Limited received revenue of \$7,552,194 (2012:\$3,669,374) from these five District Health Boards and Ministry of Health in order to fund the organisation's activities and paid administration fees of \$18,578 (2012:\$29,053) to Waikato District Health Board. At 30 June 2013 HealthShare Limited owed \$1,154,801 (2012:\$924,815) to these District Health Boards. At 30 June 2013 these District Health Boards and Ministry of Health owed \$1,375,770 (2012:\$1,451,795) to HealthShare Limited. \$1,095,629 (2013: \$430,792) was invested with Waikato District Health Board.

	Revenue		Expenditure	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Bay of Plenty DHB	1,069	821	178	17
Lakes DHB	649	299	87	144
Tairāwhiti DHB	260	176	29	1
Taranaki DHB	646	459	-	-
Waikato DHB	4,240	1,915	312	299
Ministry of Health	688	-	-	-
	7,552	3,670	606	461

	Receivable		Payable	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Bay of Plenty DHB	285	257	268	7
Lakes DHB	205	310	169	359
Tairāwhiti DHB	6	40	43	-
Taranaki DHB	112	142	129	-
Waikato DHB	710	703	546	559
Ministry of Health	58	-	-	-
	1,376	1,452	1,155	925

### Collectively, but not individually, significant, transactions with government-related entities

In conducting its activities, HealthShare Limited is required to pay various taxes and levies (such as GST, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax is based on the standard terms and conditions that apply to all tax and levy payers. HealthShare Limited is exempt from paying income tax.

HealthShare Limited also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2013 totalled \$165,616 (2012: \$83,358). These purchases included purchase of electricity from Mercury, air travel from Air New Zealand, and postal services from New Zealand Post.

# NOTES TO THE FINANCIAL STATEMENTS

## 13 RELATED PARTIES (CONTINUED)

### Transactions with key management personnel

	2013 Actual \$000	2012 Actual \$000
<b>Key management personnel compensation</b>		
Salaries and other short-term employee benefits	228	13
Total key management personnel compensation	228	13

Key management personnel includes one member of the management team.

### Related party transaction involving key management personnel (or their close family members)

There have been no related party transactions involving key management personnel (or their close family members) during the year ended 30 June 2013 (2012: \$Nil).

### Employee remuneration

There was no remuneration paid to Directors during the year ended 30 June 2013 (2012: \$Nil).

The number of employees or former employees who received remuneration and other benefits of \$100,000 or more within specified \$10,000 bands were as follows:

	2013 Actual	2012 Actual
<b>Employee Remuneration over \$100,000 (\$20,000 bands)</b>		
100,001 - 110,000	3	1
110,001 - 120,000	1	-
120,001 - 130,000	1	1
130,001 - 140,000	-	-
140,001 - 150,000	2	-
150,001 - 160,000	-	-
160,001 - 170,000	2	1
170,001 - 180,000	-	-
180,001 - 190,000	-	-
190,001 - 200,000	-	-
200,001 - 210,000	-	-
210,001 - 220,000	-	-
220,001 - 230,000	1	-
	10	3

### Ownership

HealthShare Limited is a company jointly owned by Bay of Plenty DHB, Lakes DHB, Tairāwhiti DHB, Taranaki DHB and Waikato DHB. These five DHBs have and will continue to provide the ongoing funds required by HealthShare Limited to undertake its activities as agreed by the Directors in accordance with the Shareholders' Agreement.

# NOTES TO THE FINANCIAL STATEMENTS

## 14 FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arise in the normal course of HealthShare Limited's operations.

### Credit risk

Financial instruments, which potentially subject the company to concentrations of risk, consist principally of cash, short-term deposits and accounts receivable.

The company places its cash and short-term deposits with the Waikato District Health Board, which places its cash and short-term deposits with high-quality financial institutions and has a policy that limits the amount of credit exposure to any one financial institution.

Concentrations of credit risk from accounts receivable are limited to the DHBs. The DHBs are assessed to be low risk and high-quality entities.

The status of trade receivables at the reporting date is as follows:

	<b>Note</b>	<b>Gross Receivable 2013 \$000</b>	<b>Impairment 2013 \$000</b>	<b>Gross Receivable 2012 \$000</b>	<b>Impairment 2012 \$000</b>
Not past due		406	-	1,284	-
Past due 0-30 days		942	-	68	-
Past due 31-120 days		72	-	52	-
Past due 121-360 days		104	-	48	-
Past due more than 1 year		-	-	-	-
<b>Total</b>	<b>8</b>	<b>1,524</b>	<b>-</b>	<b>1,452</b>	<b>-</b>

As at 30 June 2013 there were no significant other concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

Maximum credit risk exposure for each class of financial instruments is as follows:

	<b>Note</b>	<b>2013 Actual \$000</b>	<b>2012 Actual \$000</b>
Cash and cash equivalents	<b>9</b>	1,095	462
Trade and other receivables	<b>8</b>	1,524	1,452
<b>Total credit risk</b>		<b>2,619</b>	<b>1,914</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 14 FINANCIAL INSTRUMENTS (CONTINUED)

### Liquidity Risk

Liquidity risk represents HealthShare Limited's ability to meet its contractual obligations. HealthShare Limited evaluates its liquidity requirements on an ongoing basis. In general, HealthShare Limited generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

The following table sets out the contractual cash flows for all financial liabilities and for derivatives that are settled on a gross cash flow basis.

		Note	2013 Actual \$000					
			Balance Sheet	6 mths or less	6 - 12 mths	1 - 2 years	2 - 5 years	More than 5 years
Cash and cash equivalents	9		1,095	1,095	-	-	-	-
Trade and other payables	10		(1,899)	(1,899)	-	-	-	-
<b>Total</b>			(804)	(804)	-	-	-	

	Note	2012 Actual \$000					
		Balance	6 mths	6 - 12	1 - 2	2 - 5	More than
		Sheet	or less	mths	years	years	5 years
Cash and cash equivalents	9	462	462	-	-	-	-
Trade and other payables	10	(1,498)	(1,498)	-	-	-	-
<b>Total</b>		(1,036)	(1,036)	-	-	-	

### Market risk

HealthShare Limited does not enter into derivative arrangements in the ordinary course of business. A financial risk management committee, composed of senior management, provides oversight for risk management. This committee determines HealthShare Limited's financial risk policies and objectives, and provides guidelines. This committee also establishes procedures for control and valuation, risk analysis, counterparty credit approval, and ongoing monitoring and reporting.

### Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate or, the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

## 14 FINANCIAL INSTRUMENTS (CONTINUED)

### Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

		2013 Actual \$000					
	Note	Total	6 mths or less	6 - 12 mths	1 - 2 years	2 - 5 years	More than 5 yrs
Cash and cash equivalents	9	1,095	1,095	-	-	-	-
		1,095	1,095	-	-	-	-

		2012 Actual \$000					
	Note	Total	6 mths or less	6 - 12 mths	1 - 2 years	2 - 5 years	More than 5 yrs
Cash and cash equivalents	9	462	462	-	-	-	-
		462	462	-	-	-	-

### Foreign Currency Risk

HealthShare Limited has no direct exposure to foreign currency risk.

### Capital Management

HealthShare Limited's capital is its equity, which comprises five District Health Boards' equity and retained earnings. Equity is represented by net assets. HealthShare Limited manages its revenues, expenses, assets, liabilities and general financial dealings prudently in compliance with the budgetary processes.

HealthShare Limited's policy and objectives of managing the equity is to ensure HealthShare Limited effectively achieves its goals and objectives, whilst maintaining a strong capital base. HealthShare Limited's policies in respect of capital management are reviewed regularly by the governing Board.

There have been no material changes in HealthShare Limited's management of capital during the period.

### Sensitivity Analysis

In managing interest rate risks HealthShare Limited aims to reduce the impact of short-term fluctuations on HealthShare Limited's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on earnings.

HealthShare Limited has no client exposure to foreign currency risk.

At 30 June 2013, it is estimated that a general increase of one percentage point in interest rates would increase HealthShare Limited's net surplus before tax by approximately \$10,950 (2012:\$4,620).

# NOTES TO THE FINANCIAL STATEMENTS

## 14 FINANCIAL INSTRUMENTS (CONTINUED)

### Classification and fair values

The classification and fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Note	2013 Actual \$000			Fair value
		Loans and receivables	Financial Assets and Liabilities at amortised cost	Carrying amount	
<b>Financial Assets</b>					
Trade and other receivables	8	1,524	-	1,524	1,524
Cash and cash equivalents	9	1,095	-	1,095	1,095
<b>Financial Liabilities</b>					
Trade and other payables	10	-	(1,899)	(1,899)	(1,899)
		2,619	(1,899)	720	720

	Note	2012 Actual \$000			Fair value
		Cash and receivables	Financial Assets and Liabilities at amortised cost	Carrying amount	
<b>Financial Assets</b>					
Trade and other receivables	8	1,452	-	1,452	1,452
Cash and cash equivalents	9	462	-	462	462
<b>Financial Liabilities</b>					
Trade and other payables	10	-	(1,498)	(1,498)	(1,498)
		1,914	(1,498)	416	416

### Estimation of fair values analysis

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

- The carrying amount of cash and cash equivalent balances is equivalent to their fair value.
- For receivables / payables the notional amount is deemed to reflect the fair value.

## 15 SUBSEQUENT EVENTS

There are no significant events subsequent to balance date.

## 16 CONTINGENT LIABILITIES

There were no contingent assets and liabilities as at 30 June 2013 (2012: \$Nil).

# NOTES TO THE FINANCIAL STATEMENTS

## 17 COMMITMENTS

	2013 Actual \$000	2012 Actual \$000
Capital commitments	1,292	-
<b>Non-cancellable commitments - operating lease commitments</b>		
Not more than one year	103	81
One to five years	68	149
Over five years	-	-
	171	230

Healthshare Limited leases two buildings under operating leases. None of the leases include contingent rentals.

During the year ended 30 June 2013 \$145,922 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2012: \$74,784).

## 18 EXPLANATION OF FINANCIAL VARIANCES FROM BUDGET

HealthShare Limited recorded a net surplus of \$780,458 compared with a budgeted surplus of \$Nil.

The budget figures for the year ended 30 June 2013 were not the original budget figures approved in the 2012–15 Statement of Intent. Revised figures were used as prior to the year the shareholders and directors of HealthShare Limited made the decision to formalise existing regional collaborative workstreams, subsequent to this formalisation HealthShare Limited expanded their services with Recruitment and Selection and Information Services planning workstreams. This resulted in increased revenue for HealthShare Limited to fund these workstreams.

### Variances in comprehensive income:

- Revenue has increased from budget by \$195,939. This is mainly because of approval of the elective services workstream subsequent to the budget setting process.
- Expenditure has decreased from budget by \$584,519. This is in relation to the deferred start to the Midland Regional Trauma Network & Maternity and vacant positions remaining unfilled.

### Variances in financial position:

- Current liabilities are higher than planned due to a significant increase in invoices for District Health Board funding which related to the e-pharmacy project, e-referral prepayment and purchase of video conferencing equipment in June.
- Employee benefits are higher than planned due to a high accrued annual leave balance. During the year ended 30 June 2013 HealthShare Limited had several employees transfer into the entity with large annual leave balances.
- Non-current assets are higher than budget due to the continued development of the e-pharmacy project. The e-pharmacy project currently is work in progress.

### Variances in cash flows:

- Lower than budgeted cash paid to suppliers and employees due to vacant positions and delayed starts to the Maternity and Midland Regional Training Network workstreams.



**Independent Auditor's Report****To the readers of  
HealthShare Limited's  
financial statements and non-financial performance information  
for the year ended 30 June 2013**

The Auditor-General is the auditor of HealthShare Limited (the company). The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the company on her behalf.

We have audited:

- the financial statements of the company on pages 26 to 44, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the company on pages 8 to 25 that comprises the statement of service performance, and which includes outcomes.

**Opinion****Financial statements and non-financial performance information**

In our opinion:

- the financial statements of the company on pages 26 to 44:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of the company's:
    - financial position as at 30 June 2013; and
    - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the company on pages 8 to 25:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:

- its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
- its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

## **Other legal requirements**

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 31 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and we explain our independence.

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and non-financial performance information that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported service performance within the company's framework for reporting performance;

- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

In accordance with the Financial Reporting Act 1993 we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Responsibilities of the Board of Directors**

The Board of Directors is responsible for preparing financial statements and non-financial performance information that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance and outcomes.

The Board of Directors is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Crown Entities Act 2004 and the Financial Reporting Act 1993.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.



John Scott  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

