

Review Period: Quarter 4 Monitoring Report: 1 April 2015 – 30 June 2015

Performance Measure	Target Set FY15	Historical Trend Line					Achieved FY 2014/15				
		FY10	FY11	FY12	FY13	FY14	Budget \$		Actual \$		
Provision of a safe and effective blood service for all New Zealanders through supply and delivery of: ▪ Fresh Blood Components ▪ Fractionated Blood Products ▪ Other Products and Related Services	Revenue of \$107.77M	\$97.4M	\$102.3M	\$105.5M	\$104.9M	\$104.0M	Q1	\$2.43m	Q1	\$5.03m	+\$2.60m
	Expenses of \$108.74M	\$95.8M	\$93.0M	\$102.1M	\$107.0M	\$103.1M	Q2	\$0.14m	Q2	\$1.66m	+\$1.52m
	Deficit of -\$0.97M	\$1.6M	\$9.3M	\$3.4M	-\$2.1M	\$0.9m	Q3	\$0.22m	Q3	\$1.99m	+\$1.77m
							Q4	-\$3.76m	Q4	-\$3.97m	-\$0.21m
							FY15	-\$0.97m	FY15	\$4.71m	+\$5.68m

Quarter 4: The June quarter performance was impacted by year-end entries and these entries were the major contributors to a reported quarter deficit of -\$3.97m which compared to a budgeted deficit of -\$3.76m. Revenue in the quarter totalled \$28.43m which was 5.2% favourable to budget. The side table summarises the overall quarter result with key points noted as follows:

- The major year-end entry was the price rebate of \$3.55m (expense) which was confirmed at the May board meeting. The rebate set was based on a full rebate of the 2014/15 price increase (\$2.0m) with the balance representing a rebating of margin earned off the above budget revenue volumes.
- The year-end inventory revaluation, wherein inventory costs are realigned from standard cost to actual cost, saw a devaluation expense of \$4.5m. This expense was largely offset by a fractionation manufacturing gain of +\$4.1m in the quarter, a consequence of increased fractionated product production. It is worth noting immunoglobulin product demand (the primary manufacturing driver) has increased by an unprecedented 12.2% over last year levels.
- Foreign exchange movement in the quarter was favourable at +\$2.1m a reflection of the decline in the NZD:AUD cross rate over the quarter when 'marked to market' against the actual forward exchange contracts held by NZBS.

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

Full Year Result: the full year result is a reported surplus of \$4.7m post DHB price rebate and represents a \$5.7m improvement when compared to budget. This result is consistent with a manufacturing business that has enjoyed above budget volume demand primarily in its fractionated product and specifically immunoglobulin product. Inventory adjustments over the full year totalled a favourable +\$6.4m which was \$5.5m above budget. The declaring of the price rebate (not budgeted) in the context of the full year result when compared to budget was primarily offset by higher gross margin off higher revenues, higher production recoveries and lower overall expenditure.

Summary of June Quarter - Q4 - 2014/15 Financial Performance				
Heading	Actual	Budget	Variance	
(xx) = Unfavourable	\$000's	\$000's	\$000's	%
Gross Revenues	28,428	27,020	1,408	5.2%
Product Margin	8,522	8,301	221	2.7%
Total Expenditure within P&L	(24,451)	(23,446)	(1,004)	(4.3%)
Inventory Adjustments	(407)	(2,355)	1,948	(82.7%)
Production Recoveries	14,243	14,015	228	1.6%
Product Expiry	(662)	(549)	(114)	(20.7%)
Other Income & Interest Earned	182	217	(35)	16.1%
Foreign Exchange Movements	2,153	57	2,096	-
Price Rebate to DHBs	(3,550)	-	(3,550)	-
Reported Surplus for Quarter	(3,971)	(3,760)	(211)	5.6%

Externally focussed Service Performance Measures relating to achievement of NZBS's two externally focussed strategic goals						
Performance Measures	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15
	Actual	Actual	Actual	Actual	Target	Actual
1. External output measures related to Key Products and Services which contribute to achievement of NZBS Enduring Outcome and Strategic Goal 1						
1.1 Product and Service availability						
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 ¹	0	0	0 ACHIEVED
<small>¹ 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>						
2. External output measures related to Demand Management and the relationship with DHBs which contribute to achievement of Strategic Goal 4						
2.1 Planning and Communication with District Health Boards (DHBs)						
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.	ACHIEVED Based on Feedback received from Lead DHB CEO	ACHIEVED Based on Feedback received from Lead DHB CEO	ACHIEVED 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>	ACHIEVED 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>	TARGET Favourable feedback on the timely and relevant provision of information, including issue resolution as provided by the Lead DHB CEO	ACHIEVED Feedback received from the Lead DHB CEO that stated: <i>"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".</i>

Performance Measures	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15
	Actual	Actual	Actual	Actual	Target	Actual
2.2 NZBS Reports for DHBs						
Monthly demand management reports outlining purchase volumes by key product line are provided to DHBs to assist them to manage local usage and costs.	ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs throughout 2010/11.	ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs throughout 2011/12.	ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs throughout 2012/13.	ACHIEVED Reports are provided to each DHB by the 12th working day of the following month.	TARGET Reports are provided to each DHB by the 12th working day of the following month.	ACHIEVED Q1, Q2, Q3, Q4: All reports provided to each DHB within an average 4 working days over 2014/15.
2.3 Clinical Oversight Programme						
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.	ACHIEVED – 100%	ACHIEVED - 100%	NOT ACHIEVED – 96%	ACHIEVED - 100%	TARGET - 100%	ACHIEVED – 100%
2.4 Haemovigilance Reporting						
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.	ACHIEVED 2009 Haemovigilance Report distributed to DHBs in November 2010 and available on NZBS web-site.	ACHIEVED 2010 Haemovigilance Report distributed to DHBs in November 2011 and available on NZBS web-site.	ACHIEVED 2011 Haemovigilance Report distributed to all DHBs in December 2012 and available on NZBS web-site.	ACHIEVED 2012 Haemovigilance Report distributed to all DHBs in December 2013 and available on NZBS web-site.	TARGET Haemovigilance Report for the 2013 calendar year provided to all DHBs by Quarter 2.	ACHIEVED 2013 Haemovigilance report published in November 2014 and provided to all DHBs and is posted on NZBS website.
Haemovigilance - Patient safety (measured in calendar years)	2009	2010	2011	2012	2013 TARGET	2013
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.	0	0	0	0	0	0 ACHIEVED

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	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15
	Actual	Actual	Actual	Actual	Target	Actual
3. Internal measures related to Products and Service Quality which contribute to achievement of Strategic Goal 2						
3.1 Donation Testing						
<p>Each donation will be tested prior to use in accordance with the NZBS Manufacturing Standards (as approved by Medsafe).</p> <ul style="list-style-type: none"> No product is released for issue to a patient until it has passed all safety tests and associated records are maintained. 	100% tested	100% tested	100% tested	100% tested	100% tested	ACHIEVED 100% tested
3.2 Regulatory Compliance - Medsafe						
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 to be maintained	ACHIEVED 100% GMP Licensing compliance
3.3 Regulatory Compliance – IANZ (International Accreditation New Zealand)						
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	ACHIEVED 100% - IANZ accreditation maintained
3.4 Regulatory Compliance – ASHI (American Society of Histocompatibility and Immunogenetics)						
NZBS will maintain ASHI accreditation 100% of the time at the national Tissue Typing laboratory.	100% A1SHI accredited	100% ASHI accredited Biennial on-site audit completed	100% ASHI accredited	100% ASHI accredited Biennial on-site audit completed	100% ASHI accreditation to be maintained	ACHIEVED 100% ASHI accreditation maintained

Performance Measures	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15
	Actual	Actual	Actual	Actual	Target	Actual
4. Internal measures related to Donors which contribute to achievement of Strategic Goal 3						
4.1 Donor Population						
<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"> Active whole blood & apheresis donor panel. 	128,417	126,041	121,167	112,744	120,000	<p>109,518</p> <p>Noting the donor population is flexed to meet ever changing demand needs. All demand needs were adequately met over the course of the 2014/15 financial year.</p>
4.2 Donor Satisfaction						
<p>Measure of Overall Satisfaction with the Quality of Service using the Common Measurement Tool questionnaire.</p> <ul style="list-style-type: none"> Greater than 90% of donors surveyed state that they are either "Satisfied" or "Very Satisfied" with the overall quality of service. 	New measure in 2011/12	88.6%	88.3%	88.4%	>90%	<p>NOT ACHIEVED</p> <p>87.9%</p>
4.3 Targeted donor recruitment strategies						
<p>4.3.1 Increase percentage of Māori donors on the active donor panel from the level achieved in the prior year.</p> <p>* Increase as a result of aligning ethnicity selection to NZ census definitions</p>	6.6%	6.6%	6.7%	7.7%*	Equal to or better than prior year	<p>ACHIEVED</p> <p>9.3%</p>
<p>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.²</p>	18.2%	18.2%	18.4%	18.8%	>18.8%	<p>ACHIEVED</p> <p>18.8%</p>
<p>² Attraction of youth donors assists in future proofing the service – encouraging new donors to replace those who are retiring.</p>						

Performance Measures	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15
	Actual	Actual	Actual	Actual	Forecast	Actual
4.4 Raw Material (Collections) Inputs						
4.4.1 Total Whole Blood donations.	149,915	144,820	133,255	120,858	116,450 Q1: 30,716 Q2: 29,291 Q3: 28,025 Q4: 28,418	Actual: 120,099 Q1: 31,412 Q2: 30,397 Q3: 28,598 Q4: 29,692
4.4.2 Total Plateletpheresis donations.	6,546	6,521	6,066	3,942	3,470 Q1: 915 Q2: 870 Q3: 838 Q4: 847	Forecast: 3,436 Q1: 857 Q2: 895 Q3: 853 Q4: 831
4.4.3 Total Plasmapheresis donations.	24,194	30,481	30,206	32,514	43,800 Q1: 11,548 Q2: 11,002 Q3: 10,537 Q4: 10,713	Forecast: 41,438 Q1: 9,669 Q2: 10,434 Q3: 10,366 Q4: 10,969
4.4.4 Total donations.	180,655	181,822	169,527	157,314	163,720 Q1: 43,179 Q2: 41,163 Q3: 39,400 Q4: 39,978	Forecast: 164,973 Q1: 41,938 Q2: 41,726 Q3: 39,817 Q4: 41,492
Comment: Whole blood donations continue to be managed in line with demand indications. Collection focus in quarter 4 remained on building plasmapheresis collection volumes (+27.4% increase over FY14 levels) to the reported annual level of 41,438 collects. This level of increase has been required to meet source plasma requirements for IVIg product manufacture where IVIg demand has grown by an elevated +12.2% over last year. This focus on plasmapheresis collection will continue into 2015/16 with an initial target set of some 49,500 collections (+19.4% target increase) to provide source plasma for immediate manufacturing need and at the same time commence the restoration of the plasma buffer lost in November 2013.						
5. Internal measures related to People which contribute to achievement of Strategic Goal 5						
5.1 Annual Employee turnover - Moving annual total basis for reporting.	10.7%	9.7%	12.4%	10.4%	12.0%	8.1%
5.2 Employee Engagement Index Score from biennial Staff Engagement Survey using the IBM Kenexa (formerly JRA & associates) Survey Tool.	74.4%	No survey	No survey	68.5%	76%	No survey Note: the referenced survey results were released in June 2014

Performance Measures	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15
	Actual	Actual	Actual	Actual	Target	Actual
6. Internal measure related to Development which contributes to achievement of Strategic Goal 6						
6.1 Christchurch Facility Project Successful completion of key project milestones in accordance with Board approved project plan	New measure in 2013/14			ACHIEVED Key project milestones to 30 June 2014 achieved as per Board approved project plan	Building commissioned and occupied in accordance with Board approved project plan	ACHIEVED The Christchurch Blood Centre was officially opened by the Minister of Health on 10 November 2014.
7. Internal measures related to Financial Sustainability which contribute to achievement of Strategic Goal 7						
7.2 Financial Management – to better the budget setting 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).	ACHIEVED Actual surplus of \$9.3m. No price rebate paid to DHBs.	ACHIEVED Actual surplus of \$3.4m No price rebate paid to DHBs	ACHIEVED Actual deficit of (\$2.1m) No price rebate paid to DHBs	ACHIEVED Actual surplus of \$0.86m Price rebate of \$2.0m paid to DHBs	Budget set as a Deficit of (\$975k) No price rebate planned to DHBs	ACHIEVED Actual surplus of \$4.7m Rebate planned to DHBs of \$3.55m.
fic Commentary Relating to the Quarter under Review						
<u>Headline Achievements / Activities in Quarter:</u> <ul style="list-style-type: none">➤ The Board held a constructive meeting with the Minister of Health in May.➤ The eTraceline business case (dedicated blood bank software for all NZBS and DHB managed blood banks) was approved by the Board at its May Board meeting. This is a major capital project with a \$7. 5m capital allocation, a 2 year project timeline and a planned go-live date of April 2017.➤ The last act in the successful completion of the new Christchurch Blood Centre project saw the Deed of Lease approved and executed by the Board at its May Board meeting. The project cost coming in under budget set the opening rental at \$235k per annum less than had been assumed in the business case.➤ The strong financial result for 2014/15 consequent on an elevated demand profile, particularly for immunoglobulin product, saw the Board declare a price rebate of \$3.55m to the DHBs.➤ The Board has approved the Framework for the Introduction of a Commercial Intravenous Immunoglobulin product with a planned product introduction in December 2015.➤ World Blood Donor Day 2015 was celebrated globally on 14 June with a WHO announced theme of ‘thank you for saving my life’.						
<u>Overall Commentary on Quarter’s Performance:</u> NZBS has delivered a very strong 2014/15 financial result reporting a surplus of \$4.7m after declaring a price rebate to DHBs of \$3.55m. The NZBS financial position at 30 June is assessed as very sound ensuring NZBS is well equipped financially to deal with challenges ahead. In terms of KPI delivery the <i>Annual Statement of Performance Expectation</i> details that all KPIs have been achieved with the exception of the Donor Satisfaction survey where a donor satisfaction rating of 87.9% failed to meet the target set of >90% satisfaction.						