

**Review Period: Quarter 4 Monitoring Report: 1 April 2016 – 30 June 2016**

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	-\$482k	+\$39k																																																																											
	Deficit of -\$15k	\$9.3m	\$3.4m	-\$2.1m	\$0.9m	\$4.7m	Q3	-\$0.975m	Q3	\$1.70m	+\$2.68m																																																																											
							Q4	-\$0.988m	Q4	-\$4.48m	-\$3.49m																																																																											
							FY16	-\$0.015m	FY16**	-\$2.34m	-\$2.33m																																																																											
<p><b>Quarter 4:</b> At the operating level quarter 4 saw revenues of \$28.95m which was favourable to budget by \$932k (+3.3%) and in line with prior quarter revenue levels. However the quarter's reported result, a deficit of \$4.48m was distorted by year-end related adjustments in particular a strong NZD and its collateral impact on the NZBS forward exchange cover position when 'marked to market' as required by international accounting standards. Year-end related matters impacting the quarter's reported result totalled \$3.06m in charges as detailed below;</p> <ul style="list-style-type: none"> <li>➢ Unrealised forex losses of \$1.67m a consequence of a very strong NZD:AUD cross at balance date of 0.9540 compared with a weighed forward covered rate of 0.9092.</li> <li>➢ Converting certain operating leases to finance lease treatment, adversely impacting the reported result by \$136k,</li> <li>➢ Realigning the Property Reinstatement provision covering 'make good' obligations within property leases, resulting in a \$438k charge to earnings,</li> <li>➢ An impairment charge of \$404k on the eProgesa blood management system software a consequence of the planned move of blood banking activities from eProgesa to eTraceline software</li> <li>➢ An accrual of \$415k for potential underpayment of annual leave covering a 6 year period as regards applying the appropriate, as now interpreted under the Holidays Act 2003, daily rate (average over 12 months (used by NZBS) vs relevant over immediate 4 week average) when calculating annual leave entitlement at any given time.</li> </ul>							<table border="1"> <thead> <tr> <th colspan="5">Summary of March Quarter - Q4 - 2015/16 Financial Performance</th> </tr> <tr> <th>Heading</th> <th>Actual</th> <th>Budget</th> <th colspan="2">Variance</th> </tr> <tr> <td>(xx) = Unfavourable</td> <td>\$000's</td> <td>\$000's</td> <td>\$000's</td> <td>%</td> </tr> </thead> <tbody> <tr> <td>Gross Revenues</td> <td align="right">28,949</td> <td align="right">28,017</td> <td align="right">932</td> <td align="right">3.3%</td> </tr> <tr> <td>Product Margin</td> <td align="right">8,582</td> <td align="right">8,441</td> <td align="right">141</td> <td align="right">1.7%</td> </tr> <tr> <td>Total Expenditure within P&amp;L</td> <td align="right">(25,761)</td> <td align="right">(24,200)</td> <td align="right">(1,561)</td> <td align="right">(6.4%)</td> </tr> <tr> <td>Inventory Adjustments</td> <td align="right">(555)</td> <td align="right">259</td> <td align="right">(813)</td> <td align="right">(314.4%)</td> </tr> <tr> <td>Production Recoveries</td> <td align="right">15,767</td> <td align="right">14,846</td> <td align="right">921</td> <td align="right">6.2%</td> </tr> <tr> <td>Product Expiry</td> <td align="right">(947)</td> <td align="right">(534)</td> <td align="right">(412)</td> <td align="right">(77.2%)</td> </tr> <tr> <td>Other Income &amp; Interest Earned</td> <td align="right">232</td> <td align="right">253</td> <td align="right">(22)</td> <td align="right">8.5%</td> </tr> <tr> <td>Foreign Exchange - Realised</td> <td align="right">39</td> <td align="right">(210)</td> <td align="right">249</td> <td align="right">-</td> </tr> <tr> <td><b>Operational Earnings</b></td> <td align="right"><b>(2,642)</b></td> <td align="right"><b>(1,144)</b></td> <td align="right"><b>(1,498)</b></td> <td align="right"><b>130.9%</b></td> </tr> <tr> <td>Non Operating Costs</td> <td align="right">(1,838)</td> <td align="right">156</td> <td align="right">(1,994)</td> <td align="right">-</td> </tr> <tr> <td>Price Rebate to DHBs</td> <td align="right">-</td> <td align="right">-</td> <td align="right">-</td> <td align="right">-</td> </tr> <tr> <td><b>Reported Surplus for Quarter</b></td> <td align="right"><b>(4,480)</b></td> <td align="right"><b>(988)</b></td> <td align="right"><b>(3,491)</b></td> <td align="right"><b>353.2%</b></td> </tr> </tbody> </table>					Summary of March Quarter - Q4 - 2015/16 Financial Performance					Heading	Actual	Budget	Variance		(xx) = Unfavourable	\$000's	\$000's	\$000's	%	Gross Revenues	28,949	28,017	932	3.3%	Product Margin	8,582	8,441	141	1.7%	Total Expenditure within P&L	(25,761)	(24,200)	(1,561)	(6.4%)	Inventory Adjustments	(555)	259	(813)	(314.4%)	Production Recoveries	15,767	14,846	921	6.2%	Product Expiry	(947)	(534)	(412)	(77.2%)	Other Income & Interest Earned	232	253	(22)	8.5%	Foreign Exchange - Realised	39	(210)	249	-	<b>Operational Earnings</b>	<b>(2,642)</b>	<b>(1,144)</b>	<b>(1,498)</b>	<b>130.9%</b>	Non Operating Costs	(1,838)	156	(1,994)	-	Price Rebate to DHBs	-	-	-	-	<b>Reported Surplus for Quarter</b>	<b>(4,480)</b>	<b>(988)</b>	<b>(3,491)</b>	<b>353.2%</b>
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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: Achieved Q3: Achieved Q4: Achieved
<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>ACHIEVED</b> Lead DHB CEO confirmed an open communication process with DHBs over price setting and utilisation patterns to inform the new financial year. To quote:  <i>"I believe you have developed an open partnership with me which will hopefully see a greater strategic partnership developed"</i> .

Performance Measures	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Target</b>	<b>Achieved YTD</b>
<b>2.2 NZBS Reports for DHBs</b>	<b>ACHIEVED</b>	<b>ACHIEVED</b>	<b>ACHIEVED</b>	<b>ACHIEVED</b>	<b>TARGET</b>	Q1, Q2, Q3, Q4: All monthly demand 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.	Monthly reports detailing product use and expiry information provided to all DHBs throughout 2011/12.	Monthly reports detailing product use and expiry information provided to all DHBs throughout 2012/13.	Reports are provided to each DHB by the 12th working day of the following month.	All reports provided to each DHB within an average 4 working days over 2014/15.	Reports are provided to each DHB by the 12th working day of the following month.	
<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>	<b>ACHIEVED – 100%</b>
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>	<b>ACHIEVED</b>	<b>ACHIEVED</b>	<b>ACHIEVED</b>	<b>TARGET</b>	<b>ACHIEVED</b>
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.	2010 Haemovigilance Report distributed to DHBs in November 2011 and available on NZBS web-site.	2011 Haemovigilance Report distributed to all DHBs in December 2012 and available on NZBS web-site.	2012 Haemovigilance Report distributed to all DHBs in December 2013 and available on NZBS web-site.	2013 Haemovigilance report published in November 2014 and provided to all DHBs and is posted on NZBS website	Haemovigilance Report for the 2014 calendar year provided to all DHBs by Quarter 2.	2014 Haemovigilance report completed and released to DHBs in October 2015.
<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>	<b>ACHIEVED</b> 0

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: 100% tested Q3: 100% tested Q4: 100% tested
<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	<b>ACHIEVED</b> Medsafe audit of 6 hub sites completed and 100% GMP compliance maintained
<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	<b>ACHIEVED</b> IANZ audits completed – 100% accreditation maintained
<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	<b>ACHIEVED</b> 100% ASHI accreditation maintained for Tissue Typing laboratory

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>						
NZBS maintains a donor population capable of meeting the on-going demand for blood and blood products.						Q1: 109,268 Q2: 109,748 Q3: 110,133
<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	Q4: 110,746
<b>Comment:</b> The donor panels are constantly flexed to ensure collection volumes align with demand patterns and in so doing keep product expiry to an absolute minimum.						
<b>4.2 Donor Satisfaction</b>						
Measure of Overall Satisfaction with the Quality of Service using the Common Measurement Tool questionnaire. <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>	<b>NOT ACHIEVED</b> 88.6%	<b>NOT ACHIEVED</b> 88.3%	<b>NOT ACHIEVED</b> 88.4%	<b>NOT ACHIEVED</b> 87.9%	Greater than 90%	<b>NOT ACHIEVED</b> 88.4%
<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.	<b>NOT ACHIEVED</b> 6.6%	<b>ACHIEVED</b> 6.7%	<b>ACHIEVED</b> 7.7%	<b>ACHIEVED</b> 9.3%	Better than prior year	Q1: 9.53% Q2: 9.66% Q3: 9.74% Q4: 9.76% - <b>ACHIEVED</b>
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>	<b>NOT ACHIEVED</b> 18.2%	<b>ACHIEVED</b> 18.4%	<b>ACHIEVED</b> 18.8%	<b>ACHIEVED</b> 18.8%	Better than prior year	Q1: 18.44% Q2: 18.77% Q3: 18.88% Q4: 18.33% <b>NOT ACHIEVED</b>
<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
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Achieved YTD</b>
<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	119,967 Q1: 31,584 Q2: 29,680 Q3: 28,918 Q4: 29,785
4.4.2 Total Plateletpheresis donations.	6,521	6,066	3,942	3,436	3,130 Q1: 825 Q2: 783 Q3: 736 Q4: 786	3,145 Q1: 812 Q2: 881 Q3: 756 Q4: 696
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	52,026 Q1: 12,481 Q2: 13,167 Q3: 12,778 Q4: 13,600
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	175,138 Q1: 44,877 Q2: 43,728 Q3: 42,452 Q4: 44,081
<p><b>Comment:</b> The focus in Qtr 4 remained on ensuring plasmapheresis collections continued to meet set targets. This focus over 2015/16 ensured total plasmapheresis collections of 52,026 representing a +25.6% increase over the 2014/15 level of 41,438. In Qtr 4 the plasmapheresis panel stood at 9,707 compared with Qtr 3's 9,084 donors (+6.8% in qtr). The 25% increase in plasma collection has been required initially to sustain immunoglobulin product demand-driven fractionation volumes and latterly to ensuring plasma stock levels held for fractionation are maintained at the designated levels required to ensure continuity of fractionated product supply.</p>						
<b>5. Internal measures related to People which contribute to achievement of Strategic Goal 5</b>						
5.1 Annual Employee turnover - Moving annual total basis for reporting.	9.7%	12.4%	10.4%	8.1%	12.0%	9.88%
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	No Survey undertaken in 2015/16

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

**6.1 Auckland Facility Project**

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.

**DEFERRED**

Project deferred to enable certain work to be completed such work having the potential to materially impact on the nature and scope of the planned project

**Comment:**

**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 \$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

**ACHIEVED**

Actual surplus of \$4.7m  
Price rebate of \$3.55m paid to DHBs.

Budget set as a

Deficit of (\$15k)

No price rebate planned to DHBs.

**NOT ACHIEVED**

Q1: Surplus of \$912k  
Q2: Deficit of -\$482k

Q3: Surplus of \$1.70m  
Q4: Deficit of \$4.48m

Actual Full Year Result  
Deficit of \$2.34m – no DHB price rebate planned.

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

As already noted the full year financial performance was adverse to budget and represented a 'not achieved' within the Statement of Performance. The other key performance indicators within the Statement of Performance sees 11 KPIs reported as 'achieved' with 2 KPIs reported as 'not achieved' and one KPI as 'deferred'. Overall NZBS considers this to be a creditable performance in what was a year that presented a number of very challenging operational issues.