

Review Period: Quarter 1 Monitoring Report: 1 July 2015 – 30 September 2015

Performance Measure	Target Set FY16	Historical Trend Line					Achieved FY 2015/16				
		FY11	FY12	FY13	FY14	FY15	Budget \$		Actual \$		
Provision of a safe and effective blood service for all New Zealanders through supply and delivery of: <ul style="list-style-type: none"> <li>▪ Fresh Blood Components</li> <li>▪ Fractionated Blood Products</li> <li>▪ Other Products and Related Services</li> </ul>	Revenue of \$112.30m	\$102.3m	\$105.5m	\$104.9m	\$104.0m	\$109.0m	Q1	+\$2.469m	Q1	+\$0.91m	-\$1.56m
	Expenses of \$112.31m	\$93.0m	\$102.1m	\$107.0m	\$103.1m	\$104.3m	Q2	-\$0.521m	Q2		
	<b>Deficit of -\$15k</b>	\$9.3m	\$3.4m	-\$2.1m	\$0.9m	\$4.7m	Q3	-\$0.975m	Q3		
							Q4	-\$0.988m	Q4		
							FY15	-\$0.015k	FY15**	-\$0.39m	

  

**Quarter 1:** The new financial year has started as expected, with quarter revenues of \$29.02m in line with budgeted revenue of \$28.95m. Quarter 1 has reported a surplus of \$912k compared to a budgeted surplus expectation of \$2.47m – refer to the side table. This -\$1.56m adverse to budget variance resulted from 2 major budget variances, namely;

- 1) Inventory adjustments which while favourable in total at \$1.77m were \$685k adverse to budget. This variance arose primarily from fractionation volume variances with the recording of a manufacturing plasma / fractionation loss of \$804k in the quarter which was -\$958k adverse to budget,
- 2) Unrealised exchange losses totalling -\$593k arising from marking the forward covered position to the market as at 30 September. This unrealised loss position was -\$689k adverse to budget setting.

Product expiry was also elevated in the quarter (-\$271k adverse) due to whole blood collection levels being set to assist in meeting source plasma volume requirements. These elevated whole blood collection levels are expected to be maintained through to the New Year at which point collection levels will be reassessed as against short term source plasma volume needs.

The **Financial Performance Worksheet** providing more comprehensive earnings detail is contained on page 9 of this report.

**\*\*Full Year Forecast:** a full year forecast prepared off the quarter 1 demand and performance indications has forecast a small deficit of -\$390k compared with a budgeted deficit of -\$15k, noting product expiry is forecast to be -\$571k adverse to budget due to the elevated whole blood collection levels referenced above. The forecast assumes no price rebate to the DHBs.

Summary of September Quarter - Q1 - 2015/16 Financial Performance				
Heading	Actual	Budget	Variance	
(xx) = Unfavourable	\$000's	\$000's	\$000's	%
Gross Revenues	29,017	28,949	68	0.2%
Product Margin	8,593	8,754	(162)	(1.8%)
Total Expenditure within P&L	(23,553)	(23,995)	442	1.8%
Inventory Adjustments	1,771	2,456	(685)	(27.9%)
Production Recoveries	15,122	15,393	(271)	(1.8%)
Product Expiry	(697)	(496)	(201)	(40.6%)
Other Income & Interest Earned	369	360	9	(2.5%)
Foreign Exchange Movements	(693)	(4)	(689)	-
Price Rebate to DHBs	-	-	-	-
<b>Reported Surplus for Quarter</b>	<b>912</b>	<b>2,469</b>	<b>(1,557)</b>	<b>(63.1%)</b>

Externally focussed Service Performance Measures relating to achievement of NZBS's two externally focussed strategic goals						
Performance Measures	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16
	Actual	Actual	Actual	Actual	Target	Achieved YTD
<b>1. External output measures related to Key Products and Services which contribute to achievement of NZBS Enduring Outcome and Strategic Goal 1</b>						
<b>1.1 Product and Service availability</b>						
Key products and services are available at all times (24 x 7). Measure is instances when this is not achieved and which could potentially have a negative consequence for patients.	0	0	1 <sup>1</sup>	0	0	Q1: Achieved Q2: Q3: Q4:
<small><sup>1</sup> There was 1 occasion in October 2012 when platelets of the right group were not supplied when requested and so were not available when required for a patient. The patient's clinical condition required that he be transferred to Auckland City Hospital for urgent neurosurgery and platelets were transfused in Auckland. The patient's clinician advised that the unavailability of platelets did not contribute to the clinical decision to transfer the patient nor did it cause any harm to the patient. Following surgery the patient made a good recovery and was transferred back to his DHB of domicile for on-going management.</small>						
<b>2. External output measures related to Demand Management and the relationship with DHBs which contribute to achievement of Strategic Goal 4</b>						
<b>2.1 Planning and Communication with District Health Boards (DHBs)</b>						
NZBS will demonstrate a productive and supportive relationship with the DHBs, including proactively engaging with them through the Lead DHB CEO to agree pricing for the next financial year, ensuring that this information is provided in sufficient time to inform preparation of DHB Annual Plans.  <u>NOTE:</u> Exact measure has changed over recent years.	<b>ACHIEVED</b> Based on Feedback received from Lead DHB CEO	<b>ACHIEVED</b> As per feedback received from the Lead DHB CEO stating; <i>"it would be my assertion that NZBS has met its Planning and Communications with DHB Objective."</i>	<b>ACHIEVED</b> As per feedback received from the Lead DHB CEO stating; <i>"NZBS has fully met the requirements of its 'Planning and Communications with DHBs' performance measure."</i>	<b>ACHIEVED</b> Feedback received from the Lead DHB CEO that stated:  "I can confirm from a DHB point of view NZBS has fully met the requirements of its "Planning and Communications with DHBs" performance measure in the 2014/15 financial year".	<b>TARGET</b> Favourable feedback on the timely and relevant provision of information, including issue resolution as provided by the Lead DHB CEO over the course of the 2015/16 financial year.	<b>Reported as a full year measure</b>

Performance Measures	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16
	Actual	Actual	Actual	Actual	Target	Achieved YTD
<b>2.2 NZBS Reports for DHBs</b>	<b>ACHIEVED</b> Monthly reports detailing product use and expiry information provided to all DHBs throughout 2011/12.	<b>ACHIEVED</b> Monthly reports detailing product use and expiry information provided to all DHBs throughout 2012/13.	<b>ACHIEVED</b> Reports are provided to each DHB by the 12th working day of the following month.	<b>ACHIEVED</b> All reports provided to each DHB within an average 4 working days over 2014/15.	<b>TARGET</b> Reports are provided to each DHB by the 12th working day of the following month.	Q1: All reports provided to each DHB within the stated timeframe.
Monthly demand management reports outlining purchase volumes by key product line are provided to DHBs to assist them to manage local usage and costs.						
<b>2.3 Clinical Oversight Programme</b>	<b>ACHIEVED - 100%</b>	<b>NOT ACHIEVED – 96%</b>	<b>ACHIEVED - 100%</b>	<b>ACHIEVED - 100%</b>	<b>TARGET - 100%</b>	Reported as a full year measure
All Blood Banks located in main DHB hospitals (other than the 6 DHBs where NZBS is responsible for Blood Bank provision) will receive at least 1 NZBS Clinical Oversight visit (and audit report) per year in order to enable them to meet the requirements of ISO15189 for IANZ Accreditation.						
<b>2.4 Haemovigilance Reporting</b>	<b>ACHIEVED</b> 2010 Haemovigilance Report distributed to DHBs in November 2011 and available on NZBS web-site.	<b>ACHIEVED</b> 2011 Haemovigilance Report distributed to all DHBs in December 2012 and available on NZBS web-site.	<b>ACHIEVED</b> 2012 Haemovigilance Report distributed to all DHBs in December 2013 and available on NZBS web-site.	<b>ACHIEVED</b> 2013 Haemovigilance report published in November 2014 and provided to all DHBs and is posted on NZBS website	<b>TARGET</b> Haemovigilance Report for the 2014 calendar year provided to all DHBs by Quarter 2.	Q1: 2014 Haemovigilance report completed and ready for release to DHBs in October 2015.
2.4.1 To promote risk awareness and best practice in transfusion, NZBS will publish an annual Haemovigilance report for each calendar year and will share this information with all DHBs to assist them to reduce the incidence of adverse transfusion related events.						
<b>Haemovigilance - Patient safety</b> (measured in calendar years)	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014 TARGET</b>	<b>2014</b>
2.4.2 Number of transfusion related adverse events occurring as a result of an NZBS "system failure" reported to the National Haemovigilance Programme, with a severity score greater than 1 and imputability score classified as likely/probable or certain.	<b>ACHIEVED</b> 0	<b>ACHIEVED</b> 0	<b>ACHIEVED</b> 0	<b>ACHIEVED</b> 0	<b>0</b>	Reported as a full year measure

Internally focussed Service Performance Measures relating to achievement of NZBS's five internally focussed strategic goals						
These are considered "proxy output measures" in the context of NZBS activities and are key contributors to NZBS's success in achieving its enduring outcome and the external output measures identified in the Strategic Goals Section (Section 4) of the Statement of Intent						
Performance Measures	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16
	Actual	Actual	Actual	Actual	Target	Achieved YTD
<b>3. Internal measures related to Products and Service Quality which contribute to achievement of Strategic Goal 2</b>						
<b>3.1 Donation Testing</b>						
Each donation will be tested prior to use in accordance with the NZBS Manufacturing Standards (as approved by Medsafe). <ul style="list-style-type: none"><li>No product is released for issue to a patient until it has passed all safety tests and associated records are maintained.</li></ul>	100% tested	100% tested	100% tested	100% tested	100% tested	Q1: 100% tested Q2: Q3: Q4:
<b>3.2 Regulatory Compliance - Medsafe</b>						
NZBS will ensure it maintains Medsafe licences for its 6 hub sites 100% of the time, to provide an assurance of GMP compliance.	100% GMP Licensing compliance	100% GMP Licensing compliance	100% GMP Licensing compliance	100% GMP Licensing compliance	100% GMP Licensing compliance	Reported as a full year measure
<b>3.3 Regulatory Compliance – IANZ (International Accreditation New Zealand)</b>						
NZBS will ensure it maintains IANZ accreditation 100% of the time at all of its diagnostic laboratories.	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation to be maintained	Reported as a full year measure
<b>3.4 Regulatory Compliance – ASHI (American Society of Histocompatibility and Immunogenetics)</b>						
NZBS will maintain ASHI accreditation 100% of the time at the national Tissue Typing laboratory.	100% ASHI accredited Biennial on-site audit completed	100% ASHI accreditation maintained	100% ASHI accredited Biennial on-site audit completed	100% ASHI accreditation maintained	100% ASHI accredited Biennial on-site audit to be conducted	Reported as a full year measure

Performance Measures	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16
	Actual	Actual	Actual	Actual	Target	Achieved YTD
<b>4. Internal measures related to Donors which contribute to achievement of Strategic Goal 3</b>						
<b>4.1 Donor Population</b>						
<p>NZBS maintains a donor population capable of meeting the on-going demand for blood and blood products.</p> <ul style="list-style-type: none"> <li>Active whole blood &amp; apheresis donor panels.</li> </ul>	126,041	121,167	112,744	109,518	115,500	Q1: 109,268 Q2: Q3: Q4:
<b>4.2 Donor Satisfaction</b>						
<p>Measure of Overall Satisfaction with the Quality of Service using the Common Measurement Tool questionnaire.</p> <ul style="list-style-type: none"> <li>Greater than 90% of donors surveyed state that they are either "Satisfied" or "Very Satisfied" with the overall quality of service.</li> </ul>	NOT ACHIEVED 88.6%	NOT ACHIEVED 88.3%	NOT ACHIEVED 88.4%	NOT ACHIEVED 87.9%	Greater than 90%	Reported as a full year measure
<b>4.3 Targeted donor recruitment strategies</b>						
4.3.1 Increase percentage of Māori donors on the active donor panel from the level achieved in the prior year.	NOT ACHIEVED 6.6%	ACHIEVED 6.7%	ACHIEVED 7.7%	ACHIEVED 9.3%	Better than prior year	Q1: 9.53% Q2: Q3: Q4:
4.3.2 Increase the percentage of youth donors between the ages of 19 – 25 years on the active donor panel from the 2012/13 level of 18.4% of all donors. <sup>2</sup>	NOT ACHIEVED 18.2%	ACHIEVED 18.4%	ACHIEVED 18.8%	ACHIEVED 18.8%	Better than prior year	Q1: 18.44% Q2: Q3: Q4:
<sup>2</sup> Attraction of youth donors assists in future proofing the service – encouraging new donors to replace those who are retiring.						

Performance Measures	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16
	Actual	Actual	Actual	Actual	Forecast	Achieved YTD
<b>4.4 Raw Material (Collections) Inputs</b>						
4.4.1 Total Whole Blood donations.	144,820	133,255	120,858	120,099	116,350 Q1: 30,588 Q2: 29,136 Q3: 27,442 Q4: 29,184	Q1: 31,584 Q2: Q3: Q4:
4.4.2 Total Plateletpheresis donations.	6,521	6,066	3,942	3,436	3,130 Q1: 825 Q2: 783 Q3: 736 Q4: 786	Q1: 812 Q2: Q3: Q4:
4.4.3 Total Plasmapheresis donations.	30,481	30,206	32,514	41,438	48,095 Q1: 12,646 Q2: 12,041 Q3: 11,342 Q4: 12,066	Q1: 12,481 Q2: Q3: Q4:
4.4.4 Total donations.	181,822	169,527	157,314	164,973	167,575 Q1: 44,059 Q2: 41,960 Q3: 39,520 Q4: 42,036	Q1: 44,877 Q2: Q3: Q4:
<p><b>Comment:</b> The current focus for NZBS is ensuring the ramp-up in plasmapheresis collections to the 2015/16 target level of some 50,000 collections (+20.7% increase over 2014/15 levels) occurs as quickly as possible utilising existing NZBS infrastructure. This 20% level of increase is required to sustain immunoglobulin product demand-driven fractionation volumes as well as starting the longer term objective of restoring the plasma stock buffer. The stock buffer acts as the key risk mitigation to the loss of a fractionation pool providing the ability to immediately undertake a second pooling in such circumstances.</p>						
<p><b>5. Internal measures related to People which contribute to achievement of Strategic Goal 5</b></p>						
5.1 Annual Employee turnover - Moving annual total basis for reporting.	9.7%	12.4%	10.4%	8.1%	12.0%	8.86%
5.2 Employee Engagement Index Score from biennial Staff Engagement Survey using the JRA and Associates Survey Tool.	No survey	No survey	68.5%	No survey Note: the referenced survey results were released in June 2014	No Survey	Reported as a full year measure

**6. Internal measure related to Development which contributes to achievement of Strategic Goal 6**

<b>6.1 Auckland Facility Project</b> Successful completion of key project milestones in accordance with Board approved project plan	New measure in 2015/16	Project Plan approved by Board and key milestones to 30 June 2016 achieved.	Reported as a full year measure
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**7. Internal measures related to Financial Sustainability which contribute to achievement of Strategic Goal 7**

<b>7.2 Financial Management – to better the budget setting</b> Assure cost efficiency and value for money management through maintenance of financial sustainability in an environment which is demand driven (i.e. changes in product demand - mix and volume by the DHBs, impacts on the NZBS financial result).	<b>ACHIEVED</b>  Actual surplus of \$3.4m  No price rebate paid to DHBs	<b>ACHIEVED</b>  Actual <b>deficit of (\$2.1m)</b>  No price rebate paid to DHBs	<b>ACHIEVED</b>  Actual surplus of \$0.86m  Price rebate of \$2.0m paid to DHBs	<b>ACHIEVED</b>  Actual surplus of \$4.7m  Price rebate of \$3.55m paid to DHBs.	Budget set as a  <b>Deficit of (\$15k)</b>  No price rebate planned to DHBs.	Q1: Surplus of \$912k Q2:  Q3: Q4:  <u>Current Full Year Forecast</u> Q1: <b>Deficit of -\$390k</b>
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**Specific Commentary Relating to the Quarter under Review**

**Headline Achievements / Activities in Quarter:**

- The focus on growing the plasma donor panel via the 'heart of gold' campaign is proving very successful with a 10% donor panel growth achieved in the quarter - now 7,956 active plasma donors.
- Medsafe advised in July 2015 it had no objection in principle to the extension of shelf life for platelet components from 5 to 7 days. A pilot commenced in Auckland on 21 September to allow both clinical and quality monitoring of the modified components. All going to plan a national roll-out to 7 day platelet shelf life will take place prior to Christmas.
- In August, for the first time in 4 years, the annual NZBS conference known as TRACE was successfully held in Rotorua. The majority of content was generated in-house, helping to keep costs reasonable, supplemented by some specialists in particular areas. The opportunity to communicate key messages face-to-face with a large number of staff was invaluable given the current operating environment challenges. The success of this conference has reinforced the importance of and value from TRACE being an annual conference.
- NZBS has taken over the storage of HPCs (Hematopoietic Progenitor Cells) previously stored at Capital & Coast DHB. This is a first step in NZBS taking over the therapeutic apheresis programme from CCDHB. This transfer of function responsibility had been at the request of Capital & Coast DHB.
- NZBS continued its Project Excellence (PEX) programme with the second project commencing in Auckland Donor Services in July. The project will focus on the donor journey from registration to exit from the donor floor. This second project builds off the successful Christchurch logistics programme that launched the adoption of the LEAN thinking initiative at NZBS.

**Overall Commentary on Quarter's Performance:**

NZBS has made a solid start to the new financial year however the current operating environment is presenting a number of challenges deriving from the current demand profile. However with the exception of the financial performance target NZBS considers it remains on track to meet the 2015/16 targets set within the Annual Statement of Performance Expectations.