



## BOARD MEETING

**Date:** Wednesday 21 October 2020

**Time:** 1.00pm

**Venue:** Te Waiora Room, DHB Administration Building,  
Corner Omaha Road and McLeod Street, Hastings  
(livestreamed for public meeting)

**Members:** Shayne Walker (Chair)  
Hayley Anderson  
Ana Apatu  
Kevin Atkinson  
David Davidson  
Evan Davies  
Peter Dunkerley  
Joanne Edwards  
Charlie Lambert  
Anna Lorck \*  
Heather Skipworth \*  
Renee Brown (Board Observer)  
Pauna Te Whaiti (Board Observer)

**Apologies:** Peter Dunkerley

**In Attendance:** Keriana Brooking, Chief Executive Officer  
Members of the Executive Leadership Team  
Robin Whyman and Julie Arthur, co-Chairs, Hawke's Bay Clinical Council  
Rachel Ritchie, Chair Hawke's Bay Health Consumer Council

**Minute Taker:** Kathy Shanaghan, EA to CEO

- To avoid potential, perceived or actual conflicts of interest, including conflicts that may arise from their candidacy for election to Parliament, both Anna Lorck and Heather Skipworth from 18 September to 17 October 2020 will be standing down over this time period.

**Public Agenda**

| Item | Section 1: Routine  | Time (pm) |
|------|---|-----------|
| 1.   | Karakia   | 1.00      |
| 2.   | Welcome and Apologies   |           |
| 3.   | <a href="#">Interests Register</a>  |           |
| 4.   | <a href="#">Minutes of Previous Meeting – 16 September 2020</a>   |           |
| 5.   | <a href="#">Matters Arising - Review of Actions</a>   |           |
| 6.   | <a href="#">Board Workplan</a>  |           |
| 7.   | <a href="#">Chair's Report</a> (verbal)   |           |
| 8.   | <a href="#">Chief Executive Officer's Report</a>  | 1.15      |
| 9.   | <a href="#">Financial Performance Report</a> – Carriann Hall, Executive Director Financial Services   | 1.20      |
| 10.  | <a href="#">Planning &amp; Funding Monthly Report</a> – Emma Foster, Acting Executive Director Planning & Funding   | 1.25      |
| 11.  | <a href="#">Health Services (DHB Provider Arm) Monthly Report</a> – Chris Ash, Chief Operating Officer  | 1.30      |
| 12.  | <a href="#">Board Health &amp; Safety Champions' Report</a>   | 1.35      |
| 13.  | <a href="#">Ākina (Continuous Improvement)</a> – Anne Speden, Executive Director of Digital Enablement<br>- <a href="#">Enabling a Digital Health Ecosystem</a> | 1.40      |
|      | <b>Section 2: Governance / Committee Reports</b>  |           |
| 14.  | <a href="#">Māori Relationship Board Report</a> – Chair, Ana Apatu  | 1.50      |
| 15.  | <a href="#">Hawke's Bay Clinical Council Report</a> – Co-chairs Robin Whyman and Jules Arthur<br>- <a href="#">Annual Report 2019-20</a>                        | 1.55      |
| 16.  | <a href="#">Hawke's Bay Health Consumer Council Report</a> – Chair, Rachel Ritchie  | 2.00      |
| 17.  | <a href="#">Pasifika Health Leadership Group Report</a> – Chair, Traci Tuimaseve  | 2.05      |
|      | <b>Section 3: For Information / Discussion</b>  |           |
| 18.  | <a href="#">Te Ara Whakawaiora – Cultural Responsiveness</a> – Patrick Le Geyt, Acting Executive Director of Health Improvement & Equity                        | 2.10      |
| 19.  | <a href="#">Chief Nursing and Midwifery Officer Report</a> - Chris McKenna, CN&MO   | 2.25      |
| 20.  | <a href="#">Hawke's Bay Medical Research Foundation</a> (verbal) – Hayley Anderson  | 2.30      |
|      | <b>Section 4: For Decision</b>  |           |
| 21.  | <a href="#">Shareholder Representative for Allied Laundry Services Limited Annual General Meeting</a>   | 2.35      |
| 22.  | <a href="#">Shareholder Representative for Central Region's Technical Advisory Services Ltd Annual General Meeting</a>  | 2.40      |
| 23.  | <b>Section 5: <a href="#">Recommendation to Exclude the Public</a></b><br>Under Clause 33, New Zealand Public Health & Disability Act 2000                      | 2.45      |

**Public Excluded Agenda**

| Item | Section 6: Routine  | Time |
|------|---|------|
| 24.  | <a href="#">Minutes of Previous Meeting – 16 September 2020</a> (public excluded)             | 2.50 |
| 25.  | <a href="#">Matters Arising – Review of Actions</a> (public excluded)                         |      |
| 26.  | <a href="#">Board Approval of Actions Exceeding Limits Delegated by CEO</a> (public excluded) |      |

## Board Meeting 21 October 2020 - Agenda

|     |  |      |
|-----|--|------|
| 27. | <a href="#">Chair's Report</a> - verbal (public excluded)  | 2.55 |
| 28. | <a href="#">Chief Executive Officer's Report</a> (public excluded)   | 3.00 |
| 29. | <a href="#">Planning &amp; Funding Monthly Report</a> (public excluded) – Emma Foster                            | 3.05 |
| 30. | <a href="#">Board Health &amp; Safety Champions' Report</a> (public excluded)                                    | 3.10 |
|     | <b>Section 7: Governance / Committee Reports</b>   |      |
| 31. | <a href="#">Hawke's Bay Clinical Council Report</a> (public excluded) – Co-Chairs, Robin Whyman and Jules Arthur | 3.15 |
| 32. | <a href="#">Hawke's Bay Health Consumer Council Report</a> (public excluded) – Chair, Rachel Ritchie             | 3.20 |
|     | <b>Section 8: For Information / Decision</b>   |      |
| 33. | <a href="#">Finance Risk and Audit Committee Meeting 21 October 2020</a> (public excluded) - Chair, Evan Davies  | 3.25 |
| 34. | Karakia Whakamutunga   | 3.35 |
|     | <b>Meeting concludes</b>   |      |

**The next HBDHB Board Meeting will be held on  
Wednesday 18 November 2020**

# Our shared values and behaviours



## 1 HE KAUANUANU RESPECT *Showing respect for each other, our staff, patients and consumers*

### Welcoming

- ✓ Is polite, welcoming, friendly, smiles, introduce self
- ✓ Acknowledges people, makes eye contact, smiles

- ✗ Is closed, cold, makes people feel a nuisance
- ✗ Ignore people, doesn't look up, rolls their eyes

### Respectful

- ✓ Values people as individuals; is culturally aware / safe
- ✓ Respects and protects privacy and dignity

- ✗ Lacks respect or discriminates against people
- ✗ Lacks privacy, gossips, talks behind other people's backs

### Kind

- ✓ Shows kindness, empathy and compassion for others
- ✓ Enhances people's mana

- ✗ Is rude, aggressive, shouts, snaps, intimidates, bullies
- ✗ Is abrupt, belittling, or creates stress and anxiety

### Helpful

- ✓ Attentive to people's needs, will go the extra mile
- ✓ Reliable, keeps their promises; advocates for others

- ✗ Unhelpful, begrudging, lazy, 'not my job' attitude
- ✗ Doesn't keep promises, unresponsive

## 1 ĀKINA IMPROVEMENT *Continuous improvement in everything we do*

### Positive

- ✓ Has a positive attitude, optimistic, happy
- ✓ Encourages and enables others; looks for solutions

- ✗ Grumpy, moaning, moody, has a negative attitude
- ✗ Complains but doesn't act to change things

### Learning

- ✓ Always learning and developing themselves or others
- ✓ Seeks out training and development; 'growth mindset'

- ✗ Not interested in learning or development; apathy
- ✗ "Fixed mindset, 'that's just how I am', OK with just OK

### Innovating

- ✓ Always looking for better ways to do things
- ✓ Is curious and courageous, embracing change

- ✗ Resistant to change, new ideas; 'we've always done it this way'; looks for reasons why things can't be done

### Appreciative

- ✓ Shares and celebrates success and achievements
- ✓ Says 'thank you', recognises people's contributions

- ✗ Nit picks, criticises, undermines or passes blame
- ✗ Makes people feel undervalued or inadequate

## 1 RARANGATE TIRA PARTNERSHIP *Working together in partnership across the community*

### Listens

- ✓ Listens to people, hears and values their views
- ✓ Takes time to answer questions and to clarify

- ✗ 'Tells', dictates to others and dismisses their views
- ✗ Judgmental, assumes, ignores people's views

### Communicates

- ✓ Explains clearly in ways people can understand
- ✓ Shares information, is open, honest and transparent

- ✗ Uses language / jargon people don't understand
- ✗ Leaves people in the dark

### Involves

- ✓ Involves colleagues, partners, patients and whanau
- ✓ Trusts people; helps people play an active part

- ✗ Excludes people, withholds info, micromanages
- ✗ Makes people feel excluded or isolated

### Connects

- ✓ Pro-actively joins up services, teams, communities
- ✓ Builds understanding and teamwork

- ✗ Promotes or maintains silo-working
- ✗ 'Us and them' attitude, shows favouritism

## 1 TAUWHIRO CARE *Delivering high quality care to patients and consumers*

### Professional

- ✓ Calm, patient, reassuring, makes people feel safe
- ✓ Has high standards, takes responsibility, is accountable

- ✗ Rushes, 'too busy', looks / sounds unprofessional
- ✗ Unrealistic expectations, takes on too much

### Safe

- ✓ Consistently follows agreed safe practice
- ✓ Knows the safest care is supporting people to stay well

- ✗ Inconsistent practice, slow to follow latest evidence
- ✗ Not thinking about health of our whole community

### Efficient

- ✓ Makes best use of resources and time
- ✓ Respects the value of other people's time, prompt

- ✗ Not interested in effective user of resources
- ✗ Keeps people waiting unnecessarily, often late

### Speaks up

- ✓ Seeks out, welcomes and give feedback to others
- ✓ Speaks up whenever they have a concern

- ✗ Rejects feedback from others, give a 'telling off'
- ✗ 'Walks past' safety concerns or poor behaviour

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## Board "Interest Register" - as at 14 October 2020

| Board Member Name | Current Status | Conflict of Interest   | Nature of Conflict   | Mitigation / Resolution Actions  | Mitigation / Resolution Actions Approved by | Date Conflict Declared           |
|-------------------|----------------|--|--|--|---|----------------------------------|
| Shayne Walker     | Active         | Dr Rachel Walker   | Wife - is a contractor to HBDHB  | Potential conflict. Will abstain from decisions related to perceived conflict.   | CEO   | 08.01.20                         |
| Kevin Atkinson    | Active         | Trustee of Hawke's Bay Power Consumers' Trust which holds all the shares in Unison Networks Limited. | Potential Conflict of Interest. Non-Pecuniary interest. Unison Networks Limited, trading as Unison, has a lease agreement with HBDHB for a generator which is located at Hawkes Bay Fallen Soldiers Memorial Hospital. HBDHB has an electricity supply contract with Meridian Energy Limited. Meridian Energy Ltd has a subcontract with Unison for the supply of power lines. | Will not take part in any decisions or discussions in relation to HBDHB electricity contracts. Will not take part in any decisions in relation to the generators at Hawke's Bay Hospital and electricity generation. | The Chair                                   | 26.10.17                         |
| Heather Skipworth | Active         | Daughter of Tanira Te Au   | Kaumaturā - Kaupapa Maori HBDHB  | All employment matters are the responsibility of the CEO   | The Chair                                   | 04.02.14                         |
|                   | Active         | Trustee of Te Timatanga Ararau Trust (aligned to Iron Maori Limited)                                 | The Trust has contracts with HBDHB including the Green Prescription Contract; and the Mobility Action Plan (Muscular Skeletal)   | Will not take part in any discussions or decisions relating to any actions or contracts with the Trust or aligned to Iron Maori Limited.   | The Chair                                   | 04.02.14<br>25.03.15<br>29.03.17 |
|                   | Active         | Māori Party  | Candidate for Ikaroa-Rāwhiti Seat  | Will manage HBDHB governance information in confidence   | The Chair                                   | 18.03.20                         |
|                   | Active         | Director of Kahungunu Asset Holding Company Ltd  | The asset portfolio of the company in no way relates to health, therefore there is no perceived conflict of interest.  | Unlikely to be any conflict of Interest. If in doubt will discuss with the HBDHB Chair.  | The Chair                                   | 26.10.16                         |
| Peter Dunkerley   | Active         | Shareholder Need a Nerd  | IT support for home or business  | No conflict perceived  | The Chair                                   | 13.12.17                         |
|                   | Active         | Shareholder of NZ Technologies   | Technology and innovative support for businesses to grow   | No conflict perceived  | The Chair                                   | 13.12.17                         |
| Ana Apatu         | Active         | CEO of Wharariki Trust (a member of Takitimu Ora Whanau Collective)                                  | A relationship which may be contractual from time to time  | Will advise of any perceived or real conflict prior to discussion  | The Chair                                   | 5.12.16                          |
|                   | Active         | Whakariki Trust "HB Tamariki Health Housing fund"  | Formed a relationship and MoU with HBDHB Child Health Team Community Women and Children's Directorate. The Trust created a "HB Tamariki Health Housing fund" to ensure warm dry homes for Hawke's Bay whanau.  | Will advise at the outset of any discussions on this topic, and will not take part in any decisions / or financial discussions relating to this arrangement.   | The Chair                                   | 8.08.18                          |
| Anna Lorck        | Active         | Attn! Marketing & PR   | Owner & Director (Marketing & Comms, publishing).  | Unlikely to be any conflict of Interest. If in doubt will discuss with the HBDHB Chair.  | The Chair                                   | 09.12.19                         |
|                   |                |  | Communications Contractor/Advisor to multiple businesses.  | Will provide a list of health related contracts to Chair and CEO. Will disclose if any conflict is related to agenda items. Will manage HBDHB governance information in confidence.                                  | The Chair                                   | 06.04.20                         |
|                   | Active         | Labour Party   | Labour Party candidate for Tukutuki electorate   | Will manage HBDHB governance information in confidence   | The Chair                                   | 18.03.20                         |
|                   | Active         | Mother   | Mother is an employee of the DHB at Central Hawke's Bay Health Centre  | Will advise of any perceived or real conflict prior to discussion  | The Chair                                   | 04.02.20                         |
| Hayley Anderson   | Active         | Hawke's Bay District Health Board  | Employed as Incident Controller  | Potential conflict. Will advise of any conflict of interest.   | The Chair                                   | 16.09.20                         |
|                   |                | Cranford Hospice Trust   | Health Consultant - contracted with provider   | Will advise of any conflict of interest. If in doubt, will discuss with HBDHB Chair  | The Chair                                   | 09.12.19                         |
| David Davidson    | Active         | 2020 End of Life Choice Act Referendum Society   |  | Will abstain from all decisions related to end of life choice.   | The Chair                                   | 28.03.20                         |
|                   | Active         | Hastings Rotary Club   | President  | Unlikely to be any conflict of interest. If in doubt, will discuss with HBDHB Chair  | The Chair                                   | 11.09.20                         |
|                   | Active         | Weem Charitable Trust  | Provides support services to Cancer sufferers eg Cranford & Cancer Society   | Will advise of any perceived or real conflict prior to discussion  | The Chair                                   | 09.12.19                         |
| Joanne Edwards    | Active         | KiwiGarden Ltd   | Director/CEO   | Potential conflict. Will abstain from all discussions/decisions that may have some direct relevance to this interest.  | The Chair                                   | 08.01.20                         |
| Charlie Lambert   | Active         | Centre for Women's Health Research Centre, Victoria University                                       | Part-time Researcher   | Potential conflict. Will not take part in any decisions that may have some relevance to this interest and will stand down from any interaction with staff.   | The Chair                                   | 15.07.20                         |
|                   | Active         | Hawke's Bay Regional Council   | Council Member   | Unlikely to be any conflict of Interest. If in doubt will discuss with the HBDHB Chair.  | The Chair                                   | 06.04.20                         |
| Evan Davies       | Active         | Chair, Capital Investment Committee  | DHB Capital Prioritisation   | Potential conflict.  | The Chair                                   | 07.01.20                         |

Board Meeting 21 October 2020 - Conflicts of Interest / Interests Register

| Board Member Name                | Current Status | Conflict of Interest  | Nature of Conflict   | Mitigation / Resolution Actions  | Mitigation / Resolution Actions Approved by | Date Conflict Declared |
|----------------------------------|----------------|---|--|--|---|------------------------|
|                                  | Active         | Crown Infrastructure Partners Covid Recovery Infrastructure Programme | Sector Expert Representative - Health  | Potential conflict. Will not take part in any decisions that may have some relevance to this interest and will absence himself from discussions if asked by the Chair. | The Chair                                   | 22.04.20               |
| Renee Brown<br>Board Observer    | Active         | Hawke's Bay DHB   | Employed as Management Accountant for Provider Services                        |  | The Chair                                   | 01.10.20               |
|                                  | Active         | Mother  | Board member of Te Roopu a Iwi Trust and employee of Maraenui Medical Centre   | Will advise of any perceived or real conflict prior to discussion  | The Chair                                   | 01.10.20               |
|                                  | Active         | Sister  | Employee of Maraenui Medical Centre  | Will advise of any perceived or real conflict prior to discussion  | The Chair                                   | 01.10.20               |
|                                  | Active         | Uncle   | Board member of Te Roopu a Iwi Trust and employee of Te Taiwhenua o Heretaunga | Will advise of any perceived or real conflict prior to discussion  | The Chair                                   | 01.10.20               |
|                                  | Active         | Totara Health   | Registered Nurse / Nurse Team Leader   | Potential conflict due to contracts with the DHB. Will abstain and not take part in any conversations relating to this interest.                                       | The Chair                                   | 13.10.20               |
| Panu Te Whaiti<br>Board Observer | Active         | Pasifika Health Leadership Group                                      | Member / Deputy Chair  | Advisory Committee to HBDHB Board. Unlikely to be any conflict.  | The Chair                                   | 13.10.20               |

**MINUTES OF THE HBDHB BOARD MEETING  
HELD ON WEDNESDAY 16 SEPTEMBER 2020 AT 1.00PM  
VIA WEBINAR**

**PUBLIC**

**Present:** Shayne Walker (Chair)  
Evan Davies (Deputy Chair)  
Hayley Anderson  
Ana Apatu  
Kevin Atkinson  
David Davidson  
Peter Dunkerley  
Anna Lorck  
Heather Skipworth  
Renee Brown (Board Observer)  
Panu Te Whaiti (Board Observer)

**In Attendance:** Keriana Brooking, Chief Executive Officer  
Members of the Executive Leadership Team  
Robin Whyman, Co-Chair Hawke's Bay Clinical Council  
Rachel Ritchie, Chair Hawke's Bay Health Consumer Council  
Members of the Public and Media (via livestream)  
Kathy Shanaghan, Executive Assistant to CEO

1. The Chair opened the meeting with a karakia and welcomed everyone to the meeting, including the community across Hawke's Bay who were viewing the meeting via Facebook livestream. He also welcomed Renee Brown and Panu Te Whaiti, the new Board Observers. Renee and Panu introduced themselves and provided some information on their background. The Chair acknowledged and thanked Hayley Anderson and Ana Apatu for volunteering to be mentors for Renee and Panu respectively.

**2. APOLOGIES**

Apologies were received from Joanne Edwards, Charlie Lambert. Jules Arthur, Co-Chair Hawke's Bay Clinical Council, had also tendered her apologies.

**3. INTEREST REGISTER**

Hayley Anderson advised that as from Wednesday 23 September 2020, she would be relinquishing her role as General Manager Healthy Populations at HBDHB. Going forward she has taken on a 0.2 FTE role as Incident Controller in the planning phase around COVID-19 for the DHB. **Noted - Interest Register to be updated.**

The Chair asked Renee and Panu to complete the conflicts of interests form so the register could be updated for the next meeting.

No Board member advised of any interests in the items on the agenda.

**4. CONFIRMATION OF PREVIOUS MINUTES**

The minutes of the Board meeting held on 19 August 2020 were confirmed as a correct record of the meeting.

**Moved:** Peter Dunkerley  
**Seconded:** Hayley Anderson  
**Carried**

## 5. MATTERS ARISING FROM PREVIOUS MINUTES

Status updates for all actions were noted along with the following comments:

- Item 1. The Chair advised that Board members were keen to reinstate Facilities walk arounds and for these to include all DHB facilities. That could include all Board members or small groups depending on the COVID-19 level. **Action**
- Item 2. Board session on patient flow. Board Administrator to send out some proposed dates for a session in October/November. **Action**
- Item 6: Board Health & Safety Champions walk about. The planned walk about had been postponed due to level 2 restrictions.
- Item 8. Consumer Council advice regarding communications strategy around patient flow. To be discussed during Consumer Council report.
- Item 10. Cervical screening outcomes. The Executive Director (ED) of Health Improvement & Equity was not in attendance to provide an update.
- A further action noted in the minutes, but not included in the action list, was a request to contact the Wairoa Mayor in response to the Community Partnership Group's feedback about the DHB's representative on that group. The ED of Planning & Funding advised that this had been followed up with the Mayor, however Heather Skipworth noted that while the Mayor might be satisfied with the arrangement, it was the community who was asking about the representative. It was agreed to add this to the matters arising. **Action**

## 6. BOARD WORK PLAN

The governance workplan was noted, with no changes made. The Chair advised that at the Finance Risk and Audit Committee (FRAC) meeting this morning, there was a discussion about how best to streamline meetings as currently Board members start the day at 9am and finish around 3.30pm. Further work was to be undertaken in this regard.

## 7. CHAIR'S REPORT (VERBAL)

- The Chair advised of the following retirements, with a letter being sent conveying the Board's best wishes and thanks for their extended years of devoted service.

| Name           | Role                 | Service                       | Years of Service | Retired          |
|----------------|----------------------|-------------------------------|------------------|------------------|
| Alistair McKay | Laboratory Scientist | Operations Directorate        | 11               | 4 September 2020 |
| Wendy Lee      | Dental Assistant     | Communities, Women & Children | 13               | 4 September 2020 |
| Jennifer Evans | Registered Nurse     | Surgical Directorate          | 31               | 13 August 2020   |

The Chair thanked the above staff for their dedication and years of service to the DHB and the community, and wished them all the best in their next journey.

- The Chair also acknowledged all staff working in and across the health system in Hawke's Bay and said it was amazing to see how long people had worked for the DHB and had dedicated their life to working in the health sector and, on behalf of the Board, thanked them also.
- The Chair again acknowledged the two Board Observers (Renee and Paunu), noting this was a 'first' for HBDHB, with five DHBs across the country signing up to 'A Seat at the Table' governance programme. He looked forward to Renee and Panu participating in the discussions and providing feedback.
- The Chair said it was pleasing to note that the influenza vaccination rates for Māori over 65 were higher than non-Māori and Pacific in Hawke's Bay, with HBDHB the second highest out of 20 DHBs at 75.8 percent. He thanked the public health team for their efforts to achieve such a great result. Heather Skipworth suggested sending a letter to the providers thanking them on behalf of the Board. **Action**

- The Chair noted that this was Heather Skipworth and Anna Lorck's last Board meeting as they were standing down as from 18 September due to being candidates in the general election. On behalf of the Board he thanked them for their leadership.

#### 8. CHIEF EXECUTIVE OFFICER'S REPORT

This report was taken as read. The CEO provided the following comments in addition to her report:

- The DHB was reasonably comfortable about where it was sitting in respect to COVID-19 testing, however there was still work to do to keep levels of testing up
- The DHB was actively working with those communities, particularly industries, to ensure people who were unable to get to testing centres could have tests undertaken at their work sites

##### RECOMMENDATION

That the HBDHB Board:

1. **Note** the contents of this report.

**Adopted**

#### 9. FINANCIAL PERFORMANCE REPORT

The ED of Financial Services took this report as read highlighting that the financial position was \$10k favourable, with August close to plan on operating result and \$300k favourable year-to-date.

##### RECOMMENDATION

That the HBDHB Board:

1. **Note** the contents of this report.

**Adopted**

#### 10. PLANNING & FUNDING MONTHLY REPORT

This report was taken as read. The ED of Planning & Funding provided the following comment in addition to the report:

- The 273 actions in the Annual Plan 2020/21 had been reviewed and prioritised against the following key priority areas
  - First 1000 days
  - Long term conditions
  - Mental Health & Addictions
  - A Responsive Health System
  - Frail and Older People

It was noted the Annual Plan was currently with the Minister of Health for signing.

##### RECOMMENDATION

That the HBDHB Board:

1. **Note** the contents of this report.

**Adopted**

#### 11. HEALTH SERVICES (DHB PROVIDER ARM) REPORT

The Chief Operating Officer (COO) took his report as read, however noted that at the time of writing the provisional result for elective discharges for August was 91.2 percent against plan and as at this morning that figure was 93.8 percent.

Discussion occurred around the following:

- The work being undertaken around hospital flow and theatre efficiency
- The availability of clinical staff to continue to undertake weekend procedures
- People being discharged home when the person at home is unable to look after them due to their own complex needs. The COO advised that discharge planning should start from admission, including communication / discussion with whānau around what to expect when a whānau member leaves hospital. He said he would ensure the discharge planning policy was up-to-date and consistent across the organisation. **Action**

Heather Skipworth congratulated the theatre staff for continuing to ensure patients received their treatment during COVID-19.

The Chair acknowledged the efforts of Surgical Services for the significant reductions in ESPI 2 (outpatient referrals waiting longer than four months) and ESPI 5 (waits for surgery longer than four months).

#### RECOMMENDATION

That the HBDHB Board:

1. **Note** the contents of this report.

**Adopted**

#### 12. BOARD HEALTH & SAFETY CHAMPIONS' UPDATE

Hayley Anderson provided the following update:

- From a Health & Safety perspective there were some real challenges in the COVID-19 environment of being able to walk the floor and connect in with people. They were therefore working with the Executive Leadership Team around how that might be undertaken in a different way
- The key focus areas were maintaining health and safety data to get an assurance that health and safety aspects were being appropriately managed across the DHB
- Hayley referred to the discussion at FRAC earlier in the day about the Safe 365 tool and the work that needs to occur
- In future the Board would receive a written report rather than a verbal update
- Hayley and Peter Dunkerley continued to video conference into the monthly Health & Safety Wellbeing Committee meetings and therefore had a good line of sight on the kinds of issues the team was working on.

#### 13. LEARNINGS FROM COVID-19

This report was taken as read. The Chief Allied Health Professions Officer (CAHPO) paid tribute to all those involved with the influenza vaccinations. He also acknowledged the public health unit, including Hayley Anderson, who had worked many months supporting COVID-19 locally and also Auckland, commenting that everyone involved in the testing and response had been magnificent. The CAHPO highlighted three current areas of focus:

- Ensuring there is appropriate support for residential care
- Improving the testing strategy
- Scoping a Managed Isolation Facility

The following comments were noted during discussion:

- What support was available to those whānau who aren't in residential care? The CAHPO advised that work was being done with home support services and there was also a wider societal response with other forms of welfare types of response. The Health Improvement & Equity/Māori Health teams were also working very hard on connecting with people and were making some great progress. He agreed to provide an update on that work in the form of a report for Board members. **Action**
- The Chair noted that during levels 4 and 3 there was lots of support about being kind to each other and a greater preparedness to work collectively and asked how those learnings were taken forward to assist people to work together. The CAHPO agreed that kindness was important, and also the need to make sure people feel valued, as often people were being asked to go above and beyond. Recently the CEO had visited the public health unit and Hawke's Bay Hospital laboratory staff to thank them for the work they were doing, and she had also visited the testing centres in Napier (The Doctors) and at Hastings Health Centre to personally thank them.

## REPORT FROM COMMITTEE CHAIRS

### 14. MĀORI RELATIONSHIP BOARD (MRB)

MRB Chair, Ana Apatu, provided a verbal report from the MRB meeting held on 2 September 2020.

- MRB was not happy with the process regarding a new governance proposal going to the Board. A public excluded meeting was held to discuss their concerns. They felt there was a mis-step in the process, however the conclusion was that MRB would support the transition to a Post Settlement Group Entity (PSGE) partnership governance model.
- First 1000 days
  - Community based/public health initiatives that are important for keeping whanau well in the first 1000 days (and beyond) - such as housing, smokefree, community mental health, respite care services, early childhood education, Tamariki Ora...
  - Broader needs of whanau, for example, adult oral health care needs, access to mental health services, etc. The first 1000 days should be a wrap-around for the whole whanau, as an opportunity to ensure they all receive the support and health care they need and want. This time is such a good opportunity to deliver care to whanau under the umbrella of HBDHB wanting them to be well during this really important time in their lives. So, for example, if there's an older, adolescent sibling in the whanau, what will they receive by way of a health wrap. Remembering that HBDHB has all the words about patient centred / whānau centred, it's timely in this initiative to really test the boundaries of what is seen as whanau-centred.

Ana thanked the ED of Planning & Funding and her team for picking up MRB's recommendations.

- MRB extended their congratulations to primary care and community providers with the excellent Māori influenza vaccination uptake.

### 15. HAWKE'S BAY HEALTH CONSUMER COUNCIL

Consumer Council Chair Rachel Ritchie took this report as read. She provided the following comment in response to a question at the last meeting requesting feedback from Consumer Council around communication to the public about the hospital flow work. Council members, in general terms, thought that keeping the community informed of the work in this area would be welcomed but with some strong conditions:

1. That any communication includes some good information about the challenges faced and historical context about making progress in that area; and
2. If there are any proposed improvements that they are actually delivered on so there is no loss of community trust.

The Chair acknowledged the 2020/21 goals tabled in the report and thanked Consumer Council for the work undertaken to get to that point.

**RECOMMENDATION**

That the HBDHB Board:

1. **Note** the contents of this report.

**Adopted**

**FOR INFORMATION / DISCUSSION**

**16. AGEING WELL IN HAWKE'S BAY**

*Suzanne Parkinson, Portfolio Manager and Dr Lucy Fergus, Consultant Geriatrician, joined the meeting for this item.*

The purpose of this paper was to provide the Board with an overview of known significant risks of an ageing population on the health system, and the ageing well stakeholder voice. This would support developing strategy and health system approaches in relation to Ageing Well in Hawke's Bay. The report was taken as read.

Comments during discussion included:

- Consumer Council Chair Rachel Ritchie asked that when looking at what other services were occurring elsewhere, the team also look at other models of care in those services. The ED of Planning & Funding advised that whenever the DHB looked at system changes, consideration on how services were delivered was always an integral part of that.
- In respect to the breakdown of clients by ethnicity, gender, age group and quintile (page 3 of report), it would be useful to know the percentage of Māori in the age groups. The ED Planning & Funding agreed to include that in the next report. **Action**
- It would be useful to include numbers as well as percentages. The ED Planning & Funding advised that future reports would include numbers where they were able to.
- A member asked where disability fitted into the planning processes. Members were advised that historically this had not been a high priority as funding for under 65s was not devolved to DHBs, however the Population Health Team, with support from Planning & Funding, had developed a Disability Action Plan and more emphasis was going into integrating that more broadly. The CEO noted that the focus of the second stage of WAI 2575 was on Mental Health, Māori and Disabilities and Alcohol and Substance Abuse (including tobacco). Board members asked for the Disability Action Plan to be added to the resource centre in Diligent. **Action**
- A member commented that as a health system we tend to concentrate on extension of life rather than quality of life and that health professionals need to talk to the elderly and ask what they want and respect their views, which is not always done.
- In response to a question as to how many people provided feedback, members were advised that specific numbers were not available, however the information was collected from a variety of different sources including Consumer Council partners, people from Wairoa, Grey Power and Age Concern partners, as well as feedback from consumers. The information provided in the report was an overview of different comments received. If required, members could be provided with information on what would be the usual practice to consider a sufficient percentage of any given population.
- A final comment was in regard to the graphs, which were hard to see in Diligent. It was agreed to look at this in respect to all Board reports. **Action**



**RECOMMENDATION**

That the HBDHB Board:

1. **Note** the progress against plan.

**Adopted**

**GENERAL BUSINESS****Comments from Anna Lorck and Heather Skipworth**

Anna advised that being elected as a Board member had given her a real insight into the needs of the Hawke's Bay community and something she would hold in great stead for the future. She thought Board members were doing a great job and thanked Shayne for his leadership and also thanked her fellow Board members. Although the CEO had only been here a short time, Anna said it had been fantastic to work with her. She said there had been some great robust discussions and she hoped to see a lot more engagement with the community and also making the Cardiology Intervention Centre a priority for this region.

Heather passed on her thanks to everyone, saying it had been a great seven years, sometimes frustrating but very fulfilling. She said being a Board member and seeing what has been achieved had helped her as a person. She paid tribute to the previous Chair, Kevin Atkinson, for his leadership saying she had learned a lot from him during her time on the Board. In conclusion, Heather noted that while members all like to say they do it for the community, the best can only be measured by the health of our community.

The Chair wished both Anna and Heather good luck in the upcoming elections.

**17. RECOMMENDATION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

**That the Board**

**Exclude** the public from the following items:

18. Confirmation of Previous Minutes 19 August 2020 - Public Excluded
19. Matters Arising (Public Excluded)
20. Board Approval of Actions Exceeding Limits Delegated by CEO (Public Excluded)
21. Chair's Report (Public Excluded)
22. Hawke's Bay Clinical Council Report (Public Excluded)
23. Hawke's Bay Health Consumer Council Report (Public Excluded)
24. Communications Quarterly Report (Public Excluded)
25. Finance Risk and Audit Committee (Public Excluded)
  - Summary of Meeting 16 September 2020 – verbal (Public Excluded)

**MOVED:** Shayne Walker

**SECONDED:** Peter Dunkerley

**Carried**

The public section of the Board meeting concluded at 2.20pm

**Signed:**

\_\_\_\_\_

**Chair**

**Date:**



**BOARD MEETING - MATTERS ARISING  
(Public)**

5

| Action | Date Entered | Action to be Taken  | By Whom                               | Month    | Status   |
|--------|--------------|---|---------------------------------------|----------|--|
| 1      | 15/7/20      | <b>Patient Flow</b>   | COO                                   | August   | Proposed dates for a webinar have been circulated via doodle poll.   |
| 2      | 19/8/20      | <b>Cervical Screening Outcomes for Māori</b><br>DHB to look at the cervical screening programme from Korowai Aroha in Rotorua       | Acting ED Health Improvement & Equity | December | Review being undertaken.   |
| 3      | 16/9/20      | <b>Interest Register</b><br>Update to reflect Hayley Anderson's change in employment  | Board Administrator                   | October  | Completed.   |
| 4      | 16/9/20      | <b>Facilities Walk Around</b><br>To be resumed and to include Hastings, Napier, Wairoa and Central Hawke's Bay                      | Carriann                              | November | Facilities Team developing a programme for Hawke's Bay Hospital.   |
| 5      | 16/9/20      | <b>Wairoa Community Partnership Group – DHB Representative</b><br>To be followed up   | Acting ED Planning & Funding          | October  | CEO to provide verbal update.  |
| 6      | 16/9/20      | <b>Vaccination Rates for Māori</b><br>Letter to be sent to providers thanking them for their efforts to achieve such a great result | Acting ED Health Improvement & Equity |          | Completed  |
| 7      | 16/9/20      | <b>Discharge Planning</b><br>Ensure discharge planning policy is up-to-date and is consistent across the organisation               | COO                                   | October  | A final draft of the Discharge and Care Transfer policy has been developed across Directorates and is in the process of final revisions and sign-off. Once agreed, corresponding communications, both staff and patient-facing, will be developed. |

|    |         |   |                                       |           |   |
|----|---------|---|---------------------------------------|-----------|---|
| 8  | 16/9/20 | <b>Support for Whānau Not in Residential Care</b><br><br>Update to be provided on the welfare work HIE/Māori Health teams are doing | Acting ED Health Improvement & Equity | October   | Under COVID-19 Level 3 & 4, Tihei Mauri Ora – Māori pandemic Response worked in partnership with Civil Defence and MSD to ensure the welfare needs of all vulnerable whānau (pounamu whānau) were assessed, triaged and catered. The Tihei Mauri Ora network extended from Mahia to Takapau, with community coordinators and community champions, working intensely in their respective communities. Moreover, HBDHB facilitated funding from MoH for Māori providers to prioritise the health needs of the most vulnerable, including those over 65 years and over. As a result, elderly Māori and Pacific were well supported. The challenge in Level 1 environment is how do we ensure Health of Older People service planning enables the equitable and continued intensive support and assistance provided under Level 3 & 4 for those elderly Māori not living in residential care. |
| 9  | 16/9/20 | <b>Ageing Well in Hawke's Bay</b><br><br>Future reports to include the percentage of Māori in the age groups                        | Acting ED Planning & Funding          |           | Included in Planning & Funding report   |
| 10 | 16/9/20 | <b>Disability Action Plan</b><br><br>Add to Resource Centre of Diligent   | Board Administrator                   | September | Completed   |

|    |         |  |     |         |                                       |
|----|---------|--|-----|---------|---------------------------------------|
| 11 | 16/9/20 | <b>Graphs in Reports</b><br>When including graphs,<br>ensure they are easy to read<br>(one or two to a page) | All | Ongoing | Noted by Executive<br>Leadership Team |
|----|---------|--|-----|---------|---------------------------------------|



# Board Meeting 21 October 2020 - Board Workplan

| BOARD as at 14 October 2020  | Emailed | Destination Month | EMT Member                | Lead/Author                   | EMT Meeting Date | PHLG Meeting Date | MRB Meeting Date | Clinical Council Meeting Date | Consumer Council Meeting Date | F R A C Meeting date | BOARD Meeting date |
|--|---------|-------------------|---------------------------|-------------------------------|------------------|-------------------|------------------|-------------------------------|-------------------------------|----------------------|--------------------|
| Cardiology Services Business Case (for approval)                                       |         | Oct-20            | Carriann Hall             | Paula Jones/<br>Paula Balchin |                  |                   |                  |                               |                               | 21-Oct-20            |                    |
| Nursing & Midwifery Six Monthly Report   |         | Oct-20            | Chris McKenna             |                               |                  |                   |                  |                               |                               |                      | 21-Oct-20          |
| Internal Audit Report - RMO Rostering Review   |         | Oct-20            | Carriann Hall             | Jared McGillicuddy            |                  |                   |                  |                               |                               | 21-Oct-20            |                    |
| Shareholder Representative for Central Region's TAS Ltd Annual General Meeting         |         | Oct-20            | Carriann Hall             |                               |                  |                   |                  |                               |                               |                      | 21-Oct-20          |
| Shareholder Representatives for Allied Laundry Services Limited Annual General Meeting |         | Oct-20            | Carriann Hall             |                               |                  |                   |                  |                               |                               |                      | 21-Oct-20          |
| Te Ara Whakawaiaora - Cultural Responsiveness  |         | Oct-20            | Carriann Hall / Chris Ash | Tracey Paterson               |                  |                   | 7-Oct-20         | 7-Oct-20                      | 5-Nov-20                      |                      | 21-Oct-20          |
| Financial Performance Report   |         | Oct-20            | Carriann Hall             |                               |                  |                   |                  |                               |                               | 21-Oct-20            | 21-Oct-20          |
| Chief Executive Officer's Report   |         | Oct-20            | Keriana Brooking          |                               |                  |                   |                  |                               |                               |                      | 21-Oct-20          |
| Planning & Funding Monthly Report  |         | Oct-20            | Emma Foster               |                               |                  |                   |                  |                               |                               |                      | 21-Oct-20          |
| Health Services (DHB Provider Arm) Monthly Report                                      |         | Oct-20            | Chris Ash                 |                               |                  |                   |                  |                               |                               |                      | 21-Oct-20          |
| Akina (Continuous Improvement)   |         | Oct-20            | Anne Speden               |                               |                  |                   |                  |                               |                               |                      | 21-Oct-20          |
| Board Approval of Actions Exceeding Limits Delegated by CEO                            |         | Oct-20            | Emma Foster               |                               |                  |                   |                  |                               |                               |                      | 21-Oct-20          |
| FRAC and Board Future Scheduling   |         | Oct-20            | Keriana Brooking          |                               |                  |                   |                  |                               |                               | 21-Oct-20            |                    |
| Capital Plan and Capital Intentions  |         | Oct-20            | Carriann Hall             |                               |                  |                   |                  |                               |                               | 21-Oct-20            |                    |
| Event Notification Process   |         | Oct-20            | Robin Whyman              |                               |                  |                   |                  |                               |                               | 21-Oct-20            |                    |
| Access Booking and Choice (Outpatient)   |         | Nov-20            | Chris Ash                 |                               |                  |                   |                  |                               |                               | 18-Nov-20            |                    |
| Ageing Well in Hawke's Bay   |         | Nov-20            | Emma Foster               | Suzanne Parkinson             |                  |                   |                  |                               |                               |                      | 18-Nov-20          |
| HIE & Pop Health Quarterly Report  |         | Nov-20            | Patrick Le Geyt           |                               |                  |                   |                  |                               |                               |                      | 18-Nov-20          |
| Internal Audit Report - Primary / Secondary Data Sharing and Utilisation Review        |         | Nov-20            | Carriann Hall             | Jared McGillicuddy            |                  |                   |                  |                               |                               | 18-Nov-20            |                    |
| LINAC Business Case (for approval)   |         | Nov-20            | Carriann Hall             | Paula Jones/<br>Paula Balchin |                  |                   |                  |                               |                               | 18-Nov-20            |                    |
| Patient Safety and Quality Quarterly Report (FRAC) (Feb, May, Aug, Nov)                |         | Nov-20            | Robin Whyman              | Susan Barnes                  |                  |                   |                  | 4-Nov-20                      |                               | 18-Nov-20            |                    |
| People Safety and Wellbeing Quarterly Report (FRAC) (Feb, May, Aug, Nov)               |         | Nov-20            | Carriann Hall             | Tracey Paterson               |                  |                   |                  |                               |                               | 18-Nov-20            |                    |
| Wairoa Localities Update / Performance Dashboard (quarterly) (for information)         |         | Nov-20            | Emma Foster               |                               |                  |                   |                  |                               |                               |                      | 18-Nov-20          |
| Financial Performance Report   |         | Nov-20            | Carriann Hall             |                               |                  |                   |                  |                               |                               | 18-Nov-20            | 18-Nov-20          |
| Chief Executive Officer's Report   |         | Nov-20            | Keriana Brooking          |                               |                  |                   |                  |                               |                               |                      | 18-Nov-20          |
| Planning & Funding Monthly Report  |         | Nov-20            | Emma Foster               |                               |                  |                   |                  |                               |                               |                      | 18-Nov-20          |
| Health Services (DHB Provider Arm) Monthly Report                                      |         | Nov-20            | Chris Ash                 |                               |                  |                   |                  |                               |                               |                      | 18-Nov-20          |
| Akina (Continuous Improvement)   |         | Nov-20            | Anne Speden               |                               |                  |                   |                  |                               |                               |                      | 18-Nov-20          |
| Board Approval of Actions Exceeding Limits Delegated by CEO                            |         | Nov-20            | Emma Foster               |                               |                  |                   |                  |                               |                               |                      | 18-Nov-20          |
| Audit New Zealand - Interim Audit Report for year ended June 2020                      |         | Dec-20            | Carriann Hall             |                               |                  |                   |                  |                               |                               | 16-Dec-20            |                    |
| Communications Quarterly Report  |         | Dec-20            | Anna Kirk                 |                               |                  |                   |                  |                               |                               |                      | 16-Dec-20          |

# Board Meeting 21 October 2020 - Board Workplan

| BOARD as at 14 October 2020                                       | Emailed | Destination Month | EMT Member              | Lead/Author        | EMT Meeting Date | PHLG Meeting Date | MRB Meeting Date | Clinical Council Meeting Date | Consumer Council Meeting Date | F R A C Meeting date | BOARD Meeting date |
|---|---------|-------------------|-------------------------|--------------------|------------------|-------------------|------------------|-------------------------------|-------------------------------|----------------------|--------------------|
| Internal Audit Report - Health & Safety - Enforceable Undertaking |         | Dec-20            | Carriann Hall           | Jared McGillicuddy |                  |                   |                  |                               |                               | 16-Dec-20            | 16-Dec-20          |
| Medicine Reconciliation Audit Update                              |         | Dec-20            | Andy Phillips           | Claire Fraser      |                  |                   |                  |                               |                               | 16-Dec-20            | 16-Dec-20          |
| Surgical Service Expansion Project update (6 months)              |         | Dec-20            | Carriann Hall           |                    |                  |                   |                  |                               |                               | 16-Dec-20            | 16-Dec-20          |
| Te Ara Whakawaiaora - Adult Health / Health of Kaumatua           |         | Dec-20            | Emma Foster/<br>Le Geyt | Patrick            |                  |                   | 2-Dec-20         | 2-Dec-20                      | 3-Dec-20                      |                      | 16-Dec-20          |
| Financial Performance Report                                      |         | Dec-20            | Carriann Hall           |                    |                  |                   |                  |                               |                               | 16-Dec-20            | 16-Dec-20          |
| Chief Executive Officer's Report                                  |         | Dec-20            | Keriana Brooking        |                    |                  |                   |                  |                               |                               |                      | 16-Dec-20          |
| Planning & Funding Monthly Report                                 |         | Dec-20            | Emma Foster             |                    |                  |                   |                  |                               |                               |                      | 16-Dec-20          |
| Health Services (DHB Provider Arm) Monthly Report                 |         | Dec-20            | Chris Ash               |                    |                  |                   |                  |                               |                               |                      | 16-Dec-20          |
| Akina (Continuous Improvement)                                    |         | Dec-20            | Anne Speden             |                    |                  |                   |                  |                               |                               |                      | 16-Dec-20          |
| Board Approval of Actions Exceeding Limits Delegated by CEO       |         | Dec-20            | Emma Foster             |                    |                  |                   |                  |                               |                               |                      | 16-Dec-20          |
| STANDING ITEMS  |         |                   |                         |                    |                  |                   |                  |                               |                               |                      |                    |
| PERFORMANCE MONITORING  |         |                   |                         |                    |                  |                   |                  |                               |                               |                      |                    |
| INTERNAL AUDIT REPORTS  |         |                   |                         |                    |                  |                   |                  |                               |                               |                      |                    |
| QUARTERLY / SIX MONTHLY REPORTS                                   |         |                   |                         |                    |                  |                   |                  |                               |                               |                      |                    |
| BUSINESS CASES  |         |                   |                         |                    |                  |                   |                  |                               |                               |                      |                    |
| OTHER REPORTS   |         |                   |                         |                    |                  |                   |                  |                               |                               |                      |                    |





## **CHAIR'S REPORT**

Verbal



|  |   |
|--|---|
|                                     | <b>October 2020 CEO Board Governance Report</b> |
|  | For the attention of:<br><b>HBDHB Board</b>     |
| Document Owner   | Keriana Brooking, Chief Executive Officer       |
| Month as at  | 14 October 2020                                 |
| Consideration:   | For information                                 |
| <b>RECOMMENDATION:</b><br><br><b>That the Board:</b><br><br>1. <b>Receives and notes</b> the contents of this report |   |

## INTRODUCTION

I look forward to being welcomed at Takitimu marae, and then visiting Wairoa Health Centre on Friday, 27 November. While the details of the day are still being worked through, it will be an opportunity for available executive leadership team and board members, along with members of our Māori Health team, to be part of my welcome to Wairoa as HBDHB CEO.

I also want to acknowledge the sad news that Partnership Advisory Group member Dave Blackley (Rains) tragically passed away in a crash near Waipawa. I only had the opportunity to meet Dave recently and upon hearing him speak talking about his life and his mahi, I thought what a humble and giving man. I like this quote from Deborah Grace, Chair of the Partnership Advisory Group:

*"He has been an absolutely must have, go-to person when the addiction voice needed representation in the room, and there were many rooms. Dave filled those rooms with his presence, his heart was open to all and his passion for his community permeated every pore. Dave's love, compassion and voice for the addictions community will live on."*

We extend our condolences to Dave's loved ones and all those who worked with him.

## SEPTEMBER AND YEAR TO DATE FINANCIAL RESULT, AND FORECAST

One quarter into the financial year and overall the DHB continues to manage within plan on the Operating Result, landing \$102k favorable in-month and increasing the favorable year-to-date variance to \$429k. As in prior months, acute occupancy and issues with flow in Providing Health Services continue to be the dominant feature. These are driving underlying cost pressures which, whilst currently being offset by favorable variances in other parts of the organisation, create risk to achievement of our organisational goals, including the financial plan.

The Board and management are planning a workshop in November to focus on the complex factors underpinning these issues and agree actions. Despite these issues, solid in-house delivery in Planned Care in the first quarter and outsourced activity plans for future months have the DHB at much lower risk of revenue loss as a result of Planned Care performance. Further detail on the financial result is provided in the Financial Performance Report.

## 2020/21 ANNUAL PLAN

We continue to wait, with our DHB colleagues, in what is called "tranche 3" for the DHB plans ahead of ours to be reviewed and signed out by the Minister of Health.

### **TE PITAU ALLIANCE**

A Te Pitau Alliance meeting was held Wednesday 14 October 2020. Along with members of the executive team, we met with Wayne Woolrich and Na Raihania in early October to discuss the history and way forward for this alliance. HBDHB Board members, who are members of the alliance, and HBDHB executives who attended the 14 October meeting, will be able to provide a report back at the Board meeting.

### **TE ARA WHAKAWAIORA - CULTURALLY COMPETENT WORKFORCE**

We continue to focus on lifting the cultural competence of all DHB staff and progress has been positive but mixed. Recruitment is steady and shows an increase across the DHB of Māori staff, continuing to lift our targets each year with realistic goals. Retention figures are showing the trend of a higher Māori staff turnover seems to be slowing, which is positive. Some of the training goals have been displaced by lock down and these need to be reactivated. Plans are in place to address the identified issues.

### **CENTRAL REGION CHIEF EXECUTIVES' FORUM**

The forum was held in Wellington 5 October, with a combined meeting held with DHB Chairs in the afternoon. The following items were covered at the meeting:

- Regional digital services update – Anne Speden is the regional lead, with Whanganui CEO Russell Simpson the CEO lead. There are a number of regional projects underway, the focus was working together on the analysis required to fully understand the risks and controls needed when Boards are considering moving information into cloud services
- Regional Services plan – this plan will be presented to the Board in November for discussion and consideration. The development and agreement of a plan is a nationally directed annual planning requirement. There are a number of clinical networks to support regional planning. I am the CEO lead for the Radiology Network and the Stroke Network.
- Regional Training Model for Radiology RMO Training – support was received by all CEOs to introduce a regional network approach to the training of Radiology Resident Medical Officers (RMOs) and to increase the number of RMOs over the next three to six years.

### **NATIONAL CHIEF EXECUTIVE'S FORUM**

The forum was held in Wellington 8 October, the primary focus of the meeting was to discuss ongoing support and collaborative approaches to workforce matters including health and safety, stakeholder relationships, employment relations, bargaining updates, and pay equity work.

A regular discussion with Dr Ashley Bloomfield and members of his team focused on ongoing COVID work, including the planning work necessary at all levels for the roll-out of a vaccine. A regular discussion with Dr Janice Wilson and members of her team from Health Quality & Safety Commission (HQSC) focused on tools they are developing to support DHBs to understand and focus their efforts post COVID shut downs.

|   |  |
|---|--|
|  | <b>Financial Performance Report<br/>September 2020</b> |
|   | For the attention of:<br><b>HBDHB Board</b>            |
| <b>Document Owner</b>   | Carriann Hall, Executive Director Financial Services   |
| <b>Document Author</b>  | Phil Lomax, Financial and Systems Accountant           |
| <b>Reviewed by</b>  | Carriann Hall, Executive Director Financial Services   |
| <b>Month/Year</b>   | October, 2020  |
| <b>Purpose</b>  | For Information  |

**RECOMMENDATION:**

That the HBDHB Board:

1. **Note** the contents of this report
2. **Approve** the representation to the Minister of Health that cost increases between the September Quarter of the 2019 and 2020, have only been approved where unavoidable (refer Section 12)

**EXECUTIVE DIRECTOR FINANCIAL SERVICES COMMENTS*****Financial Performance***

The operating result for September was \$102k favourable, taking us to \$429k favourable year to date (YTD).

Whilst favourable overall, the acute occupancy pressures in Providing Health Services continue to adversely impact acute areas, with increased expenditure to resource occupancy, overflow beds and the support costs for these, patient watches and laboratory consumables such as blood products. These overspends are currently being offset by underspends elsewhere across Providing Health Services and the wider DHB.

The Board and management are planning a workshop in November to focus on the complex factors underpinning these issues and agree actions

The YTD overspend in Funding Other Providers is more than offset by favourable variances in Other Revenue due to receipt of discrete funding, budgets will be adjusted in future months. Managing demand and capacity across services sensitive to demand, such as Aged Residential Care and Primary Care continues to be a risk area, although tracking well YTD.

In month, we have made two offsetting changes to better reflect performance at an operational level. They worsen the Providing Health Services result, with an offsetting favourable impact in Operating Revenue:

1. **Planned Care Production Plan** – to phase budgets in line with finalised Planned Care production plan
2. **PHARMAC** – recognising HBDHB's share of additional PHARMAC investment, confirmed by Ministry of Health (MoH). We continue to take a prudent approach to pharmaceuticals.

In addition to the Operating Result:

- **Net COVID-19 expenditure** – net \$124k expense in month and a net \$933k expense year-to-date - mainly in testing
- **Holidays Act accrual** – \$311k expense in month (\$901k expense year-to-date), based on prudent estimates.

Management is undertaking a review of the forecast, considering underlying performance and risks and opportunities at the end of quarter one.

| \$'000                        | September |         |          |        | Year to Date |         |          |        | Annual Mgmt Budget | Refer Appendix |
|-------------------------------|-----------|---------|----------|--------|--------------|---------|----------|--------|--------------------|----------------|
|                               | Actual    | Budget  | Variance |        | Actual       | Budget  | Variance |        |                    |                |
| Operating Revenue             | 55,474    | 54,919  | 555      | 1.0%   | 166,068      | 164,145 | 1,923    | 1.2%   | 657,265            | 1              |
| Less:                         |           |         |          |        |              |         |          |        |                    |                |
| Providing Health Services     | 26,355    | 25,774  | (581)    | -2.3%  | 79,585       | 78,747  | (839)    | -1.1%  | 322,399            | 2              |
| Funding Other Providers       | 22,865    | 23,233  | 368      | 1.6%   | 70,613       | 70,090  | (524)    | -0.7%  | 282,316            | 3              |
| Corporate Services            | 5,228     | 5,202   | (26)     | -0.5%  | 15,504       | 15,758  | 254      | 1.6%   | 63,542             | 4              |
| Reserves                      | 2,088     | 1,873   | (215)    | -11.5% | 2,674        | 2,287   | (386)    | -16.9% | 3,477              | 5              |
| Operating Result              | (1,061)   | (1,163) | 102      | 8.8%   | (2,308)      | (2,737) | 429      | 15.7%  | (14,469)           |                |
| Plus:                         |           |         |          |        |              |         |          |        |                    |                |
| Emergency Response (COVID-19) | (124)     | -       | (124)    | 0.0%   | (933)        | -       | (933)    | 0.0%   | -                  |                |
| Holidays Act Remediation      | (311)     | -       | (311)    | 0.0%   | (901)        | -       | (901)    | 0.0%   | -                  |                |
|                               | (1,496)   | (1,163) | (333)    | -28.6% | (4,142)      | (2,737) | (1,406)  | -51.4% | (14,469)           |                |

### Other Performance Measures

|               | September |        |          |        | Year to Date |        |          |        | Year End | Refer Appendix |
|---------------|-----------|--------|----------|--------|--------------|--------|----------|--------|----------|----------------|
|               | Actual    | Budget | Variance |        | Actual       | Budget | Variance |        | Forecast |                |
|               | \$'000    | \$'000 | \$'000   | %      | \$'000       | \$'000 | \$'000   | %      | \$'000   |                |
|               | FTE       | FTE    | FTE      | %      | FTE          | FTE    | FTE      | %      | FTE      |                |
| Capital spend | 1,530     | 3,577  | (2,047)  | -57.2% | 3,966        | 6,738  | (2,771)  | -41.1% | 45,058   | 12             |
| Employees     | 2,613     | 2,617  | 5        | 0.2%   | 2,602        | 2,607  | 5        | 0.2%   | 2,624    | 2 & 4          |

- Capital spend (Appendix 12)

Capital spend is at 59percent of plan reflecting some slippage in the block allocations (likely to be caught up later in the year), and slippage against original plan on a number of strategic projects, partly offset by Seismic Acute Assessment Unit (AAU), which is ahead of plan.

- Cash (Appendices 11 & 13)

The cash low point for the month was \$24.8m overdrawn on 3 September immediately prior to receipt of MOH funding for the month, close to the forecast \$22.3m and within the \$32m statutory limit.

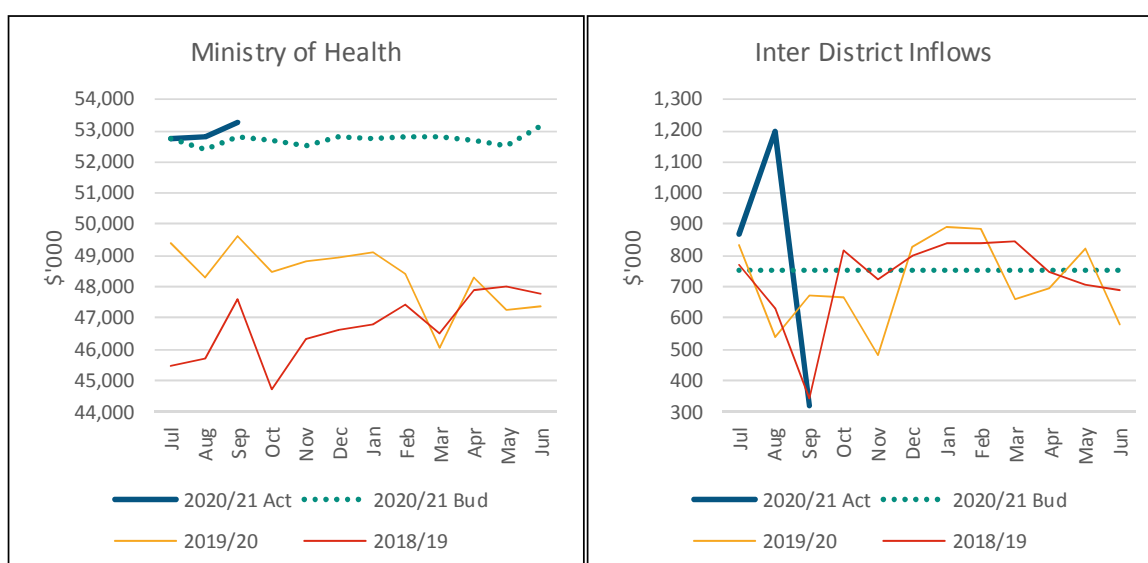
- Employees (Appendices 2 & 4)

Vacancies across medical, allied health, and management and administration, were mostly offset by higher than planned nursing and support numbers, relating to patient watches and additional nursing staff in acute services due to issues with patient flow and the requirement to staff additional bed capacity over establishment.

## APPENDICES

## 1. OPERATING REVENUE

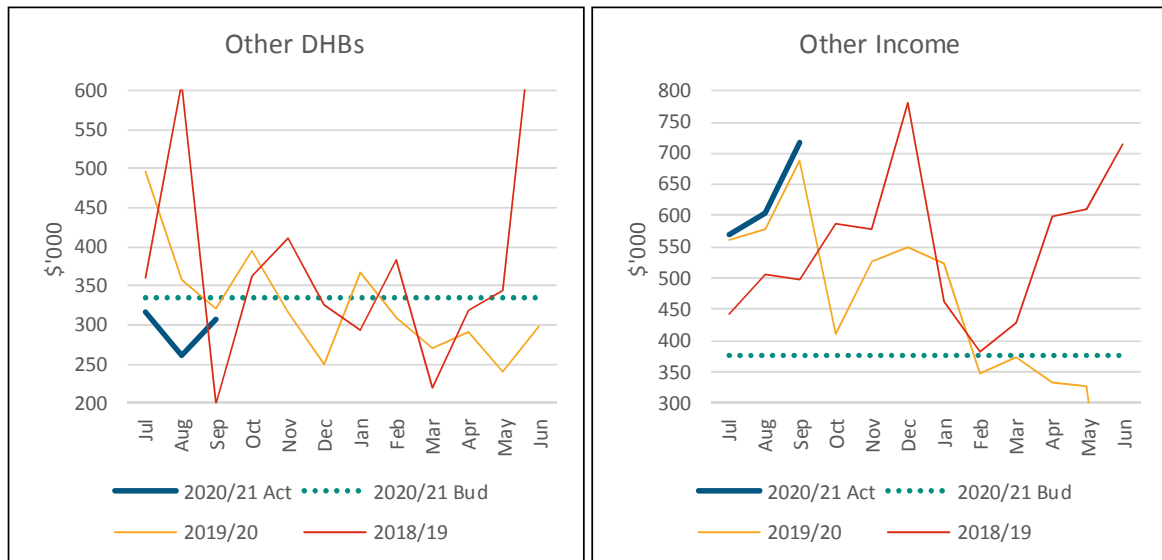
| Excludes revenue for COVID-19<br>\$'000 | September |        |          |        | Year to Date |         |          |        | Annual<br>Mgmt<br>Budget |
|---|-----------|--------|----------|--------|--------------|---------|----------|--------|--------------------------|
|   | Actual    | Budget | Variance |        | Actual       | Budget  | Variance |        |                          |
| Ministry of Health                      | 53,275    | 52,812 | 463      | 0.9%   | 158,790      | 157,938 | 852      | 0.5%   | 632,580                  |
| Inter District Flows                    | 318       | 752    | (434)    | -57.7% | 2,381        | 2,257   | 125      | 5.5%   | 9,027                    |
| Other District Health Boards            | 306       | 334    | (28)     | -8.4%  | 883          | 1,002   | (119)    | -11.9% | 4,011                    |
| Financing                               | 4         | 4      | 0        | 3.0%   | 20           | 12      | 8        | 64.0%  | 44                       |
| ACC                                     | 515       | 490    | 25       | 5.1%   | 1,363        | 1,326   | 38       | 2.8%   | 5,305                    |
| Other Government                        | 19        | 43     | (24)     | -56.7% | 104          | 158     | (54)     | -34.3% | 490                      |
| Abnormals                               | 200       | -      | 200      | 0.0%   | 200          | -       | 200      | 0.0%   | -                        |
| Patient and Consumer Sourced            | 119       | 108    | 11       | 10.4%  | 436          | 324     | 111      | 34.4%  | 1,297                    |
| Other Income                            | 717       | 376    | 341      | 90.7%  | 1,890        | 1,128   | 762      | 67.6%  | 4,511                    |
|   | 55,474    | 54,919 | 555      | 1.0%   | 166,068      | 164,145 | 1,923    | 1.2%   | 657,265                  |

**Ministry of Health (\$0.9m favourable YTD)**

Pharmaceutical funding and Mental Health and Addictions services revenue, both offset in expenditure.

**Inter District Flows (\$0.1m favourable YTD)**

Inter District Flows are inherently volatile due to the small volume and high cost.



**Other District Health Boards (\$0.1m adverse YTD)**

Related to fluctuations in pharmacy activity with other DHBs.

**Other income (\$0.8m favourable YTD)**

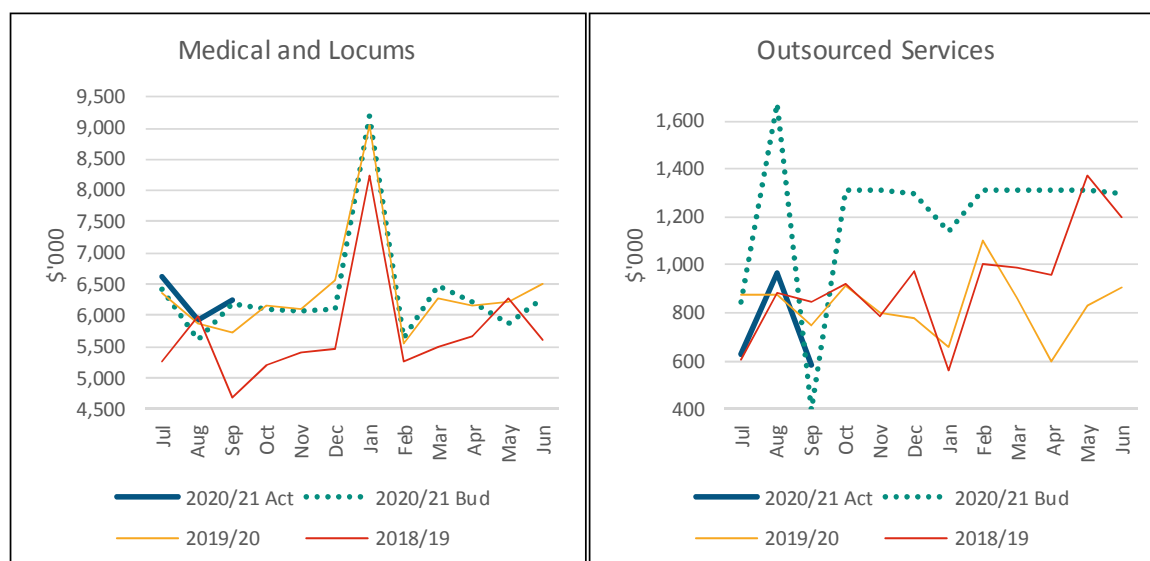
Includes unbudgeted donations, return on investment in Allied Laundry Services, and a wide range of income items across the DHB. The diversity and volatility of income sources and a conservative approach to budgeting, means this has traditionally tracked favourably, and we expect that to continue. Improvements in budgeting will be considered for future years.



## 2. PROVIDING HEALTH SERVICES

|                                      | September |         |          |        | Year to Date |        |          |        | Annual  |
|--------------------------------------|-----------|---------|----------|--------|--------------|--------|----------|--------|---------|
|                                      | Actual    | Budget  | Variance |        | Actual       | Budget | Variance |        | Mgmt    |
|                                      |           |         |          |        |              |        |          |        | Budget  |
| Expenditure by type \$'000           |           |         |          |        |              |        |          |        |         |
| Medical personnel and locums         | 6,232     | 6,198   | (34)     | -0.5%  | 18,781       | 18,211 | (571)    | -3.1%  | 76,167  |
| Nursing personnel                    | 8,028     | 8,099   | 71       | 0.9%   | 24,183       | 24,274 | 91       | 0.4%   | 97,927  |
| Allied health personnel              | 3,528     | 3,528   | 0        | 0.0%   | 10,468       | 10,702 | 234      | 2.2%   | 42,696  |
| Other personnel                      | 2,342     | 2,361   | 19       | 0.8%   | 6,948        | 6,997  | 49       | 0.7%   | 28,073  |
| Outsourced services                  | 581       | 395     | (187)    | -47.3% | 2,174        | 2,915  | 741      | 25.4%  | 14,515  |
| Clinical supplies                    | 4,133     | 3,721   | (412)    | -11.1% | 12,270       | 11,245 | (1,026)  | -9.1%  | 44,980  |
| Infrastructure and non clinical      | 1,511     | 1,472   | (38)     | -2.6%  | 4,761        | 4,403  | (358)    | -8.1%  | 18,041  |
|                                      | 26,355    | 25,774  | (581)    | -2.3%  | 79,585       | 78,747 | (839)    | -1.1%  | 322,399 |
| Expenditure by directorate \$'000    |           |         |          |        |              |        |          |        |         |
| Medical                              | 7,718     | 7,414   | (304)    | -4.1%  | 22,988       | 22,261 | (727)    | -3.3%  | 90,974  |
| Surgical                             | 5,894     | 5,546   | (348)    | -6.3%  | 18,225       | 18,097 | (128)    | -0.7%  | 76,223  |
| Community, Women and Children        | 4,076     | 4,243   | 167      | 3.9%   | 12,320       | 12,666 | 346      | 2.7%   | 51,152  |
| Mental Health and Addiction          | 1,938     | 1,938   | 0        | 0.0%   | 5,801        | 5,761  | (39)     | -0.7%  | 23,571  |
| Older Persons, NASC HB, and Allied H | 1,436     | 1,455   | 19       | 1.3%   | 4,327        | 4,410  | 84       | 1.9%   | 17,789  |
| Operations                           | 4,266     | 4,085   | (181)    | -4.4%  | 12,675       | 12,211 | (464)    | -3.8%  | 49,052  |
| Other                                | 1,027     | 1,093   | 66       | 6.0%   | 3,250        | 3,340  | 91       | 2.7%   | 13,638  |
|                                      | 26,355    | 25,774  | (581)    | -2.3%  | 79,585       | 78,747 | (839)    | -1.1%  | 322,399 |
| Full Time Equivalents                |           |         |          |        |              |        |          |        |         |
| Medical personnel                    | 376.8     | 396.9   | 20       | 5.1%   | 376          | 392    | 16       | 4.1%   | 401.7   |
| Nursing personnel                    | 1,062.6   | 1,058.3 | (4)      | -0.4%  | 1,079        | 1,059  | (19)     | -1.8%  | 1,059.4 |
| Allied health personnel              | 515.1     | 512.4   | (3)      | -0.5%  | 502          | 514    | 12       | 2.3%   | 515.6   |
| Support personnel                    | 129.1     | 116.0   | (13)     | -11.3% | 129          | 116    | (14)     | -11.7% | 117.3   |
| Management and administration        | 293.6     | 301.3   | 8        | 2.6%   | 290          | 297    | 7        | 2.3%   | 299.6   |
|                                      | 2,377.2   | 2,384.9 | 8        | 0.3%   | 2,375        | 2,377  | 2        | 0.1%   | 2,393.5 |

The Outsourced Services budget has been rephased in month to reflect the phasing of delivery of planned care activity, now this has been landed. Outsourced Services continues to be favourable YTD, offsetting the cost of high levels of elective procedures delivered in-house in the first quarter, seen mainly in Clinical Supplies and to some extent in Medical Personnel and Locums.



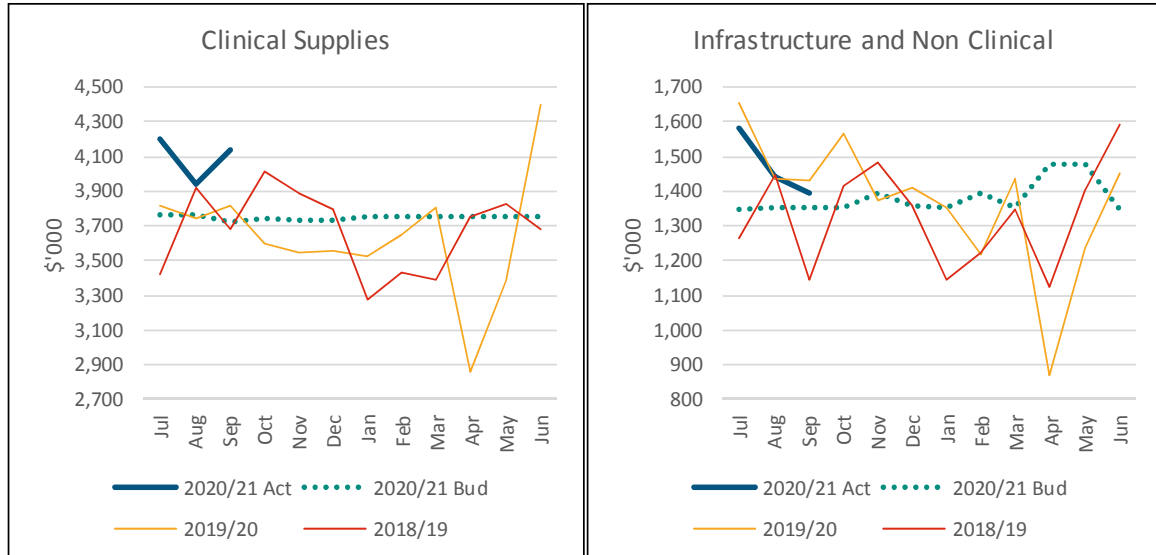
### Medical personnel and locums (\$0.6m adverse YTD)

Locum vacancy cover exceeds the savings from vacancies, the two main drivers are:

- Acute occupancy pressures and acute services
- In-house elective activity (offset in Outsourced Services)

*Outsourced services (\$0.7m favourable YTD)*

The monthly budgets in quarter 1 have been impacted by rephasing for Planned Care, but the YTD favourable variance offsets adverse variances related to in-house planned care delivery in Clinical Supplies and Medical Personnel and Locums. Outsourced radiology reads continue to overspend.

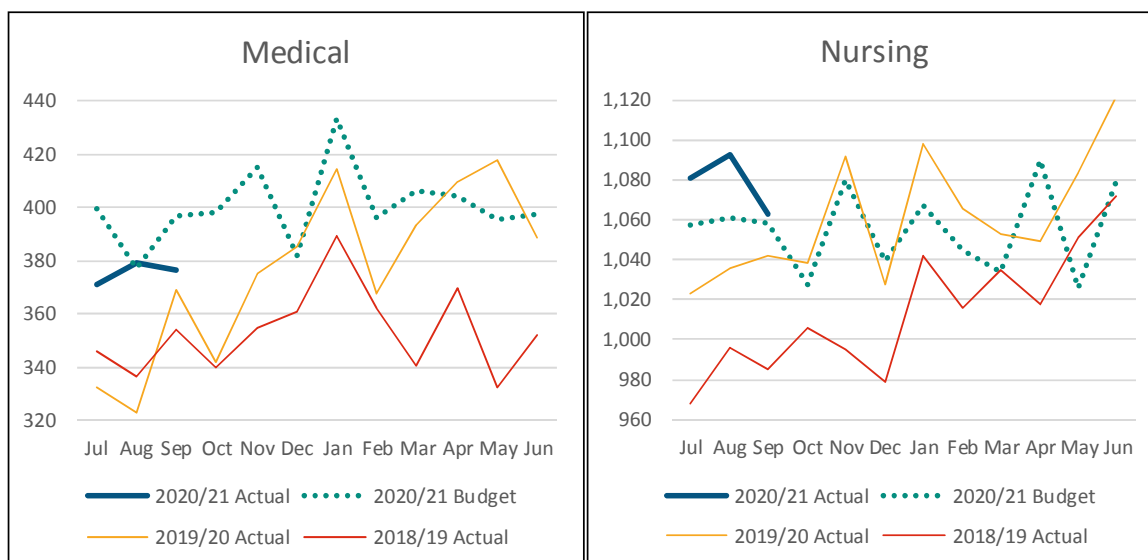


*Clinical supplies (\$1.0m adverse YTD)*

Pharmaceutical costs, implants and prostheses, and disposable instruments, reflect the volume of elective procedures completed in-house, offset through Outsourced Services favourable variance. Blood products, including Intragam despite the additional budget provided, reagents and chemicals are adverse for the month.

*Infrastructure and non clinical supplies (\$0.4m adverse YTD)*

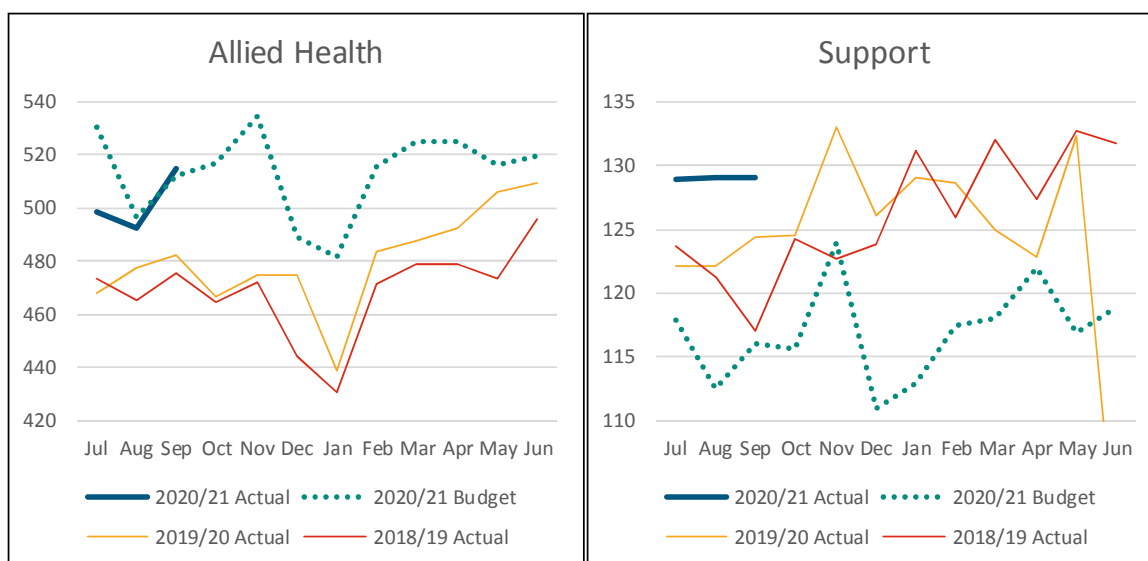
Laundry, cleaning and food costs reflect patient throughput in the first quarter, with budgets not routinely phased for these variables. Other factors include external security that will be offset in future by the transfer of contingency funding.

**Full Time Equivalents (FTE)****Medical personnel (16 FTE / 4.1% favourable)**

Good progress has been made on recruitment of SMOs in recent months. However, we do have specialist vacancies and leave cover, mainly in gastroenterology and geriatrics. These positions are covered by locums where available. Some house officer positions are also currently unfilled.

**Nursing personnel (-19 FTE / -1.8% adverse)**

The actuals for prior years clearly show the growth trend in nursing FTE. Having started the year higher than plan, due to additional staffing to manage occupancy/additional bed capacity and length of stay issues, along with high numbers of patient watches, the risk is that the trend from prior years continues.

**Allied health personnel (12 FTE / 2.3% favourable)**

Ongoing vacancies including social workers, pharmacists and technicians, although pulling closer to plan in month.

*Support personnel (-14 FTE / -11.7% unfavourable)*

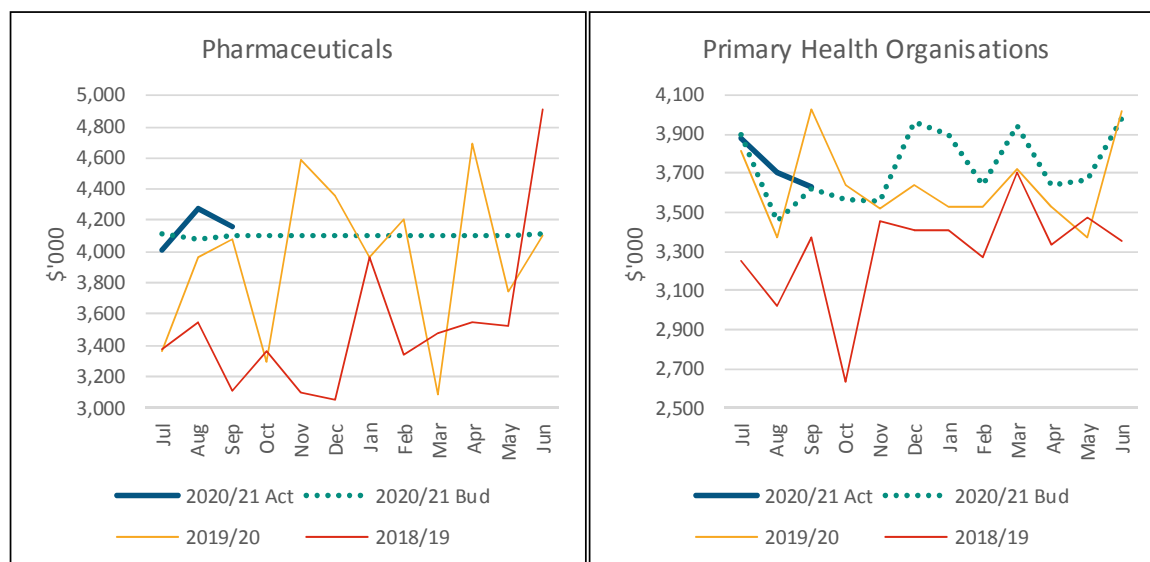
Hospital capacity and patient dependency drive personnel costs including orderlies, internal security and kitchen assistants. The directorate is being supported in a number of actions to manage these issues, through Service Improvement and other actions.

### 3. FUNDING OTHER PROVIDERS

| \$'000                       | September |        |          |        | Year to Date |        |          |        | Annual Mgmt Budget |
|------------------------------|-----------|--------|----------|--------|--------------|--------|----------|--------|--------------------|
|                              | Actual    | Budget | Variance |        | Actual       | Budget | Variance |        |                    |
| Payments to Other Providers  |           |        |          |        |              |        |          |        |                    |
| Pharmaceuticals              | 4,167     | 4,096  | (71)     | -1.7%  | 12,453       | 12,288 | (164)    | -1.3%  | 49,173             |
| Primary Health Organisations | 3,628     | 3,621  | (7)      | -0.2%  | 11,209       | 10,975 | (234)    | -2.1%  | 44,833             |
| Inter District Flows         | 4,974     | 5,411  | 437      | 8.1%   | 15,918       | 16,233 | 316      | 1.9%   | 64,933             |
| Other Personal Health        | 2,240     | 2,064  | (176)    | -8.5%  | 6,694        | 6,299  | (395)    | -6.3%  | 25,875             |
| Mental Health                | 1,047     | 1,052  | 6        | 0.5%   | 3,519        | 3,358  | (161)    | -4.8%  | 13,767             |
| Health of Older People       | 6,390     | 6,605  | 216      | 3.3%   | 19,652       | 19,821 | 169      | 0.9%   | 79,301             |
| Other Funding Payments       | 419       | 384    | (35)     | -9.2%  | 1,170        | 1,116  | (54)     | -4.8%  | 4,434              |
|                              | 22,865    | 23,233 | 368      | 1.6%   | 70,613       | 70,090 | (524)    | -0.7%  | 282,316            |
| Payments by Portfolio        |           |        |          |        |              |        |          |        |                    |
| Strategic Services           |           |        |          |        |              |        |          |        |                    |
| Secondary Care               | 4,535     | 5,015  | 479      | 9.6%   | 14,820       | 15,045 | 225      | 1.5%   | 60,179             |
| Primary Care                 | 9,310     | 8,905  | (404)    | -4.5%  | 27,916       | 27,203 | (713)    | -2.6%  | 110,615            |
| Mental Health                | 1,368     | 1,498  | 130      | 8.7%   | 4,467        | 4,387  | (80)     | -1.8%  | 17,689             |
| Health of Older People       | 6,980     | 7,166  | 186      | 2.6%   | 21,400       | 21,506 | 106      | 0.5%   | 86,039             |
| Maori Health                 | 541       | 537    | (4)      | -0.8%  | 1,622        | 1,610  | (12)     | -0.7%  | 6,443              |
| Population Health            | 131       | 112    | (19)     | -16.8% | 389          | 340    | (49)     | -14.6% | 1,352              |
|                              | 22,865    | 23,233 | 368      | 1.6%   | 70,613       | 70,090 | (524)    | -0.7%  | 282,316            |

The YTD overspend in Funding Other Providers is more than offset by favourable variances in Other Revenue due to receipt of discrete funding which offsets adverse variances in Pharmaceuticals, Mental Health and Other Personal Health. Budgets will be adjusted in future months to improve the analysis.

Managing demand and capacity across services sensitive to demand such as Aged Residential Care and Primary Care continues to be the highest risk area, although Health of Older People is tracking better than 2019/20 due to the reset of budgets into this financial year.

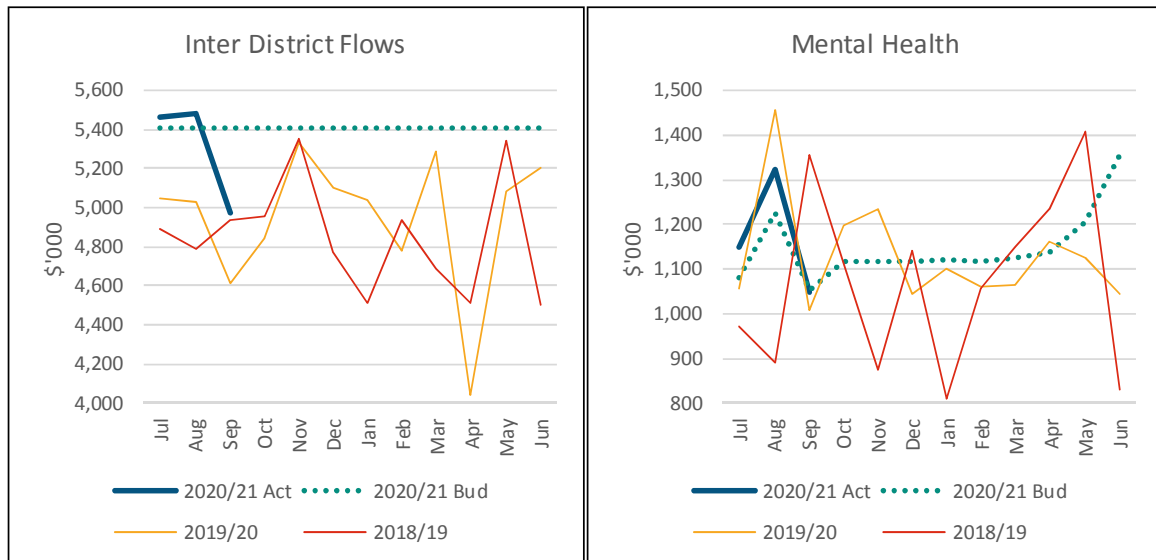


#### Pharmaceuticals (\$0.2m adverse YTD)

Provisioning based on latest PHARMAC forecast, with updated forecast anticipated in the coming weeks.

#### Primary Health Organisations (\$0.2m adverse YTD)

Additional costs in first contact services and coming back on plan in month.

**Inter District Flows (\$0.3m favourable YTD)**

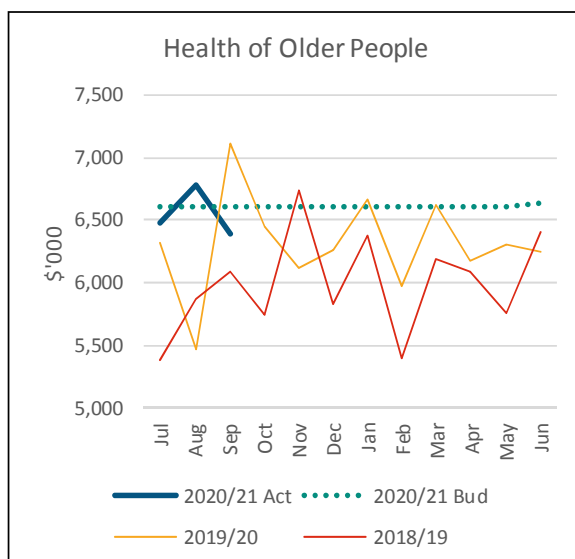
Inter District Flows are inherently volatile due to the small volume and high cost, furthermore we would expect to see an impact of the recent Level 2 nationally and Level 3 for Auckland COVID restrictions.

**Other Personal Health (\$0.4m adverse YTD)**

Advisory services from pharmacies, contributions to the National Haemophilia Management Group which have increased more than budgeted, and first contact/general medicine payments.

**Mental Health (\$0.2m adverse YTD)**

Higher than planned expenditure on community residential and home based support, that is offset in revenue.



*Health of Older People (\$0.2m favourable YTD)*

Tracking well to budget. This expenditure is sensitive to demand and capacity, as well as the types of care required and these aspects are being monitored closely, acknowledging the pivotal role aged residential care provides in overall patient flow.

**4. CORPORATE SERVICES**

| \$'000                          | September |        |          |        | Year to Date |        |          |        | Annual      |
|---------------------------------|-----------|--------|----------|--------|--------------|--------|----------|--------|-------------|
|                                 | Actual    | Budget | Variance |        | Actual       | Budget | Variance |        | Mgmt Budget |
| Operating Expenditure           |           |        |          |        |              |        |          |        |             |
| Personnel                       | 1,829     | 1,750  | (79)     | -4.5%  | 5,349        | 5,316  | (33)     | -0.6%  | 20,939      |
| Outsourced services             | 53        | 65     | 12       | 18.7%  | 209          | 196    | (13)     | -6.8%  | 784         |
| Clinical supplies               | 30        | 57     | 26       | 46.5%  | 114          | 170    | 56       | 33.1%  | 685         |
| Infrastructure and non clinical | 1,494     | 1,423  | (71)     | -5.0%  | 4,265        | 4,297  | 33       | 0.8%   | 17,511      |
|                                 | 3,407     | 3,295  | (111)    | -3.4%  | 9,936        | 9,979  | 43       | 0.4%   | 39,918      |
| Capital servicing               |           |        |          |        |              |        |          |        |             |
| Depreciation and amortisation   | 1,208     | 1,201  | (7)      | -0.6%  | 3,716        | 3,671  | (44)     | -1.2%  | 15,255      |
| Financing                       | 18        | 22     | 3        | 15.4%  | 68           | 57     | (11)     | -19.3% | 289         |
| Capital charge                  | 595       | 684    | 89       | 13.0%  | 1,784        | 2,051  | 267      | 13.0%  | 8,079       |
|                                 | 1,821     | 1,907  | 86       | 4.5%   | 5,568        | 5,779  | 211      | 3.7%   | 23,623      |
|                                 | 5,228     | 5,202  | (26)     | -0.5%  | 15,504       | 15,758 | 254      | 1.6%   | 63,542      |
| Full Time Equivalents           |           |        |          |        |              |        |          |        |             |
| Medical personnel               | 1.1       | 1.1    | (0)      | -6.2%  | 1            | 1      | (0)      | -1.7%  | 1.1         |
| Nursing personnel               | 26.2      | 19.2   | (7)      | -36.7% | 20           | 19     | (1)      | -5.8%  | 19.1        |
| Allied health personnel         | 2.1       | 1.6    | (1)      | -31.5% | 1            | 2      | 1        | 34.3%  | 1.6         |
| Support personnel               | 29.1      | 30.8   | 2        | 5.6%   | 30           | 31     | 1        | 1.9%   | 30.7        |
| Management and administration   | 177.0     | 179.8  | 3        | 1.6%   | 175          | 178    | 4        | 2.0%   | 178.4       |
|                                 | 235.6     | 232.5  | (3)      | -1.3%  | 227          | 231    | 4        | 1.6%   | 230.9       |

Capital charge is the main driver of the favourable performance and reflects the lower equity balance than projected in the plan. Recruitment costs are impacting the Personnel expenditure line, as a result of successes in recruiting SMOs and senior leadership.

**5. RESERVES**

| \$'000              | September |        |          |         | Year to Date |        |          |         | Annual<br>Mgmt<br>Budget |
|---------------------|-----------|--------|----------|---------|--------------|--------|----------|---------|--------------------------|
|                     | Actual    | Budget | Variance |         | Actual       | Budget | Variance |         |                          |
| Expenditure         |           |        |          |         |              |        |          |         |                          |
| Investment reserves | 325       | 342    | 17       | 5.1%    | 925          | 1,038  | 113      | 10.8%   | 3,979                    |
| Efficiencies        | -         | (135)  | (135)    | -100.0% | -            | (405)  | (405)    | -100.0% | (1,619)                  |
| Other               | 1,763     | 1,665  | (97)     | -5.8%   | 1,749        | 1,655  | (94)     | -5.7%   | 1,117                    |
|                     | 2,088     | 1,873  | (215)    | -11.5%  | 2,674        | 2,287  | (386)    | -16.9%  | 3,477                    |

Investment reserves includes provisions for annual plan investment, the Digital Enablement reserve and aged residential care growth. As plans are finalised, budgets will be moved to the appropriate areas.

The majority of the \$4.1m planned efficiencies for the year are already embedded in budgets, and the \$1.6m remaining will move to where they will be achieved as agreements on efficiencies are completed. Taking a prudent approach, investment reserves are only being released as expenditure is incurred, whilst planned efficiencies are being fully reflected in the result.



## 6. FINANCIAL POSITION

| 30 June 2020         | \$'000  | September            |                     |                      |                            | Annual Budget        |
|----------------------|---|----------------------|---------------------|----------------------|----------------------------|----------------------|
|                      |   | Actual               | Budget              | Variance from budget | Movement from 30 June 2020 |                      |
| 208,983<br>(107,310) | <b>Equity</b><br>Crown equity and reserves<br>Accumulated deficit | 209,721<br>(111,452) | 215,427<br>(78,808) | (5,706)<br>(32,644)  | 738<br>(4,142)             | 254,399<br>(101,147) |
| 101,673              |   | 98,268               | 136,618             | (38,350)             | (3,405)                    | 153,252              |
|                      | <b>Represented by:</b>  |                      |                     |                      |                            |                      |
|                      | <u>Current Assets</u>   |                      |                     |                      |                            |                      |
| 1,198                | Bank  | 1,137                | 759                 | 378                  | (61)                       | 759                  |
| 1,449                | Bank deposits > 90 days   | 1,456                | 1,881               | (425)                | 7                          | 1,881                |
| 20,896               | Prepayments and receivables                                       | 23,894               | 22,315              | 1,579                | 2,998                      | 22,725               |
| 4,626                | Inventory   | 4,465                | 4,949               | (484)                | (161)                      | 5,040                |
| 28,168               |   | 30,952               | 29,904              | 1,048                | 2,783                      | 30,405               |
|                      | <u>Non Current Assets</u>   |                      |                     |                      |                            |                      |
| 190,156              | Property, plant and equipment                                     | 189,918              | 206,034             | (16,116)             | (238)                      | 228,349              |
| 15,978               | Intangible assets   | 16,023               | 4,614               | 11,409               | 46                         | 5,258                |
| 1,341                | Investments   | 1,272                | 1,120               | 152                  | (69)                       | 1,120                |
| 207,475              |   | 207,214              | 211,768             | (4,554)              | (262)                      | 234,727              |
| <b>235,644</b>       | <b>Total Assets</b>   | <b>238,166</b>       | <b>241,672</b>      | <b>(3,506)</b>       | <b>2,522</b>               | <b>265,132</b>       |
|                      | <b>Liabilities</b>  |                      |                     |                      |                            |                      |
|                      | <u>Current Liabilities</u>  |                      |                     |                      |                            |                      |
| 14,430               | Bank overdraft  | 20,268               | 16,229              | (4,039)              | (5,838)                    | 10,159               |
| 36,438               | Payables  | 37,692               | 29,575              | (8,117)              | (1,254)                    | 40,697               |
| 79,814               | Employee entitlements   | 78,649               | 55,678              | (22,970)             | 1,165                      | 54,784               |
| -                    | Current portion of borrowings                                     | -                    | 555                 | 555                  | -                          | 3,172                |
| 130,682              |   | 136,608              | 102,036             | (34,572)             | (5,926)                    | 108,812              |
|                      | <u>Non Current Liabilities</u>                                    |                      |                     |                      |                            |                      |
| 3,289                | Employee entitlements   | 3,289                | 3,018               | (271)                | -                          | 3,068                |
| 3,289                |   | 3,289                | 3,018               | (271)                | -                          | 3,068                |
| <b>133,971</b>       | <b>Total Liabilities</b>  | <b>139,897</b>       | <b>105,054</b>      | <b>(34,843)</b>      | <b>(5,926)</b>             | <b>111,880</b>       |
|                      |   |                      |                     |                      |                            |                      |
| <b>101,673</b>       | <b>Net Assets</b>   | <b>98,268</b>        | <b>136,618</b>      | <b>(38,350)</b>      | <b>(3,405)</b>             | <b>153,252</b>       |

**Variances from budget:**

The accumulated deficit reflects re-estimation of the Holidays Act remediation provision at 30 June 2020 (as does employee entitlements) currently going through the external audit process, and the difference from the 2019/20 result projected in the 2020/21 plan. Non current assets reflects the capital spend against plan.

**7. EMPLOYEE ENTITLEMENTS**

| 30 June 2020 | \$'000                                | September |        |                      |                            | Annual Budget |  |
|--------------|---------------------------------------|-----------|--------|----------------------|----------------------------|---------------|--|
|              |                                       | Actual    | Budget | Variance from budget | Movement from 30 June 2020 |               |  |
| 8,709        | Salaries & wages accrued              | 6,894     | 5,445  | (1,449)              | 1,814                      | 4,267         |  |
| 1,058        | ACC levy provisions                   | 1,391     | 1,916  | 524                  | (333)                      | 1,948         |  |
| 6,493        | Continuing medical education          | 6,123     | -      | (6,123)              | 371                        | -             |  |
| 61,594       | Accrued leave                         | 62,341    | 46,220 | (16,121)             | (748)                      | 46,436        |  |
| 5,249        | Long service leave & retirement grat. | 5,188     | 5,115  | (72)                 | 61                         | 5,201         |  |
| 83,103       | <b>Total Employee Entitlements</b>    | 81,938    | 58,696 | (23,242)             | 1,165                      | 57,852        |  |

Accrued leave includes (unaudited) provisioning for remediation of Holidays Act non-compliance, not allowed for when the plan was prepared.

**8. PLANNED CARE**

Planned care reporting from MoH is not yet available.

**9. TREASURY*****Liquidity Management***

The surplus cash of all DHBs is managed by NZHP under a sweep arrangement facilitated by BNZ. The DHB provides forecast cash flow information to NZHP to allow it to invest the funds at the most advantageous rates and uses the same information to ensure the DHB has the funds to meet its obligations as they fall due. The cash balance at the end of September was a \$20.3m overdraft (August \$18.7m).

The cash low point for each month is generally incurred immediately prior to receipt of MoH funding on the 4th of the month. October's low point is projected to be \$14.7m overdrawn on 30 October. The DHB's statutory overdraft limit is currently \$32m reflected the approved 2019/20 Annual Plan.

The main cash risk is the remediation of the Holidays Act and the net impact of COVID-19.

***Debt Management***

The DHB has no interest rate exposure relating to debt.

***Foreign Exchange Risk Management***

No material transactions occurred during the month. No transactions met the criteria that would trigger the requirement to arrange foreign exchange rate cover.

**10. CAPITAL EXPENDITURE**

The block allocations are underspent at the end of September reflecting evenly spread budgets across the year, and lead times for the delivery of projects, we expect this slippage to be recovered in year.

Slippage on strategic projects, impacted by funding agreements and COVID-19 are narrowing the funding gap.

Note: Strategic projects that are partially funded by MoH, have no costs recognised in the DHB funded category until the MoH funded category has been exhausted, the assumption being that we will drawdown on MoH capital first.

The other category includes capital projects that are funded from sources other than the capital programme i.e. special funds (donations and bequests), MOH seed funding for programmes requiring property, plant and/or equipment to launch, and preliminary project costs that will either be capitalised or expensed dependent on whether the project goes ahead.

See table on the next page.

|                                      | ----- Year to Date ----- |                  |                    | ----- Life of Project ----- |                    |                    |
|--------------------------------------|--------------------------|------------------|--------------------|-----------------------------|--------------------|--------------------|
|                                      | Actual<br>\$'000         | Budget<br>\$'000 | Variance<br>\$'000 | Forecast<br>\$'000          | Approved<br>\$'000 | Variance<br>\$'000 |
| Source of Funds                      |                          |                  |                    |                             |                    |                    |
| <b>Operating Sources</b>             |                          |                  |                    |                             |                    |                    |
| Depreciation                         | 3,716                    | 3,671            | 44                 |                             |                    |                    |
|                                      | 3,716                    | 3,671            | 44                 |                             |                    |                    |
| <b>Other Sources</b>                 |                          |                  |                    |                             |                    |                    |
| Sale of Assets                       | 614                      | 415              | 199                |                             |                    |                    |
|                                      | 1,029                    | 415              | 614                |                             |                    |                    |
| <b>Total funds sourced</b>           | <b>4,330</b>             | <b>4,086</b>     | <b>243</b>         |                             |                    |                    |
| Application of Funds:                |                          |                  |                    |                             |                    |                    |
| <b>Block Allocations</b>             |                          |                  |                    |                             |                    |                    |
| Facilities                           | 511                      | 772              | 261                |                             |                    |                    |
| Information Services                 | 476                      | 953              | 477                |                             |                    |                    |
| Clinical Equipment                   | 766                      | 968              | 202                |                             |                    |                    |
|                                      | 1,753                    | 2,692            | 939                |                             |                    |                    |
| <b>MOH funded Strategic</b>          |                          |                  |                    |                             |                    |                    |
| Seismic Radiology HA27               | 3                        | 25               | 22                 | 2,087                       | 1,200              | (887)              |
| Surgical Expansion                   | 105                      | 1,025            | 920                | 16,214                      | 16,214             | -                  |
| Main Electrical Switchboard Upgrade  | -                        | 183              | 183                | -                           | -                  | -                  |
| Mobile Dental Unit                   | -                        | 267              | 267                | 1,600                       | 1,600              | -                  |
| Angiography Suite                    | -                        | 250              | 250                | -                           | -                  | -                  |
| Replacement Generators               | (0)                      | 167              | 167                | 2,800                       | 2,800              | -                  |
| Endoscopy Building (Procedure Rooms) | -                        | 250              | 250                | -                           | -                  | -                  |
| Radiology Extension                  | 188                      | 530              | 341                | 22,864                      | 17,742             | (5,122)            |
| Seismic AAU Stage 2 and 3            | 1,216                    | 516              | (700)              | 5,297                       | 3,450              | (1,847)            |
| Seismic Surgical Theatre HA37        | -                        | 350              | 350                | 4,629                       | 4,629              | (0)                |
|                                      | 1,512                    | 3,561            | 2,049              | 55,491                      | 47,635             | (7,856)            |
| <b>DHB funded Strategic</b>          |                          |                  |                    |                             |                    |                    |
| Digital Transformation               | -                        | -                | -                  | 870                         | 870                | -                  |
| Interim Asset Plan                   | 177                      | 484              | 307                | 1,950                       | 1,950              | -                  |
|                                      | 177                      | 484              | 307                | 2,820                       | 2,820              | -                  |
| <b>Other</b>                         |                          |                  |                    |                             |                    |                    |
| Special Funds and Clinical Trials    | 36                       | -                | (36)               |                             |                    |                    |
| Funded Programmes                    | 371                      | -                | (371)              |                             |                    |                    |
| Other                                | 117                      | -                | (117)              |                             |                    |                    |
|                                      | 524                      | -                | (524)              |                             |                    |                    |
| <b>Capital Spend</b>                 | <b>3,966</b>             | <b>6,738</b>     | <b>2,771</b>       | <b>58,311</b>               | <b>50,455</b>      | <b>(7,856)</b>     |

## 11. ROLLING CASH FLOW

|                                      | Sep-20           |                    |                    | Oct-20             | Nov-20             | Dec-20             | Jan-21             | Feb-21             | Mar-21             | Apr-21             | May-21             | Jun-21             | Jul-21             | Aug-21             | Sep-21             |
|--------------------------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                      | Actual<br>\$'000 | Forecast<br>\$'000 | Variance<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 | Forecast<br>\$'000 |
| <b>Cash Inflows</b>                  |                  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Devolved MOH revenue                 | 58,312           | 65,336             | 7,024              | 68,461             | 58,416             | 117,923            | -                  | 58,416             | 61,416             | 57,462             | 58,416             | 60,562             | 60,664             | 60,664             | 64,764             |
| Other revenue                        | 5,276            | 4,680              | -596               | 4,326              | 4,080              | 4,040              | 3,750              | 4,250              | 4,550              | 4,200              | 4,350              | 4,100              | 4,300              | 4,350              | 4,050              |
| Total cash inflow                    | 63,588           | 70,016             | 6,428              | 72,786             | 62,496             | 121,963            | 3,750              | 62,666             | 65,966             | 61,662             | 62,766             | 64,662             | 64,964             | 65,014             | 68,814             |
| <b>Cash Outflows</b>                 |                  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Payroll                              | 15,839           | 11,950             | 3,889              | 13,783             | 13,680             | 17,910             | 13,680             | 13,680             | 16,180             | 13,750             | 13,680             | 17,880             | 13,750             | 13,680             | 16,230             |
| Taxes                                | 8,819            | 8,599              | 220                | 10,703             | 9,000              | 6,000              | 9,200              | 9,200              | 9,200              | 9,200              | 9,200              | 9,200              | 9,200              | 9,200              | 9,200              |
| Sector Services                      | 27,236           | 26,200             | 1,036              | 29,023             | 28,050             | 26,145             | 15,350             | 26,855             | 27,050             | 18,700             | 24,200             | 20,393             | 24,228             | 26,617             | 27,646             |
| Other expenditure                    | 13,299           | 11,902             | 1,397              | 13,711             | 13,504             | 18,490             | 16,939             | 15,608             | 17,056             | 15,638             | 13,167             | 22,267             | 19,569             | 15,669             | 15,669             |
| Total cash outflow                   | 65,192           | 58,651             | 6,542              | 67,220             | 64,234             | 68,545             | 55,169             | 65,344             | 69,486             | 57,288             | 60,247             | 69,740             | 66,747             | 65,166             | 68,745             |
| Total cash movement                  | -1,604           | 11,366             | 12,970             | 5,567              | -1,738             | 53,418             | -51,419            | -2,678             | -3,520             | 4,373              | 2,519              | -5,078             | -1,783             | -152               | 69                 |
| Add: opening cash                    | -18,663          | -18,667            | -                  | -20,267            | -14,701            | -16,439            | 36,979             | -14,440            | -17,117            | -20,637            | -16,264            | -13,745            | -18,824            | -20,606            | -20,758            |
| Closing cash                         | -20,267          | -7,302             | 12,970             | -14,701            | -16,439            | 36,979             | -14,440            | -17,117            | -20,637            | -16,264            | -13,745            | -18,824            | -20,606            | -20,758            | -20,690            |
| Maximum cash overdraft<br>(in month) | -24,760          | -22,326            | -2,434             | -14,701            | -16,439            | -23,680            | -14,440            | -19,821            | -21,949            | -16,264            | -16,524            | -20,927            | -21,634            | -20,916            | -25,673            |

## **12. QUARTERLY REPORT TO THE MINISTER OF HEALTH**

The Minister of Health required the Board to provide, on a quarterly basis, with representation that cost increases have only been approved where unavoidable. The representation is to be accompanied by supporting reports, which include the detail of, and explanation for, any increases in expenditure from the corresponding quarter of the previous year, including:

- Full Time equivalents (FTE), personnel and outsourced personnel expenditure;
- Total provider arm expenditure;
- Expenditure on community provider contracts; and
- Actual capital expenditure.

No feedback has been received in relation to the representations and supporting reports sent to the Minister.

Because the report is a comparison between quarters in different financial years, it will have differences that arise from year-to-date adjustments and changes in accounting practice that are unrelated to financial performance. These can be material for items such as COVID-19 and the provisioning for Holidays Act remediation.

The September 2020 representation and supporting report, which compares Quarter 1 ended September 2019 to Quarter 1 ended September 2020 is below.

# Quarterly Report to the Minister of Health

Quarter Ended 30 September 2020

| <i>Description</i>                          | <i>This Year</i>   | <i>Last Year</i>   | <i>Variance</i>    | <i>Var %</i> |
|---|--------------------|--------------------|--------------------|--------------|
| FTEs  | 2,643              | 2,488              | -155               | -6.2%        |
|   | <i>\$'millions</i> | <i>\$'millions</i> | <i>\$'millions</i> | <i>%</i>     |
| Personnel Costs                             | 65.2               | 58.8               | -6.4               | -10.9%       |
| Outsourced Personnel                        | 2.2                | 3.3                | 1.1                | 34.2%        |
| Provider Arm Expenditure                    | 100.1              | 92.2               | -7.9               | -8.5%        |
| Expenditure on Community Provider Contracts | 68.0               | 64.1               | -3.9               | -6.1%        |
| Actual Capital Expenditure                  | 4.0                | 2.3                | -1.7               | -74.0%       |

## FTEs (155 increase)

|  |      |
|--|------|
| Includes:  | FTE  |
| • increase in nursing staff relating to Care Capacity Demand Management (CCDM);        | (37) |
| • increasing the overflow ward from 10 to 24 beds, to manage demand;                   | (23) |
| • staff required for patient watches;  | (12) |
| • impact of the COVID-19 response and recovery on staffing numbers during the quarter; | (14) |
| • RMO MECA compliance;   | (10) |
| • Other medical staff – e.g. filling vacancies;  | (16) |
| • Allied health staff – e.g. filling vacancies;  | (27) |
| • Additional administration staff in clinical areas; and                               | (13) |
| • Other.   | (3)  |

## Personnel Costs (\$6.4m increase)

|  |       |
|--|-------|
| Includes:  | \$'m  |
| • cost of additional FTEs discussed above;                             | (3.7) |
| • impact of the COVID-19 response and recovery on personnel costs; and | (0.3) |
| • other costs including employment agreement settlements.              | (2.4) |

## Outsourced Personnel (\$1.1m decrease)

|   |      |
|---|------|
| Includes:   | \$'m |
| • reduction in medical staff vacancy and leave cover; and | 1.0  |
| • reduction in interim executive positions.               | 0.1  |

**Provider Arm Expenditure (\$7.9m increase)**

|   |       |
|---|-------|
| Includes:   | \$'m  |
| • personnel costs relating to the employment agreement settlements and the FTE growth detailed above; | (5.2) |
| • reduced locum costs resulting from a decrease in vacancies;   | 1.2   |
| • reduced outsourced clinical services – currently in-house and to be outsourced later in the year;   | 0.3   |
| • increased clinical supply costs;  | (3.2) |
| • reduced income from other DHBs;   | (0.1) |
| • impact of the COVID-19 response and recovery.   | (0.9) |

**Expenditure on Community Provider Contracts (\$3.9m increase)**


|   |       |
|---|-------|
| Includes:   | \$'m  |
| • increases in community pharmaceutical costs;  | (1.1) |
| • increases in inter-district out flows costs;  | (1.2) |
| • increases in residential care and home support;   | (0.7) |
| • increases in community laboratory services;   | (0.3) |
| • increases in personal health costs including primary care, palliative care and pharmacy services; and | (0.5) |
| • increases in public health costs.   | (0.1) |

**Actual Capital Expenditure (\$1.7m increase)**

Expenditure is higher than last year as clinical equipment relating to Covid (donated by MOH and purchased) has been recognised, and seismic work on the acute assessment unit has progressed.

The Board and management of Hawke's Bay District Health Board confirm, to the best of our knowledge and belief, that cost increases between Quarter 1 of the 2019/20 and Quarter 1 2020/21 financial year, have only been approved where unavoidable.



|  |  |
|--|--|
|           | <b>Planning &amp; Funding Monthly Report</b>                   |
|  | For the attention of:<br><b>HBDHB Board</b>                    |
| Document Owner:  | Emma Foster, Executive Director of Planning & Funding (Acting) |
| Month:   | October 2020   |
| Consideration:   | For Noting   |
| <b>RECOMMENDATION</b><br><b>That the HBDHB Board</b><br>1. Note the contents of the report |  |

## 1 Planning and Performance

The 2021/22 Annual Planning cycle is in the early stages of forming. It is expected timeframes will be similar to last year, although no confirmation has been given from the Ministry of Health to date.

Quarter 1 non-financial *performance reporting* is on-track for November, but is reliant on performance results to be released from the Ministry of Health.

The overarching *HB Health System Model of Care* to inform our investment, workforce and asset planning continues to be drafted with the collation of relevant information currently distributed through key documents.

The Planning and Funding Clinical Lead continues to be active in key projects that support quality improvement and patient safety. This has either been through input into the development and implementation of the HealthPathways programme, Telehealth strategy, Safety First or reframing and refreshing the Clinical Governance philosophy and structure.

## 2 Start well

*First 1000* days procurement and contracting process in response to the annual plan investment allocation continues, with good progress and community engagement.

The opening of the Central Hawke's Bay (CHB) Parent and Child Hub was completed at a smaller scale due to COVID-19 this month. This community led initiative has been in concept stage for a number of years with traction gaining over the past 18 months. This is a joint initiative between CHB District Council, Plunket, Pregnancy Help, HBDHB and Māhin whānau. We are grateful for the ongoing support of this initiative. This will be a valuable resource for the CHB community and will enable midwives to see māmā and pēpē in the region without having to travel further away from home.

## 3 Live well

*Mental Health & Addictions* portfolio continues to facilitate redesign of the system to respond to whānau in crisis. The focus on initial engagement is on mental health addictions whāiora with lived experience from high deprivation, predominantly Māori communities.

Socialisation of Community Oral Health Service model of care has been initiated and development of reporting indicators are in progress, which will allow for strong accountability and performance reporting.

Progress on the Rangatahi redesign has gained some traction this month with the service proposal document out for consultation and the recruitment plans for Tihei Rangatahi.

#### **4 Stay well**

Addressing *Mental Health and Addictions* acute demand and capacity building related to long stay clients remains a focus. Financial modelling is underway to identify resources that can be sourced to support initiatives, and Executive leadership from DHB/Ministry of Social Development and Kainga Ora are looking at options and pathways for housing and support from a social perspective.

*Long Term Conditions* portfolio has supported the establishment of a consumer and clinician team to work towards the development of a model of care. This will provide oversight to the working groups focussing on disease state system models of care review, development and enhancement, such as cardiac, respiratory, diabetes and renal.

Specific to annual plan actions and investment decisions that have progressed over the past month are

- stand-up of the HealthPathways team
- implementation of the extended pulmonary rehabilitation programmes to include heart failure patients
- recruitment of the extended clinical pharmacy facilitation team is in progress.

#### **5. Ageing well**

An information paper outlining what is occurring elsewhere both nationally and internally, opportunities and concepts that will support Ageing well in Hawke's Bay is on the Diligent Resource Centre for information.

The previous Ageing Well in Hawke's Bay paper submitted at the September 2020 Board meeting, provided a snapshot of the demographic split of clients using the services as at March 2020 (just prior to the COVID-19 alert levels restrictions being put in place). Below are the requested data tables.

| NASC - Volume of Clients           |        |              |              |              |              |               |
|------------------------------------|--------|--------------|--------------|--------------|--------------|---------------|
|                                    |        | Age Group    |              |              |              |               |
| Ethnicity                          | Gender | 64 under     | 65 to 74     | 75 to 84     | 85 over      | All           |
| Māori                              | FEMALE | 37           | 37           | 34           | 7            | 115           |
|                                    | MALE   | 17           | 23           | 19           | 4            | 63            |
| <b>Māori</b>                       |        | <b>20</b>    | <b>14</b>    | <b>15</b>    | <b>3</b>     | <b>52</b>     |
| Pasifika                           | FEMALE | 91           | 184          | 336          | 323          | 934           |
|                                    | MALE   | 56           | 101          | 179          | 177          | 513           |
| <b>Pasifika</b>                    |        | <b>35</b>    | <b>83</b>    | <b>157</b>   | <b>146</b>   | <b>421</b>    |
| Other                              | FEMALE |              | 5            | 7            | 3            | 15            |
|                                    | MALE   |              | 2            | 4            | 1            | 7             |
| <b>Other</b>                       |        |              | <b>3</b>     | <b>3</b>     | <b>2</b>     | <b>8</b>      |
| <b>TOTAL</b>                       |        | <b>128</b>   | <b>226</b>   | <b>377</b>   | <b>333</b>   | <b>1,064</b>  |
|                                    |        |              |              |              |              |               |
| NASC - Percentage of Total Clients |        |              |              |              |              |               |
|                                    |        | Age Group    |              |              |              |               |
| Ethnicity                          | Gender | 64 under     | 65 to 74     | 75 to 84     | 85 over      | All           |
| Māori                              | FEMALE | 3.5%         | 3.5%         | 3.2%         | 0.7%         | 10.8%         |
|                                    | MALE   | 1.6%         | 2.2%         | 1.8%         | 0.4%         | 5.9%          |
| <b>Māori</b>                       |        | <b>1.9%</b>  | <b>1.3%</b>  | <b>1.4%</b>  | <b>0.3%</b>  | <b>4.9%</b>   |
| Pasifika                           | FEMALE | 8.6%         | 17.3%        | 31.6%        | 30.4%        | 87.8%         |
|                                    | MALE   | 5.3%         | 9.5%         | 16.8%        | 16.6%        | 48.2%         |
| <b>Pasifika</b>                    |        | <b>3.3%</b>  | <b>7.8%</b>  | <b>14.8%</b> | <b>13.7%</b> | <b>39.6%</b>  |
| Other                              | FEMALE | 0.0%         | 0.5%         | 0.7%         | 0.3%         | 1.4%          |
|                                    | MALE   | 0.0%         | 0.2%         | 0.4%         | 0.1%         | 0.7%          |
| <b>Other</b>                       |        | <b>0.0%</b>  | <b>0.3%</b>  | <b>0.3%</b>  | <b>0.2%</b>  | <b>0.8%</b>   |
| <b>TOTAL</b>                       |        | <b>12.0%</b> | <b>21.2%</b> | <b>35.4%</b> | <b>31.3%</b> | <b>100.0%</b> |


| Residential Care - Volume of Permanent Clients |        |           |            |            |            |              |
|--|--------|-----------|------------|------------|------------|--------------|
|  |        | Age Group |            |            |            |              |
| Ethnicity                                      | Gender | 64 under  | 65 to 74   | 75 to 84   | 85 over    | All          |
| Māori  | FEMALE | 10        | 9          | 20         | 12         | 51           |
|  | MALE   | 5         | 11         | 15         | 5          | 36           |
| <b>Māori</b>                                   |        | <b>15</b> | <b>20</b>  | <b>35</b>  | <b>17</b>  | <b>87</b>    |
| Pasifika                                       | FEMALE | 0         | 2          | 2          | 1          | 5            |
|  | MALE   | 0         | 4          | 2          | 2          | 8            |
| <b>Pasifika</b>                                |        | <b>0</b>  | <b>6</b>   | <b>4</b>   | <b>3</b>   | <b>13</b>    |
| Other  | FEMALE | 11        | 52         | 169        | 357        | 589          |
|  | MALE   | 20        | 59         | 116        | 138        | 333          |
| <b>Other</b>                                   |        | <b>31</b> | <b>111</b> | <b>285</b> | <b>495</b> | <b>922</b>   |
| <b>TOTAL</b>                                   |        | <b>46</b> | <b>137</b> | <b>324</b> | <b>515</b> | <b>1,022</b> |

| Residential Care - Percentage of Total Permanent Clients |        |             |              |              |              |               |
|--|--------|-------------|--------------|--------------|--------------|---------------|
|  |        | Age Group   |              |              |              |               |
| Ethnicity  | Gender | 64 under    | 65 to 74     | 75 to 84     | 85 over      | All           |
| Māori  | FEMALE | 1.0%        | 0.9%         | 2.0%         | 1.2%         | 5.0%          |
|  | MALE   | 0.5%        | 1.1%         | 1.5%         | 0.5%         | 3.5%          |
| <b>Māori</b>   |        | <b>1.5%</b> | <b>2.0%</b>  | <b>3.4%</b>  | <b>1.7%</b>  | <b>8.5%</b>   |
| Pasifika   | FEMALE | 0.0%        | 0.2%         | 0.2%         | 0.1%         | 0.5%          |
|  | MALE   | 0.0%        | 0.4%         | 0.2%         | 0.2%         | 0.8%          |
| <b>Pasifika</b>  |        | <b>0.0%</b> | <b>0.6%</b>  | <b>0.4%</b>  | <b>0.3%</b>  | <b>1.3%</b>   |
| Other  | FEMALE | 1.1%        | 5.1%         | 16.5%        | 34.9%        | 57.6%         |
|  | MALE   | 2.0%        | 5.8%         | 11.4%        | 13.5%        | 32.6%         |
| <b>Other</b>   |        | <b>3.0%</b> | <b>10.9%</b> | <b>27.9%</b> | <b>48.4%</b> | <b>90.2%</b>  |
| <b>TOTAL</b>   |        | <b>4.5%</b> | <b>13.4%</b> | <b>31.7%</b> | <b>50.4%</b> | <b>100.0%</b> |

| Home Support - Volume of Clients |         |            |            |              |            |              |
|----------------------------------|---------|------------|------------|--------------|------------|--------------|
|                                  |         | Age Group  |            |              |            |              |
| Ethnicity                        | Gender  | 64 under   | 65 to 74   | 75 to 84     | 85 over    | All          |
| Māori                            | FEMALE  | 38         | 57         | 58           | 29         | 182          |
|                                  | MALE    | 31         | 26         | 29           | 8          | 94           |
| <b>Māori</b>                     |         | <b>69</b>  | <b>83</b>  | <b>87</b>    | <b>37</b>  | <b>276</b>   |
| Pasifika                         | FEMALE  | 3          | 11         | 6            | 4          | 24           |
|                                  | MALE    | 2          | 3          | 3            | 2          | 10           |
| <b>Pasifika</b>                  |         | <b>5</b>   | <b>14</b>  | <b>9</b>     | <b>6</b>   | <b>34</b>    |
| Other                            | FEMALE  | 69         | 216        | 646          | 683        | 1,614        |
|                                  | MALE    | 37         | 120        | 260          | 268        | 685          |
|                                  | UNKNOWN | 4          |            |              |            | 4            |
| <b>Other</b>                     |         | <b>110</b> | <b>336</b> | <b>906</b>   | <b>951</b> | <b>2,303</b> |
| <b>TOTAL</b>                     |         | <b>184</b> | <b>433</b> | <b>1,002</b> | <b>994</b> | <b>2,613</b> |

| Home Support - Percentage of Total Clients |         |             |              |              |              |               |
|--|---------|-------------|--------------|--------------|--------------|---------------|
|  |         | Age Group   |              |              |              |               |
| Ethnicity                                  | Gender  | 64 under    | 65 to 74     | 75 to 84     | 85 over      | All           |
| Māori                                      | FEMALE  | 1.5%        | 2.2%         | 2.2%         | 1.1%         | 7.0%          |
|  | MALE    | 1.2%        | 1.0%         | 1.1%         | 0.3%         | 3.6%          |
| <b>Māori</b>                               |         | <b>2.6%</b> | <b>3.2%</b>  | <b>3.3%</b>  | <b>1.4%</b>  | <b>10.6%</b>  |
| Pasifika                                   | FEMALE  | 0.1%        | 0.4%         | 0.2%         | 0.2%         | 0.9%          |
|  | MALE    | 0.1%        | 0.1%         | 0.1%         | 0.1%         | 0.4%          |
| <b>Pasifika</b>                            |         | <b>0.2%</b> | <b>0.5%</b>  | <b>0.3%</b>  | <b>0.2%</b>  | <b>1.3%</b>   |
| Other                                      | FEMALE  | 2.6%        | 8.3%         | 24.7%        | 26.1%        | 61.8%         |
|  | MALE    | 1.4%        | 4.6%         | 10.0%        | 10.3%        | 26.2%         |
|  | UNKNOWN | 0.2%        | 0.0%         | 0.0%         | 0.0%         | 0.2%          |
| <b>Other</b>                               |         | <b>4.2%</b> | <b>12.9%</b> | <b>34.7%</b> | <b>36.4%</b> | <b>88.1%</b>  |
| <b>TOTAL</b>                               |         | <b>7.0%</b> | <b>16.6%</b> | <b>38.3%</b> | <b>38.0%</b> | <b>100.0%</b> |

| Home Support - Volume of Hours           |         |             |              |              |              |               |
|--|---------|-------------|--------------|--------------|--------------|---------------|
|  |         | Age Group   |              |              |              |               |
| Ethnicity                                | Gender  | 64 under    | 65 to 74     | 75 to 84     | 85 over      | All           |
| Māori                                    | FEMALE  | 36          | 55           | 57           | 28           | 176           |
|  | MALE    | 26          | 25           | 28           | 8            | 87            |
| <b>Māori</b>                             |         | <b>62</b>   | <b>80</b>    | <b>85</b>    | <b>36</b>    | <b>263</b>    |
| Pasifika                                 | FEMALE  | 3           | 11           | 6            | 4            | 24            |
|  | MALE    | 2           | 3            | 3            | 2            | 10            |
| <b>Pasifika</b>                          |         | <b>5</b>    | <b>14</b>    | <b>9</b>     | <b>6</b>     | <b>34</b>     |
| Other                                    | FEMALE  | 63          | 200          | 613          | 638          | 1,514         |
|  | MALE    | 33          | 106          | 242          | 247          | 628           |
|  | UNKNOWN | 1           |              |              |              | 1             |
| <b>Other</b>                             |         | <b>97</b>   | <b>306</b>   | <b>855</b>   | <b>885</b>   | <b>2,143</b>  |
| <b>TOTAL</b>                             |         | <b>164</b>  | <b>400</b>   | <b>949</b>   | <b>927</b>   | <b>2,440</b>  |
|  |         |             |              |              |              |               |
|  |         |             |              |              |              |               |
| Home Support - Percentage of Total Hours |         |             |              |              |              |               |
|  |         | Age Group   |              |              |              |               |
| Ethnicity                                | Gender  | 64 under    | 65 to 74     | 75 to 84     | 85 over      | All           |
| Māori                                    | FEMALE  | 1.5%        | 2.3%         | 2.3%         | 1.1%         | 7.2%          |
|  | MALE    | 1.1%        | 1.0%         | 1.1%         | 0.3%         | 3.6%          |
| <b>Māori</b>                             |         | <b>2.5%</b> | <b>3.3%</b>  | <b>3.5%</b>  | <b>1.5%</b>  | <b>10.8%</b>  |
| Pasifika                                 | FEMALE  | 0.1%        | 0.5%         | 0.2%         | 0.2%         | 1.0%          |
|  | MALE    | 0.1%        | 0.1%         | 0.1%         | 0.1%         | 0.4%          |
| <b>Pasifika</b>                          |         | <b>0.2%</b> | <b>0.6%</b>  | <b>0.4%</b>  | <b>0.2%</b>  | <b>1.4%</b>   |
| Other                                    | FEMALE  | 2.6%        | 8.2%         | 25.1%        | 26.1%        | 62.0%         |
|  | MALE    | 1.4%        | 4.3%         | 9.9%         | 10.1%        | 25.7%         |
|  | UNKNOWN | 0.0%        | 0.0%         | 0.0%         | 0.0%         | 0.0%          |
| <b>Other</b>                             |         | <b>4.0%</b> | <b>12.5%</b> | <b>35.0%</b> | <b>36.3%</b> | <b>87.8%</b>  |
| <b>TOTAL</b>                             |         | <b>6.7%</b> | <b>16.4%</b> | <b>38.9%</b> | <b>38.0%</b> | <b>100.0%</b> |

|  |  |
|--|--|
|   | <b>Health Services (DHB Provider Arm)<br/>Monthly Report</b> |
|  | For the attention of:<br><b>HBDHB Board</b>                  |
| Document Owner   | Chris Ash, Chief Operating Officer                           |
| Month/Year   | October 2020   |
| Reviewed By  | Keriana Brooking, Chief Executive Officer                    |
| Purpose  | Update HBDHB Board on Health Services Performance            |
| Previous Consideration/Discussions   | Health Services Leadership Team                              |
| <b>RECOMMENDATION:</b><br><b>That the HBDHB Board:</b> <ol style="list-style-type: none"> <li>Note the content of the October 2020 report</li> </ol> |  |

### **Executive Summary**

- Pressure on bed availability at Hawke's Bay Hospital continues, largely due to difficulties experienced transferring patients to other care settings. This issue is common across physical and mental health beds.
- Good progress continues on reducing waits for planned care assessments and procedures, ahead of increased elective outsourcing beginning this month.
- The agreement to outsource an additional 631 elective surgeries will further support delivery of the DHB's discharges target.
- A number of initiatives have been implemented in Wairoa to deliver integrated care options for the population.

### **Panui**

#### *Dermatology service relocates to Napier*

The dermatology service has successfully completed its move to Napier Health centre. This is the first phase in a staged transition into our Communities, Women & Children directorate. It is fantastic news for this community-facing service, and another step in strengthening towards a vibrant community healthcare hub in this key location.

#### *New tenants at Wairoa Hospital & Health Centre*

In the past month we have welcomed two new tenants to the site – local private chiropractor and physiotherapy providers. This is another really positive step for co-location and access to health services for Wairoa whānau, but brings other benefits. The providers report that using DHB clinic space maintains high access and makes their local businesses more sustainable.

*Echocardiography backlog cleared for Wairoa patients*

Targeted locum echocardiography sessions were performed in Wairoa during September, clearing a backlog of patients. Cardiac disease is a significant cause of premature morbidity in Hawke's Bay and a major source of inequity in health outcomes.

*Wairoa cancer service developed, with focus on outreach and telehealth support*

Wairoa Health Centre has partnered with the Medical Directorate to develop and implement a Cancer Support Clinic and Outreach model. The service includes an equity navigator, social worker and cancer nurse on-site in Wairoa, with the visiting Radiation Oncologist attending virtually from Hawke's Bay Hospital. The team is aiming to extend this further to Mahia and Tuai areas, further improving access and support for these more geographically remote communities.

*Further outsourced provision of elective surgical procedures agreed*

Agreement has been reached with Royston Hospital in Hastings and CREST Hospital in Palmerston North to outsource a further 631 elective surgical discharges. The agreements, worth just over \$4m will mean more ear, nose and throat (ENT), vascular, ophthalmology and general surgery operations for Hawke's Bay people.

*Laboratory system upgrade completed*

Health Services has worked with excellent support from Digital Enablement to upgrade the Delphic Laboratory Information System.

*Inpatient admission records scanned to support digital access to notes*

Administration services have partnered with Service Improvement (Digital Enablement) to scan over 90 percent of inpatient admission records as patients are discharged. This has been achieved within existing capacity as a result of huge goodwill and engagement from our superb administration staff. The immediate result of this is that 86 percent of records no longer need to be physically transported to the clinical coding office at the point of discharge, but the digitisation of these records potentially offers a wide range of other efficiency and safety benefits. The project has strong support from Health Services Leadership Team to progress.

**Key Quality Measures & Statement of Performance Expectations (SPE)**

*ED6*

- Performance against this standard, for patients to be seen, admitted, or treated and discharged from ED within 6 hours dropped slightly in September, to 76.0 percent. This compares to the 72.5 percent achieved in the same month last year.
- The main factor driving breaches remains the lack of available admitting beds at the right time. Throughout the month, Hawke's Bay Hospital had an average of 23.6 more occupied beds than its resourced bed base. Occupancy was also >100 percent in the Ngā Rau Rākau inpatient mental health unit.
- Difficulties discharging or transferring the care of patients to alternative settings is one of the most significant issues. An average of 41.8 patients per day were discharged from general hospital beds in September, compared to 47.8 per day in September 2019.




### *Ministry of Health Planned Care (Surgical Discharges) Target*

- The DHB has operated to a shadow production plan target of 600 elective discharges in September, while phasing is agreed with the Ministry of Health – which is expected to be finalised by October. Of this, it is projected that 576 will be delivered, giving an in-month result of 96 percent and 99 percent for case-weights (assuming that all Inter-District Flow discharges come through as anticipated).
- In-month outsourcing numbers continue well below forecast, but with outsourcing plans now in place to bridge the majority of the shortfall. Three of the most challenged specialties - ENT, General Surgery and Orthopaedics – will all be positively impacted by the outsourcing plans.
- On-site delivery was again strong in September, with 551 discharges delivered (including 56 performed on weekend lists). This was 100 (22 percent) more procedures than the in-month target of 451. Another challenged specialty, Ophthalmology, has been a major component of this over-delivery.
- The year-to-date result for Quarter One is forecast to land at 93.8 percent for discharges and 97.5 percent for case-weights.

### *Elective Services Performance Indicators*

- As forecasted last month, September saw further improvement in the percentage of ESPI 2 (Outpatient Referrals Waiting Longer than 4 Months) and ESPI5 (Waits for Surgery Longer than 4 Months) patients overdue, although both indicators remain some distance from compliance at an aggregate level.
- As part of a national approach, the DHB is negotiating a funded set of improvement activities with the Ministry of Health to bring these indicators back into compliance. Where approved, these schemes will accelerate the progress seen in recent months.
- ESPI2 now has 23.6 percent of patients overdue (from 29.0 percent in August and 39.5% percent in July). The absolute number of overdue patients for ESPI2 reduced, with the movement from 1,564 to 1,244, an improvement of 20.5 percent.
- ESPI5 now has 22.1 percent of patients overdue, (from 29.9 percent in August and 40.5 percent in July). The absolute number of overdue patients also reduced, from 534 to 424, an improvement of 20.6 percent. The absolute rate of, and reductions in overdue patients were equitable across ethnic groups.
- During September, however, the size of the ESPI5 waiting list (in-date and overdue patients) grew again – from 1,786 to 1,915, an increase of 7.2 percent.



|   |   |
|---|---|
|      | <b>Board Health &amp; Safety Champions</b>  |
|   | For the attention of:<br><b>HBDHB Board</b> |
| Document Owner  | Hayley Anderson & Peter Dunkerley           |
| Month/Year  | October 2020                                |
| Reviewed By   | Nil   |
| Purpose   | For Information                             |
| Previous Consideration/Discussions  | Nil   |
| <b>RECOMMENDATION:</b><br><b>That the HBDHB Board:</b><br><b>1. Notes</b> this paper. |   |

## INTRODUCTION

The work of the Health and Safety Board champions has been challenged by further COVID-19 activity. It was not possible to complete an on-site walkaround on any of the DHB sites in September.

The September monthly staff Health & Safety meeting was attended via video conference. In that meeting a paper, directed to Executive Leadership Team (ELT) on behalf of the Health, Safety & Wellbeing (HS&W) Committee regarding violence and aggression towards staff, with recommendations on how the HS&W Committee and management could deliver improvements, was discussed.

The two main areas for improvement identified were supporting staff to report events and near misses through improved systems, and ensuring consistency in policies and procedures across staff groups and localities.

Board members will be aware that the event reporting system is a known issue and development of a HS&W system, prioritising event / near miss capture for staff related events, is a priority on the 20/21 Annual Plan.

The HS&W Committee Paper also made recommendations around a sub-group of the HS&W Committee to look at a holistic and consistent approach to managing workplace violence and aggression. ELT approved the approach asking the HS&W Committee to focus on staff in higher risk areas and where benefits in a consistent approach would be most valuable initially.

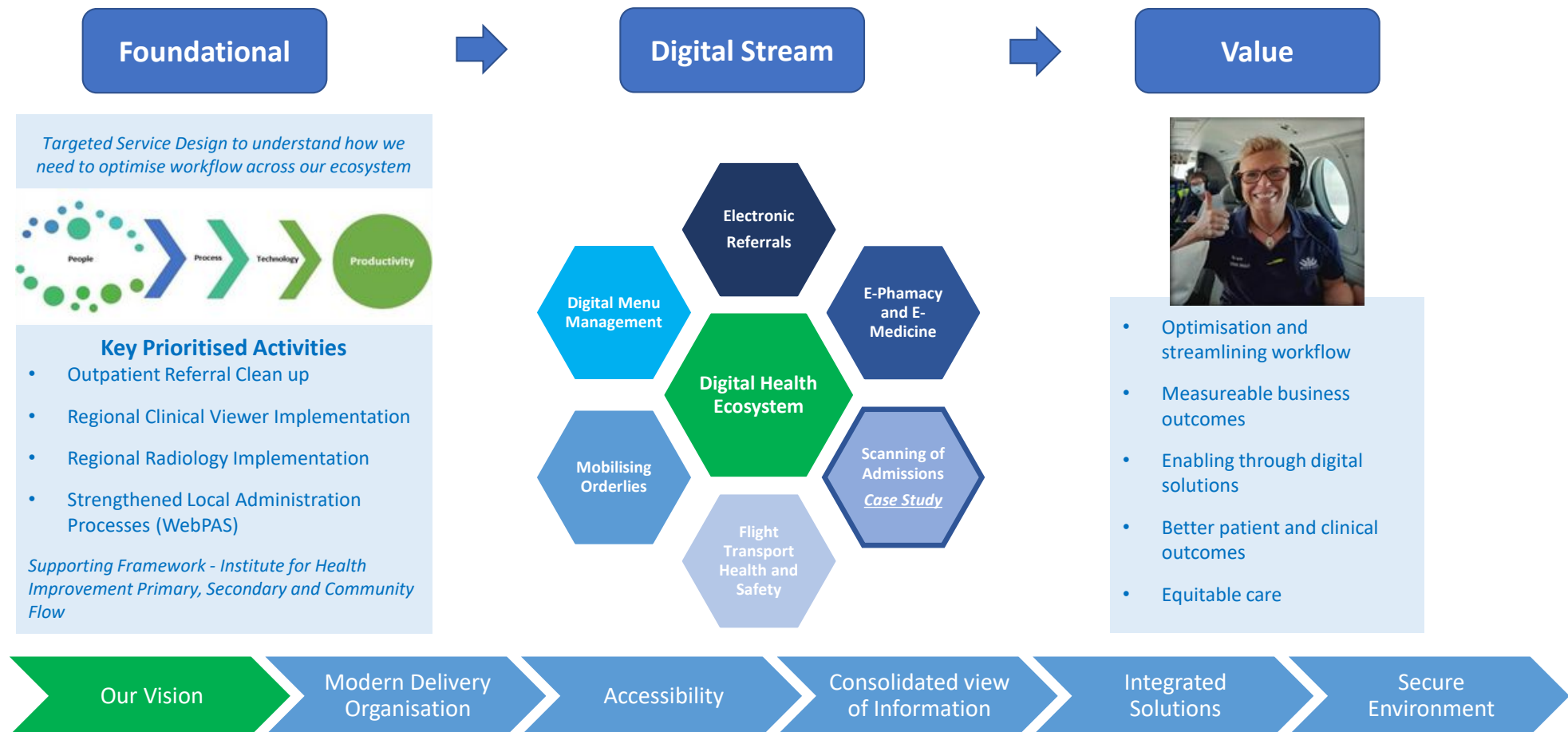
Staff have been proactively encouraged to contact Board Health and Safety Champions with any concerns. We are pleased to report staff have been taking up this offer.

For the past fortnight the Board has received Health & Safety updates from the CEO in her weekly Board communication.


On 12 October 2020 both Board Health & Safety Champions visited Ward B2, a busy acute medical ward at Hawke's Bay Hospital. We were impressed by the engagement with staff on duty who said they do have the resources to do their jobs safely, e.g. hoists to avoid moving and handling injuries. It was noted that the two new ward Health & Safety representatives are yet to complete their Health & Safety training. Staff are pleased to have access to de-escalation training, some felt restraint training is required (this is currently offered to staff in the Mental Health Unit (MHU)).

## Ākina - Enabling a Digital Health Ecosystem

*'Transformational journey optimising and digitising our workflow to enable better patient outcomes'*





|  |   |
|--|---|
|           | <b>Māori Relationship Board (MRB)</b>       |
|  | For the attention of:<br><b>HBDHB Board</b> |
| Document Owner:  | Ana Apatu (MRB Chair)                       |
| Month:   | October 2020                                |
| Consideration:   | For Information                             |
| <b>Recommendation: That HBDHB Board:</b><br><br><b>1. Note</b> the content of this report. |   |

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The Māori Relationship Board met on 7 October 2020. An overview of issues discussed and recommendations at the meeting are provided below.

#### MATTERS ARISING

1. Methamphetamine – Members requested a wider overview to encompass HBDHB, primary care and community response to methamphetamine be addressed and noted to report back in February 2021.
2. COVID-19 Review - Members requested a meeting be organised of the COVID-19 subcommittee (members; Ana Apatu, Beverly Te Huia, Kerri Nuku, including JB Heperi-Smith the HBDHB Senior Cultural Advisor) to discuss the scope of this review to include the pandemic policy response and the HBDHB response.

#### CHAIRS BOARD REPORT – SEPTEMBER 2020

1. **Treaty Paper** – MRB members felt the minutes of the last Board report did not reflect their disappointment regarding the Treaty Paper that was presented to Board before MRB. Ana Apatu expressed she felt HBDHB Board members were unaware that this paper had not been passed by MRB before being tabled at the Board meeting.
2. **Māori Influenza Vaccination Programme** - MRB thanked both the DHB staff and Māori providers for the work carried out to support this programme. Members were pleased to note that the Hawke's Bay region has remained in the top percentile in New Zealand for influenza vaccination rates.

#### SECTION 2: FOR INFORMATION AND DISCUSSION

##### 1. PĀTAKA KORERO

Pātaka Korero was presented by Charrissa Keenan, Justin Nguma and Aaron Turpin and outlines a more formal process to capture whānau voice gathered during community consultation and to ensure it becomes a part of the HBDHB culture. There is currently no structured method for HBDHB to systematically collect, track, protect whānau information and avoid duplication. A proper process needs to be adopted that will enable HBDHB to keep whānau safe throughout this process which includes accountability for the DHB to follow through with *what they say they're going to do*. Pātaka Kōrero is a development of a central repository that will collate all whānau-related information by the HBDHB. Pātaka Korero aims to provide an access point for all HBDHB members and an option for external providers planning on providing whānau voice activities with the community. A cultural lens will form part of the registration process to gather cultural guidance and evidence and will positively benefit whānau.

It was noted that Pātaka Korero will not be a cultural or ethics committee that external providers are required to go through. Whānau are able to decide whether they would like their voice included in the collation of any information.

Key actions noted:

- A communications plan be developed that will enable whānau and the community to understand that this tool enables the DHB to support their wellbeing
- A change in wording around deprivation and deficit
- Provide an analysis of unintended consequences, potential reach within the community and set timeframes
- Establish a cultural governance group to provide oversight

## 2. HBDHB CULTURAL RESPONSIVENESS REVIEW OF HBDHB MATERNITY SERVICES

An update on the status of the above paper was taken as read noting that:

- The HBDHB has a responsibility to whānau and hapu māma to ensure their safety and wellbeing is upheld
- The review focuses on Māori patients and how these whānau experience the maternity services provided by the HBDHB
- Members noted the importance of including policy reviews and cultural competency training across all staff members in this review
- Completion date for this review is anticipated to be December 2020/January 2021

Members expressed significant concern around the current process of HBDHB employees contacting Oranga Tamariki directly without an internal discussion at the DHB. It was important to ensure the review of the HBDHB Maternity Services and Oranga Tamariki review are not combined as these must be dealt with separately.

## 3. TE ARA WHAKAWAIORA REPORTS

### *Te Ara Whakawaiora - Culturally Responsive Workforce*

Carriann Hall (Executive Director, Financial Services) expressed that the DHB's culture is more prescriptive and *work needs to be done* around policy to enable the DHB to become more culturally competent. It was noted:

- The 2020/21 Māori workforce annual target of 17.54% has not been met (16.19%). Significant progress has been made with the DHB on track to achieve this target in 2021
- HBDHB target (100%) for staff completion of Te Tiriti o Waitangi training has not been met (62.8%) with COVID-19 having impacted on some DHB staff members unavailable to complete Te Tiriti training.
- HBDHB target (100%) for staff completion of 'Engaging Effectively with Māori' training target has not been met (68.1%) – members noted that this is a significant improvement over previous years
- An improvement of retention of Māori staff, however, the rates of Māori staff resigning are higher than non-Māori

MRB members requested:

- More structure be applied in exit interviews and have present either a Kaumatua or cultural advisor
- Te Tiriti o Waitangi training be reinstated as part of the mandatory orientation programme
- An action to include a measure for improved training uptake, engagement and cultural competency for SMOs

### **RESOLUTION:**

It is recommended that the Māori Relationship Board:

1. **Note** the contents of the report.
2. **Endorse** the next steps and recommendations.

Moved: Trish Giddens

Seconded: Fiona Cram

**Carried**



**Te Ara Whakawaiaora - DNAs**

Chris Ash delivered the findings of the DNA report and expressed his disappointment that minimal progress has been made in 2020 to increase the number of Māori patients attending appointments. Discussion noted:

- There was an improvement on the number of Māori patients attending appointments due to HBDHB changes of appointment management during COVID-19 lockdown period
- During the lockdown period the DHB tested different models of offering out-patient care. There were higher levels of virtual and home-visit appointments

Key messages:

- The existing DHB model for out-patient services is a barrier for Māori and Pacifica whānau attending their appointments
- Members expressed the importance of creating a new primary health care approach that is based around targeted care. Targeted care has been proven to be successful in increasing the attendance of Māori patients
- Members expressed the necessity to support primary care with Telehealth
- The differences between primary health care approach and community Māori-led approaches must be accounted for in this review

**4. CRISIS RESPONSE MODEL**

Jill Garrett (Planning & Commissioning Manager, Planning & Funding) and David Warrington (Service Director, Mental Health & Addictions) provided a verbal update of the Crisis Response Model. The model outlines how to respond to whānau in crisis related to mental health and addictions, and how to reduce the risk of whānau having to revisit these services. This model aligns with Iwi, MSD, Police, health providers and across all DHB services.

MRB expressed their support and appreciation of this model.

**5. TIAKI WHĀNAU, TIAKI ORA – MĀORI COMMUNITY SUICIDE PREVENTION**

In February 2020 Te Rau Ora presented to MRB and Tiaki Whānau, Tiaki Ora is a preventative well-being approach that has progressed from initial discussions with Te Rau Ora. Patrick Le Geyt advised that this programme is now at the point where it will be implemented locally and will connect with communities and Māori health providers and networks across Hawke's Bay. The aim is to gain a network of whānau support champions from Mahia across to Porongahau. Te Rau Ora will be holding an information hui with whānau support champions. HBDHB has provided resources and funding. Whānau champions will be supported with training programmes and ongoing support.

**6. LIMITED NUMBER OF WHĀNAU IN ACCOMMODATION WHARE**

Members requested that a policy review be undertaken to determine how many whānau members can be accommodated at the whare. Discussion noted that a purpose built building would not only provide additional accommodation for whānau but also incorporate an educational facility for Māori Health.

**Action**

- Review of policy which will identify how many whānau can be accommodated

**RECOMMENDATION:**

**The Māori Relationship Board requested that:**


1. Facilities to provide a master plan of Level 2 Māori Health
2. A purpose built building that would provide additional accommodation for whānau and include an education facility for Māori Health be explored.

**Moved:** Ana Apatu

**Seconded:** Fiona Cram

**Carried**



|   |   |
|---|---|
|  | <b>Hawke's Bay Clinical Council</b>         |
|   | For the attention of:<br><b>HBDHB Board</b> |
| Document Owner:   | Dr Robin Whyman and Jules Arthur, Co-chairs |
| Month:  | October 2020                                |
| Consideration:  | For Information                             |

**RECOMMENDATION**

That the HBDHB Board:

- **Note** the contents of this report

**15**

The meeting of the Hawke's Bay Clinical Council was held on 7 October 2020. An overview of matters discussed is provided below:

**Health Improvement and Equity Directorate**

Patrick Le Geyt, Acting Director led the presentation, introducing Clinical Council to the functions, services and workstreams of the directorate. The directorate's key purpose is to lead the health sector to progressively eliminate health inequities while improving population health across Hawke's Bay. HIE directorate identified the following top risks and mitigating actions in their presentation to the Clinical Council

**Top Risks**

- Health inequities persist for Māori and Pacific populations
- Lack of accountability for equity at leadership levels
- Poor implementation of strategy across the organisation
- Ad hoc versus systematic approaches
- Unequal resource/emphasis allocation between the hospital, public health and primary care
- Poor integration of health services

**Mitigating Actions**

- Prioritise all strategic equity objectives
- Develop equity KPIs for all staff
- Implement social inclusiveness into all employment, contracting and procurement processes
- Ngakau Ora – Organisational culture and behaviour programme
- Kaupapa Māori and Pacific led interventions, i.e. Tihei Mauri Ora
- Establish clear processes for whānau/community feedback, including a cultural safety feedback mechanism

Clinical Council agreed that there is a lack of integration between Clinical Council's and the directorate's objectives and that in working through the 2020-2021 period a focus will need to include how cultural safety is included in clinical safety.


Clinical Council also identified that the Terms of Reference for the Council need updating and reviewing and that this needs to include compliance with the Treaty of Waitangi and proper inclusion of equity.

### **Annual Meeting**

The Annual Report for 2020 was tabled. A copy is attached for your information. It was Dr Peter Culham's final meeting on Clinical Council. He was thanked for his heartfelt contribution to Council representing primary care.

Jules Arthur and Robin Whyman were unanimously re-elected as Co-Chairs. A nomination for Dr Jessica Keepa to join Clinical Council was ratified.

A brief discussion was held on the Terms of Reference and the Annual Plan for 2020/2021 and it was agreed to workshop these documents at the November meeting.

|   |   |
|---|---|
|  | <b>Hawke's Bay Clinical Council Annual Report</b><br><b>2019-2020</b> |
|   | For the attention of:<br><b>HBDHB Clinical Council</b>                |
| Document Owner:   | Dr Robin Whyman and Jules Arthur, Co-chairs                           |
| Month:  | October 2020  |
| Consideration:  | For Information   |

**RECOMMENDATION**

That the HBDHB Board:

- **Note and discuss** the contents of this report

**15**

This Annual General Meeting of the Hawke's Bay Clinical Council was held on 7 October 2020. This Annual Report does not summarise all of the activities of the Clinical Council in the 2019-2020 year but focuses on two particular areas of work that the Council has undertaken during the year to develop its role in stronger clinical governance.

**Background Information about 2019/2020 year**

| Council members  | CLINICAL COUNCIL ATTENDANCE RECORD |     |     |     |     |     |       |       |       |     |     |      |               |           |
|------------------|------------------------------------|-----|-----|-----|-----|-----|-------|-------|-------|-----|-----|------|---------------|-----------|
|                  | 2019-2020                          |     |     |     |     |     |       |       |       |     |     |      |               |           |
|                  | Sep                                | Oct | Nov | Dec | Feb | Mar | Apr   | May   | Jun   | Jul | Aug | Sept | Mtgs attended | # of Mtgs |
| Jules Arthur     | 1                                  | 1   | 1   | 1   | 1   | A   | COVID | 1     | 1     | 1   | 1   | 1    | 10            | of 11     |
| Dr Robin Whyman  | 1                                  | 1   | 1   | 1   | 1   | 1   | COVID | A     | A     | A   | 1   | 1    | 8             | of 11     |
| Chris McKenna    | A                                  | 1   | 1   | A   | 1   | 1   | COVID | COVID | COVID | A   | 1   | 1    | 6             | of 11     |
| Dr Andy Phillips | 1                                  | 1   | 1   | 1   | 1   | 1   | COVID | 1     | 1     | 1   | 1   | 1    | 11            | of 11     |
| Dr Russell Wills | 1                                  | 1   | 1   | 1   | 1   | A   | COVID | 1     | 1     | 1   | 1   | 1    | 10            | of 11     |
| Dr Peter Culham  | 1                                  | 1   | 1   | 1   | A   | 1   | COVID | COVID | COVID | 1   | 1   | 1    | 8             | of 11     |
| Debs Higgins     | 1                                  | A   | 1   | 1   | 1   | 1   | COVID | COVID | COVID | 1   | 1   | 1    | 8             | of 11     |
| Dr Nick Jones    | A                                  | A   | 1   | 1   | 1   | 1   | COVID | 1     | 1     | A   | 1   | 1    | 8             | of 11     |
| Di Vicary        | A                                  | 1   | 1   | 1   | 1   | 1   | COVID |       |       |     |     |      | 5             | of 6      |
| Karyn Bousfield  | 1                                  | 1   | 1   | 1   | 1   | 1   | COVID | 1     | A     | 1   | 1   | 1    | 10            | of 11     |
| Peta Rowden      | A                                  | 1   | 1   | A   | 1   | 1   | COVID | COVID | COVID | 1   | 1   | A    | 6             | of 11     |
| Dr Kevin Choy    | 1                                  | A   | 1   | 1   | 1   | 1   | COVID | 1     | 1     | 1   | 1   | 1    | 10            | of 11     |
| Dr Mike Park     | 1                                  | A   | 1   |     | 1   | 1   | COVID | COVID | COVID | A   |     | 1    | 5             | of 11     |
| Dr Umang Patel   |                                    | 1   | 1   | A   | 1   | 1   | COVID | COVID | COVID | 1   | A   | 1    | 6             | of 7      |
| Dr Mark Peterson | A                                  | 1   | 1   | A   | A   |     |       |       |       |     |     |      | 2             | of 5      |
| Anne McLeod      | A                                  | 1   | A   |     |     |     |       |       |       |     |     |      | 1             | of 3      |
|                  | 9                                  | 12  | 15  | 10  | 13  | 12  | 0     | 6     | 5     | 9   | 11  | 12   |               |           |

**KEY:**

A = apology

COVID = National COVID-19 emergency - April Mtg cancelled. Reduced member meetings held in May and June

**Health Roundtable and Data Dashboard development**

During 2019/2020 Clinical Council developed and monitored a patient safety and clinical quality dashboard. The dashboard was developed using Health Roundtable data and monitored quarterly using the following indicators:

- Hospital Diagnosis Standardised Mortality Ratio
- Percentage of ED patients seen within the clinically recommended time
- Percentage of inpatients presenting to ED within 14 days of discharge
- 28-day emergency readmission rate
- Proportion of patients with a hip fracture receiving surgery within 2 days after admission with hip fracture
- Same day elective surgery rate
- Hospital acquired complication rates
- Pressure injuries per 10,000 episodes
- Surgical complications per 10,000 episodes
- Falls resulting in fracture or intracranial injury per 10,000 episodes
- Medication complications per 10,000 episodes
- Acute Relative Stay Index

A focus was placed on the 28-day emergency readmission rate, pressure injuries and the acute relative stay index as these were areas that the DHB appeared outside of the 75<sup>th</sup> percentiles.

The dashboard was discussed each quarter with the head of business information and then reported to the Board through the Patient Safety and Clinical Quality report at FRAC.

A limitation of the Health Roundtable dataset is its focus on inpatient hospital information and lack of ethnicity based data. It is recommended that in 2020-2021 the Health Roundtable dashboard is maintained and that work is undertaken with Planning and Funding to monitor a wider suite of system level equity oriented indicators.

**Key themes from Directorate and Service presentations to Clinical Council**

In 2019/2020 the Clinical Council workplan placed a strong focus on attendance by Directorates and Services to discuss their successes, challenges and key clinical risks with the Clinical Council. The purpose of this approach was to enable Clinical Council to meet with the directorate and service leadership teams directly and gain a stronger appreciation for the clinical governance of the health system in Hawke's Bay.

The Clinical Council met with the following directorates and services

|  |                |
|--|----------------|
| Communities, Women and Children        | November 2019  |
| Surgical                               | March 2020     |
| Older Persons and Allied Health        | July 2020      |
| Primary Care Clinical Governance (PHO) | July 2020      |
| Mental and Addictions                  | August 2020    |
| Medical Directorate                    | September 2020 |

The outcomes of each meeting were then summarised to the Board in the Clinical Council report month by month. Our next directorate attending our October meeting is Health Improvement and Equity.

Overall, Clinical Council noted that the following strong themes relevant to clinical governance were present across the directorate and service presentations.

**Clinical leadership**

The strength of clinical leadership was evident in all of the Directorate presentations to Clinical Council and examples of service improvement and improvement to clinical quality and safety were apparent where clinical leadership models had developed.

This leadership was then translating to elements of strong clinical governance including improved clinical effectiveness, risk management, education and training or professional development, strong consumer involvement in service design and workforce development.

Clinical Council were also pleased to note that while Primary Care clinical governance was at an early stage of developing a quality of care framework this was an important development in improving quality of care across a complex, multi-provider environment. Particularly of note was service development in Wairoa where establishment of a single primary care practice co-located at Wairoa Hospital and with clinical leadership from Dr Margaret Fielding had led to model of care development, improved staff training and a reduction in reported adverse events.

**Pressures**

A number of themes creating pressures on the delivery of clinical quality came through from the directorate and service presentations. The context of 2019-2020 included an aging population, increasing frailty, ongoing established inequities in access to healthcare and health outcomes and in the second half of the year a complex COVID 19 environment that significantly disrupted service delivery. Alongside these environmental issues a number of cross directorate and service themes emerged.

**Data**

Concerns with access to suitable data to support the evaluation of service delivery, quality improvement and service development were reported. This was particularly noted by services that were most strongly focussed on the delivery of community based services including older people and allied health services, primary care, maternity and oral health. Services with an inpatient focus, in general, did not report this issue as commonly.

**Models of care**

A number of priorities were identified by the directorates and services for model of care development and in some of these areas successes or work underway were discussed. Particular note was made of Surgical Services where referral pathways and improved appropriate referrals were highlighted. The directorate noted that implementation of Health Pathways could improve the development of patient and referral pathways, and in the subsequent discussion with Primary Care clinical governance it was noted that work was underway through the PHO and Primary Care to introduce Health Pathways following funding approval within the DHB.

Older People and Allied Health identified particular need to improve the models of care for stroke services, interprofessional practice and 7-day allied health.

Primary Care clinical governance discussed concerns with the business sustainability of the primary care model and concerns about funding. It was noted that this presentation occurred in July 2020 at the first Clinical Council following the first wave of COVID 19 and the Level 4 lockdown, which had significantly impacted primary care. Particular mention was also made of the importance of access to primary care based mental health services and it was noted that there had been recent success with a MoH RFP for funding of primary care practitioners in mental health.

Mental health services also discussed the importance of service design, in particular with respect to discharge options for patients from acute mental health services, crisis model redesign and suicide prevention.

**Facilities and equipment**

Facilities and equipment were raised as themes from numerous directorates and essentially related to constraints on capacity and associated clinical flow issues.

In particular these were noted with respect to hospital and acute mental health facility levels of occupancy constraining the ability to operate efficient flow through the emergency department, acute hospital wards, Ngā Rau Rakau and outpatient clinics.

Facility and equipment constraints were also discussed in relation to delivery of cardiology services at Hawke's Bay DHB, cancer services, and radiology services. Business case development in all 3 of these service areas was noted to be underway and at various stages of development.

### **Workforce**

Access to sufficient workforce to sustain services was noted to be a particular constraint across medical, nursing, midwifery and allied health workforces. Services noted to have particular workforce constraints were maternity, associated with numbers of midwives and skill mix, oral health, in particular the dental therapist and oral health therapist workforces, surgical services with particular constraint in anaesthetic technicians and vulnerability in single surgeon specialities of vascular and oral and maxillofacial surgery.

Older Persons and Allied Health noted a long standing difficulty with access to geriatricians although there had been recent recruitment successes. Mental Health has similarly experienced long standing vacancies in the psychiatrist workforce but again there had been recent recruitment successes. However, workforce challenges remain with the Child Adolescent and Family Services (CAFS) and AOD services.

While significant workforce supply complexities exist Clinical Council also noted successful strategies were being used by some services to mitigate the challenges and opportunities in other areas. Particular examples included work by the Surgical Services directorate to develop anaesthetic technician training in Hawke's Bay in conjunction with the private sector.

It is also notable that a number of the workforce supply shortages are not unique to Hawke's Bay DHB and represent national workforce shortages, including midwifery, oral health and mental health.

Clinical Council noted that where workforce shortages had been able to be alleviated it was the result of ongoing focus by services on these issues and full implementation of CCDM FTE calculations, but recommends that the complexity and variety of workforce shortages requires a greater DHB focus on a cohesive and cross workforce strategy for the DHB.

### **Overall**

A number of documents provide guidance about the elements or pillars of clinical governance which is a system by which organisations are accountable for continuously improving the quality of their services and safe guarding high standards of care. While frequently described as seven pillars (Clinical effectiveness, audit, risk management education and training, consumer involvement, information and workforce) the New Zealand Health Quality and Safety Commission (HQSC) condenses it to four framework components (consumer engagement and participation, clinical effectiveness, quality improvement and patient safety and engaged workforce).

Furthermore, the Institute of Healthcare Improvement (IHI) describes six domains by which to articulate quality in healthcare – safe, effective, timely, patient-centred, efficient and equitable.

While elements of strong clinical governance clearly existed across the services, consistency in the delivery of the elements of clinical governance was not necessarily present in any single directorate or service.

It is recommended that in the 2020-2021 period a Clinical Quality and Patient Safety Plan for Hawke's Bay DHB is developed and resourced to strengthen the framework by which directorates and services develop and evaluate the quality and safety of their service delivery and service development.


It is also recommended that Clinical Council reviews the key service delivery challenges identified during the 2019-2020 presentations and seeks updates on these issues in the 2020-2021 period.



**Thanks**

Clinical Council relies on a great deal of support from its members and DHB staff to support its activities. Particular thanks are expressed to Susan Barnes, Manager Patient Safety and Clinical Quality who has worked alongside the Council throughout the year to develop a stronger focus on key functions in clinical governance. Thank you also to Tracy Fricker and Sue Sowerby who continue to provide administrative support and to Aaron Turpin for working closely with Clinical Council to develop the patient safety and clinical quality dashboard and maintain its reporting throughout the year.



|   |   |
|---|---|
|        | <b>Hawke's Bay Health Consumer Council</b>  |
|   | For the attention of:<br><b>HBDHB Board</b> |
| Document Owner  | Rachel Ritchie, Consumer Council Chair      |
| Month/Year  | October 2020                                |
| Purpose   | For noting                                  |
| <b>RECOMMENDATION:</b><br><b>That the HBDHB Board note the contents of this report.</b> |   |

#### **Council Work Review**

Members were delighted to again welcome our CEO Keriana to our meeting of 1 October. A significant portion of our agenda was dedicated to familiarisation of and discussion around the Terms of Reference for Council, how members believe they add most value to the organisation and Keriana's update on her considerations of the future of the Council work, structure and outputs.

There was a discussion on Council's move into increased co-design work over the past 18 months. Keriana confirmed that she was looking for Council to revert back to the earlier remit of providing more advice and input to the board and management.

Members will continue to be supported to provide co-design input in their own time if this is an area of interest. With potential changes arising from the Heather Simpson review Keriana advised Council members she will want to ensure that Council's work is focused and provides best value for the investment by members of their valuable time and energy.

#### **Terms of Reference Review**

It was agreed at the meeting that it is timely for the terms of reference to be updated, clarified and simplified. Currently these are complex, cover more than the Council is able to provide, and should be pared back to fewer core roles.

This will enable members of both Council and the wider governance and management ecosystem to be clearer about Council's roles and what it does and doesn't do. I am delighted this work will proceed bringing the next steps in the Council's evolution and clarity for all involved.

#### **Joint Session re Advisory Committee Governance**

The Chairs of MRB, PLT and Consumer Council also met in joint session with Keriana recently. The discussion was positive and gave an opportunity to hear the approach to the wider governance ecosystem, to understand the challenges we each face and to better appreciate the approach to the future.

**Farewell to members**

Three members completed their roles in Council this month, each having either completed their six-year term or become ineligible for reappointment. Jim Henry, Sami MacIntosh and Malcolm Dixon have all given tremendous service to the Council, bringing different perspectives to our table and contributing positively over their time. We wish them well. There is a more formal farewell scheduled for 21 October to further recognise their contributions.

**Final meeting**

My term as Chair also comes to an end this month. I would like to thank the Board and Keriana for your support of the Council. It's been a privilege to attend Board meetings to provide consumer perspective on the discussions and decisions made. The future significant changes in Health System reorganisation will be a challenge for all concerned.

I ask that all members involved in governance continue to have the needs of users of our health system at the very front of their heads and hearts as they make decisions, and both guide and hold the organisation to account over the next phase.

|   |   |
|---|---|
|  | <b>Pasifika Health Leadership Group – Chairs Report</b>                             |
|   | For the attention of:<br><b>HBDHB Board</b>   |
| Document Owner:   | Traci Tuimaseve, Chair of PHLG  |
| Reviewed by:  | Patrick Le Geyt, Acting Executive Director, Health Improvement & Equity Directorate |
| Month:  | October 2020  |
| Consideration:  | For Information   |

**RECOMMENDATION****That the HBDHB Board**

1. **Note** the contents of this report.

The Pasifika Health Leadership Group (PHLG) met on 28 September 2020. Keriana Brooking HBDHB CEO was welcomed.

An overview of the issues discussed and/or agreed at the meeting is provided below.

**HBDHB Annual Plan 2020/21**

Patrick Le Geyt presented an overview on the DHB's annual planning cycle to provide context to PHLG members on how the planning cycle is undertaken and a timeline of events.

The Ministry's Pacific Fono community engagement has provided opportunity to apply some of the feedback to inform Pacific priorities. This can be addressed as part of the refresh for the next iteration of the Pacific Health Annual Plan, whilst also taking into account the Ministry of Health's Manuia Ola 2020-2025 and the HBDHB's 20/21 Annual Plan.

The Pacific Health priorities for 2020/21 have been committed to as shared at the meeting. Monitoring reports and progress updates to ensure reporting of Pacific priorities are meeting target are to be tabled for review at future PHLG meetings.

**HBDHB Annual Planning for 2021/2022**


A facilitated workshop for PHLG members is to take place in October/November to determine Pacific strategic priorities for the 2021/22 annual planning cycle. The focus will be on setting the priorities only and not to operationalise them. Invitations will be extended to representatives who will provide expertise.

It was noted that the COVID-19 vaccination programme will become a significant undertaking and this should be recognised when planning.

**GENERAL BUSINESS**

Members were pleased that a notice to recruiting managers from the Recruitment Team now includes a statement that acts a reminder advising that "Maori and Pacific candidates that meet the minimum criteria for any vacancy, should be interviewed."



|   |   |
|---|---|
|                              | <b>Te Ara Whakawaiaora - Cultural Responsiveness</b>  |
|   | For the attention of:<br><b>HBDHB Board</b>   |
| Document Owner  | Patrick Le Geyt, Acting Executive Director, Health Improvement & Equity (Te Puni Matawhānui)  |
| Month/Year  | October 2020  |
| Reviewed By   | Carriann Hall, Executive Director Financial Services (interim People team)<br>Chris Ash, Chief Operating Officer  |
| Purpose   | To provide the Board with a progress update on the Cultural Responsiveness priorities, indicators and achievement of equity targets.  |
| Previous Consideration/Discussions  | Leadership must champion the Māori workforce action plan to achieve the HBDHB goal of a culturally responsive workforce and a growing presence of Māori within all levels of the DHB. |
| <b>RECOMMENDATION:</b><br><br><b>That the HBDHB Board:</b><br><br><b>1. Note</b> the contents of this report. |   |

### EXECUTIVE SUMMARY

- The 2019/20 target was almost achieved, with the August '20 data point at 16.19% against a target of 16.66%. The 2020/21 Māori workforce annual target has been set at 17.54%.
- HBDHB staff who have completed Treaty on Line training (target 100%) has not been met (62.8%).
- HBDHB staff who have completed 'Engaging Effectively with Māori' Training (target 100%) has not been met (68.1%).
- COVID-19 has impacted on the training metrics due to access and capacity issues.
- The First Specialist Assessment Did Not Attend <5% target has not been met (11.6%) and there has been no further significant closing of the equity gap.

### WHY ARE THESE INDICATORS IMPORTANT?

The 2019 – 2023 Māori Workforce Action Plan was approved by the Māori Relationship Board and the Executive Management Team in 2018. This plan sets out the actions needed to achieve and accelerate Māori workforce growth. This forms the intention to build a workforce that is representative of the Hawke's Bay population.

Te Ara Whakawaiaora – Cultural responsiveness report has identified three indicators to measure cultural responsiveness in workforce development within HBDHB annually. The three indicators are:

1. HBDHB staff who are Māori

2. HBDHB staff who have completed Treaty on Line training
3. HBDHB staff have completed 'Engaging Effectively with Māori' Training

This report provides an update on the progress on these three indicators.

| Priority  | Indicator  | Measure   | Champion      | Responsible Manager                                      | Reporting Quarter |
|---|--|---|---------------|--|-------------------|
| <b>CULTURAL RESPONSIVENESS</b>                                      |  |   |               |  |                   |
| <b>Culturally Competent Workforce</b><br><br><i>Local Indicator</i> | 1. HBDHB staff who are Māori   | 19/20 target ≥16.66%<br><br>Actual at August 20 ≥16.19%<br><br>20/21 target ≥17.54% | Carriann Hall | Emma Ellison<br><br>JB Heperi-Smith<br><br>Ngaira Harker | <b>Ongoing</b>    |
|   | 2. HBDHB staff have completed Treaty on Line training                    | Target 100%<br><br>Actual 62.8%   |               |  |                   |
|   | 3. HBDHB staff have completed 'Engaging Effectively with Māori' Training | Target 100%<br><br>Actual 68.1%   |               |  |                   |

#### INDICATOR 1: HBDHB STAFF WHO ARE MĀORI

The total HBDHB workforce as at August 2020 was **3,280**. As of August 2020, the total number of Māori staff was **531 or 16.19%** of the total HBDHB workforce. Table 1 provides the Māori workforce growth over this five-year period from Aug 2015 – Aug 2020. The growth since 2015 has been steady and has remained a focus.



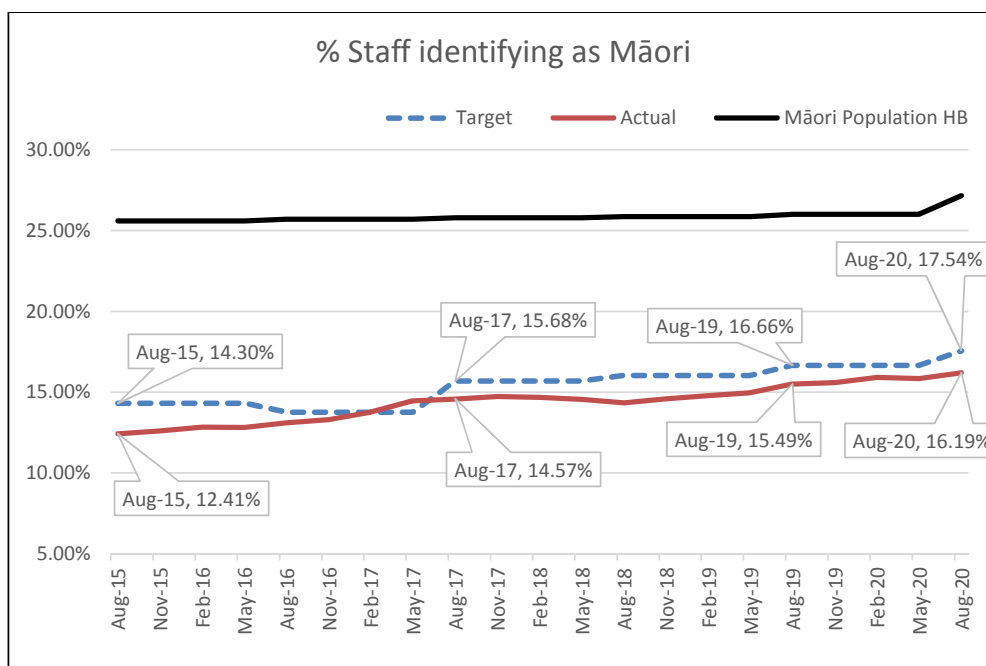


Table 1: % Staff Identifying as Māori

18

Table 2 provides information about the actual numbers of Māori staff required to address the gap. Overall, a further 44 Maori staff are required to meet our new 2020/2021 target of 17.54%

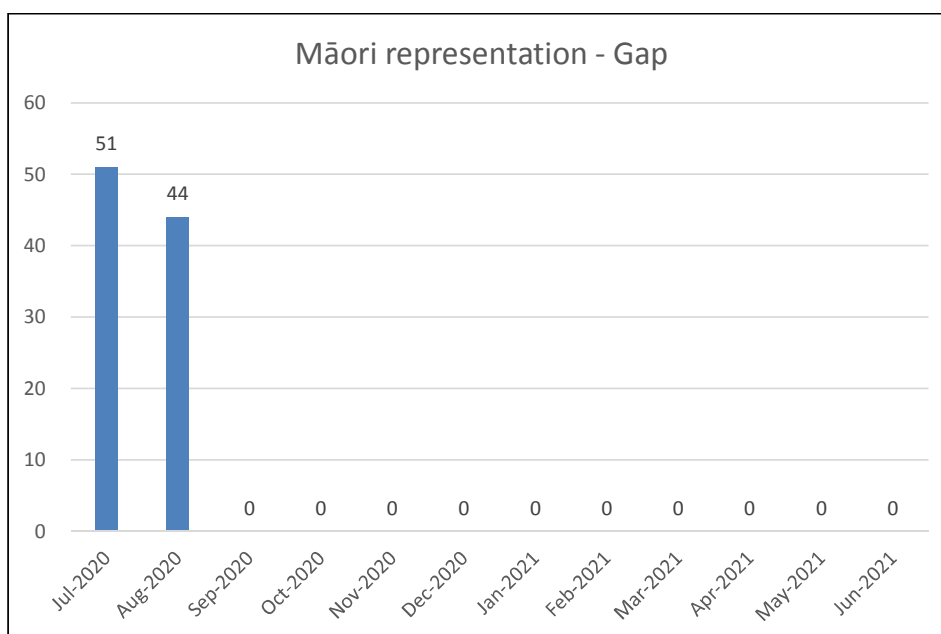


Table 2: Māori Representation Gap

**RETENTION OF MĀORI STAFF**

Overall Māori resignation rates are higher than general DHB turnover rates by 2% overall (see Table 3). This is a trend which shows **improvement** of retention of Maori staff compared to last year.

|              | <b>12 months to August 2020</b>                     |                                   |                           |
|--------------|---|-----------------------------------|---------------------------|
|              | <b>Māori Staff -<br/>Voluntary<br/>Resignations</b> | <b>Māori Staff<br/>Turnover %</b> | <b>DHB<br/>Turnover %</b> |
| Medical      | 0   | 0.0%                              | 5.5%                      |
| Nursing      | 20  | 13.8%                             | 13.2%                     |
| Allied       | 11  | 14.1%                             | 11.1%                     |
| Support      | 8   | 15.1%                             | 14.7%                     |
| M&A          | 11  | 13.8%                             | 10.0%                     |
| <b>Total</b> | <b>50</b>   | <b>13.9%</b>                      | <b>11.9%</b>              |

**KEY ACTIVITIES SUPPORTING MĀORI WORKFORCE GROWTH**

There are a broad range of activities supporting Māori workforce growth which is monitored by the People team and the Māori Health team at monthly planning meetings.

**RECRUITMENT**

Recruitment processes that increase Māori employment in the DHB have been reviewed and an updated recruitment policy has been implemented.

Other activities in the recruitment area include:

- **Developing a recruitment process** that incorporates Māori world views is now being rolled out through a training programme for all interview panel members.
- **All Māori who meet the essential criteria are short-listed and interviewed** to potentially grow the pool of Māori applicants through short-listing. This approach will also help increase and support opportunities to employ elsewhere if not successful in the applied role.
- **All interview panels** need to have Maori representation and a process to monitor adherence to this policy is being developed
- **Orientation processes** are reviewed to ensure each Directorate is aware of retention issues and apply a best practice approach for Māori staff into the environment they will be working in. A project is underway to update orientation information which is being developed jointly by Recruitment and Māori Health.

**PIPELINE****Tuakana/Teina Internship programme**

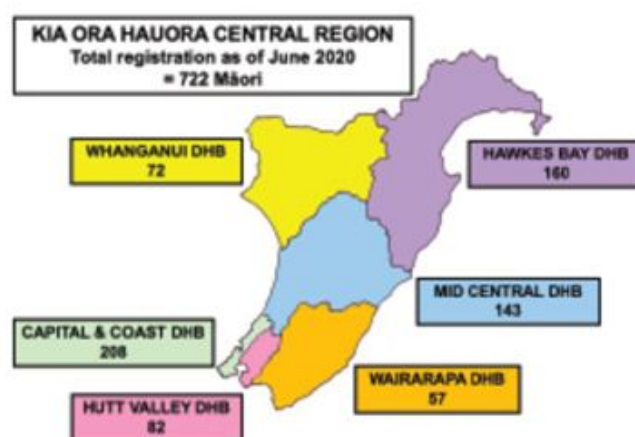
In 2019 Māori Health commenced a tuakana / teina internship. This programme was trialled to support allied health in growing Māori interest within the professions. This trial has proven successful and is continuing to be implemented.

### Targeting kura with high rangatahi representation

Colleges with high Māori demographic are being targeted in liaison with MOE to ensure rangatahi see health as a positive career option. This programme helps them understand the entry points for Māori within health and to support a collective focus informing of health careers.

### Kia Ora Hauora

Closer alignment with Kia Ora Hauora (Ministry workforce site) continues where all secondary and intermediate students will be register on the Kia Ora Hauora database. This initiative is to recruit, retain and revitalise the Māori health workforce nationally. The map below shows progress for registrations to the database to June 2020.



Workstream three of this programme is to support tertiary success and a successful hui was held for students at The Duke Of Gloucester in Taradale. Feedback from this is below:

*"Awesome catch up wahine, loved listening to everyone's story's and journeys to higher education! Thank you Lynette for lovely lunch, much appreciated. 🌸"* (1st Year, Social Sciences).

*"He mihi nui ki Central Kia Ora Hauora me nga tauira 🙌 Something I took away from this hui is that wāhine Māori are resilient 🙌 We are determined 🙌 We are pillars of mana (strength) for our tamariki and whānau katoa 🙌 And with everything happening in the world and within our own lives, wāhine Māori are empowering! 🙌 Ngā mihi, thank you all for the last minute catch up, most appreciated 🌸"* (1st Year, Social Work).

*"Ty for feeding me haha. Was so cool to just chill and catch up. Such a cool little hui and finally gtn to have a proper korero with u about anything and everything loved it ❤️"* (3rd Year, Nursing).

*"Thanks so much what an awesome opportunity I was definitely inspired because we are all so strong in our own journeys! 🙌"* (2nd Year, Nursing).

### Programme Incubator

This year COVID-19 has disrupted our delivery of the incubator programme as we could not invite schools to attend on site and this situation made us review our delivery of this key programme. Currently we have undertaken an online review of the programme with all schools and are developing options for delivery in 2021.

**Centenary Legacy Trust Internships** – Traditionally we have been privileged to offer two students per year work experience on site. We have reviewed our delivery of work opportunities for students in partnership with the Trust. Currently we have a proposal which would increase the number of internships yearly to open up opportunities for a wider group of students.

## **INDICATOR 2. STAFF WHO HAVE COMPLETED TREATY OF WAITANGI ONLINE TRAINING**

The number of staff that have completed Treaty of Waitangi online training is as follows:

| Year     | Total | Make up                            |
|----------|-------|------------------------------------|
| 2020 YTD | 195   | 180 employees and 15 non-employees |
| 2019     | 584   | 540 employees and 44 non-employees |
| 2018     | 506   | 488 employees and 18 non-employees |

Treaty of Waitangi online training is delivered through Kō Awatea. It is a mandatory programme. The DHB has recently refined its mandatory courses and have redeveloped the website to make it easier for staff to review the courses they are required to undertake and for managers to ensure courses are completed.

A review of the current online offering will be carried out to ensure that this remains a quality process to support the development of cultural competency in all staff.

We expect these changes will have a positive impact on the metric going forward.

## **INDICATOR 3. HBDHB STAFF HAVE COMPLETED 'ENGAGING EFFECTIVELY WITH MĀORI' TRAINING**

Latest data shows the percentage of staff who have ever completed Engaging Effectively with Māori training is 68.1%.

The training has been reviewed and upgraded by the Senior Advisor, Cultural Competency and is run monthly with full sessions each time. This delivery was interrupted by lockdown and COVID-19.

Engaging effectively with Maori has also been incorporated into the new Induction programme Ngā Kau Ora which was ready to be implemented just prior to lock down. Planning to launch this programme is now back on track and this will provide an opportunity for more staff to experience or relearn this focus.

The objectives of the training are:

- Understand and appreciate Kahungunu cultural identity through whakapapa, history and tribal traditions.
- The importance of knowing the NZ colonial history to understand the impact of colonisation on Māori health outcomes.
- The importance of respectful and meaningful relationships based on the founding document of our nation Te Tiriti o Waitangi.
- The importance of organisation relationship culture based on values and behaviour.
- Cultural Competency in its true essence reflects the DHB values– being respectful (He Kauanuanu), open minded (Ākina), willing to learn as you go along (Raranga te tira) and empathy (Tauwhiro).

**NEXT STEPS (Culturally Responsive Workforce)**

These objectives are contained in the updated People plan and have been allocated to staff in their 2020/2021 performance plans. Monthly meetings with the People team and Māori Health team ensure progress is monitored to achieve positive change. Feedback from Māori Relationship Board and Board will be factored into ongoing planning.

| Target area                            | Current activity   | Responsible                               | Timeframe |
|--|--|---|-----------|
| Recruitment Māori                      | Roll out our values-based recruitment training by December 2020 to 50% of hiring managers and develop an online learning package to ensure the longevity of this initiative by the end of December 2020; it will be available to all managers in the health sector in the Hawkes Bay   | Recruitment                               | Ongoing   |
|  | Develop recruitment approaches outside of traditional advertising forums which specifically target responses for Māori /Pasifika applicants ensuring one per quarter is implemented with first milestone June 2021   | Recruitment workforce development advisor | June 2021 |
|  | Implement monitoring systems by June 2021 which measure percentage of interview team makeups and whether these include Māori and Pasifika by directorate and department. By June 2021 100 % of interview panels comply with the recruitment policy in having a Māori representative on every panel and a Pacific representative on appropriate role panels | Recruitment                               | June 2021 |
| Leadership Development Programme Māori | Implement development programmes for Māori/ Pasifika staff so that 20% of these staff in first, second or third tier positions have a development plan which may include advanced education, secondments to different roles and identified allocated mentors by June 2021  | HR advisory<br>Māori Health               | June 2021 |

|   |   |                                |                          |
|---|---|--------------------------------|--------------------------|
| Pipeline Growth   | Reinvigorate incubator programme and scholarships   | Recruitment                    | March 2021               |
| Increase Uptake of Treaty of Waitangi online training       | Review content of online course to ensure it aligns with the DHB values and incorporates effective adult learning principles  | Māori Health                   | March 2021               |
| Increase Uptake of Engaging Effectively with Māori training | Implement the new programme Ngā Kau Ora which incorporates cultural competence training with 10% of staff having completed this by June 2021<br><br>Provide access to cultural safety education for all staff through “Engaging Effectively with Māori” courses monthly | JB Heperi-Smith<br>People team | June 2021<br><br>Ongoing |

**MĀORI HEALTH PLAN INDICATOR: Cultural Responsiveness**

This report provides an update the following indicators for Cultural Responsiveness:

| Priority  | Indicator  | Measure | Champion  | Responsible Manager | Reporting Quarter |
|---|--|---------|-----------|---------------------|-------------------|
| <b>CULTURAL RESPONSIVENESS</b>                    |  |         |           |                     |                   |
| <b>Could Not Attend</b><br><i>Local Indicator</i> | Could Not Attend<br>(First Specialist Appointment) | ≤ 5%    | Chris Ash | Jacqui Mabin        | <b>Sept 2020</b>  |

**CHAMPION'S REVIEW: ACTIVITY DELIVERED TO ACHIEVE EQUITY****Executive Summary:**

- The Outpatient Booking Service has continued to partner with kaitakawaenga, Pacific navigators, and Digital Enablement to support whānau attendance at clinics.
- Significant work was undertaken to narrow the equity gap for this indicator in 2018/19, and the lower level of whānau Māori and Pasifika who could not attend appointments has been maintained. However, the <5% target has not been met and there has been no further significant closing of the equity gap.

- Focus on a structured programme of activities to increase culturally responsive person and whānau centred practice has lost traction in the last twelve months, although a proposal to revive this in the context of the Planned Care Improvement Programme is being progressed. This will include focus at the point of referral generation (primary care).

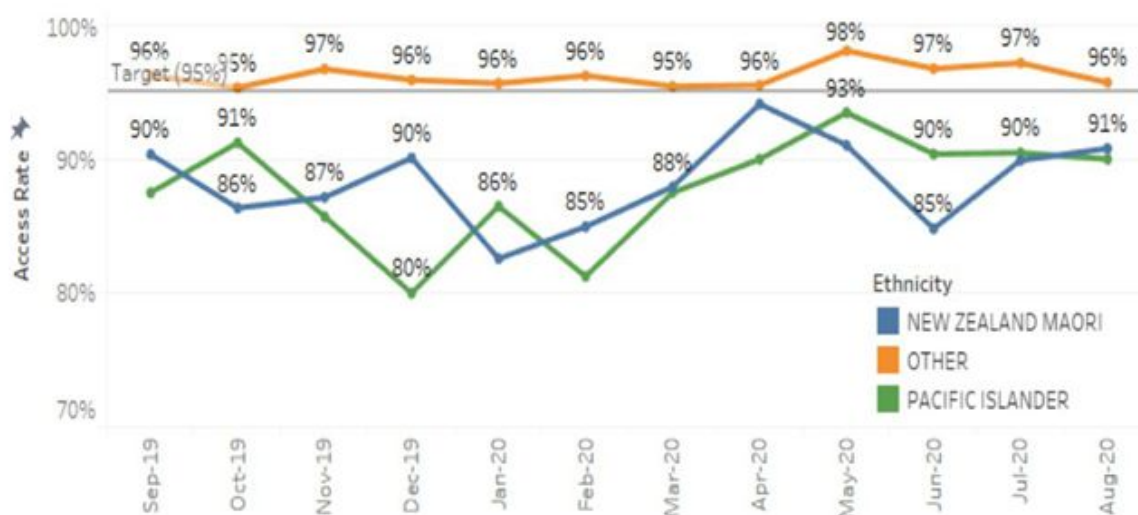
#### Performance over the past 12 months:

- Over the last year 94.2% of patients referred for a First Specialist Assessment ('FSA') were able to attend their appointment. From a total of 17,973 booked appointments, 1,049 patients (5.8%) could not attend their FSA.

|                           | Māori           | Pasifika      | Total             |
|---------------------------|-----------------|---------------|-------------------|
| Total Booked Appointments | 4272<br>(23.8%) | 549<br>(3.1%) | 13,152<br>(73.1%) |
| Total CNA                 | 496<br>(11.6%)  | 67<br>(12.2%) | 486<br>(3.9%)     |

- Performance was weak between October 2019 and March 2020, but has recovered in the last four months. For Māori, CNA rates have been <10% for four consecutive months.
- COVID provided opportunities for Outpatient Services to think outside the standard model of service delivery. The successful introduction of virtual clinics and tele appointments saw a reduced percentage of whānau Māori who could not attend ('CNA') their appointments. The limited duration of Level 3 and 4 restrictions, and a lower number of clinic slots during this period makes it difficult to assess whether different delivery models have a strong ongoing impact on lower CNA rates.

#### ESPI FSA Access Rates - Last 12 Months by Ethnicity



- Of the nineteen outpatient specialties, three continue to register higher CNA rates for first specialist assessments, namely General Surgery, Dental and Paediatrics. General Surgery volumes are significantly larger than other specialties, and this places pressure on booking resource. The Outpatient Booking service is doing work on demand and capacity. This will enable appropriate time to proactively engage whānau ahead of their appointments.
- Feedback from the Outpatient Booking teams highlights the constant challenges our population faces, navigating family commitments, transport, and financial hardship. It is evident that some of these conditions have deteriorated in the period following the COVID lockdown. Whānau in transient circumstances and temporary housing can be more difficult to engage.


#### **Initiatives and Innovations to improve inequities in access to FSA appointments:**

A Planned Care Improvement Programme is being delivered in partnership between Health Services and Planning & Funding. A Person & Whānau Centred workstream will be established under this approach, including strong Māori and Pasifika representation, into which identified actions to close the equity gap for this indicator will be managed.

These actions include:

| <b>Key Recommendation</b>   | <b>Description</b>  | <b>Responsible</b>  | <b>Timeframe</b>  |
|---|---|---|---|
| Improving technology in booking process to improve Engagement   | Working in partnership with DE to develop a purpose-built text reminder system and replace written letters with digital | DE and Admin Services                                     | This is a continuous improvement<br>Review in July 2021 |
| Introducing Te Reo training for frontline outpatient staff  | Develop Te Reo modules in Ko Awatea   | Admin Services & Education Centre                         | Review in April 2021                                    |
| Reviewing all letters and standard communications to whānau in respect of outpatient services   | Aligning current letters to better meet customer expectations   | Admin Services/<br>Surgical Services                      | Review in December 2020                                 |
| Flexing resource in outpatient specialties that carry the highest burden of inequity for whānau, including administrative staff and kaitakawaenga | Acquiring resources to support specific specialties and workload of administrative staff                                | Admin Services/<br>Surgical Services                      | Review in July 2021                                     |
| Engagement with the patients at the point of referral generation (primary care) to ensure an FSA is the mutually agreed next step                 | Investigating a pilot with a GP practice  | Admin Services,<br>Planning & Funding and<br>Maori Health | Review in July 2021                                     |



|   |  |
|---|--|
|          | <b>Chief Nursing &amp; Midwifery Officer Report</b>                              |
|   | For the attention of:<br><b>HBDHB Board</b>                                      |
| Document Owner  | Chris McKenna, Chief Nursing and Midwifery Officer                               |
| Month/Year  | October 2020   |
| Reviewed By   | Nurse and Midwife Directors  |
| Purpose   | To provide HBDHB Board members an update on key nursing and midwifery activities |
| RECOMMENDATION:<br><b>That the HBDHB Board:</b><br>1. <b>Note</b> the contents of report. |  |

### EXECUTIVE SUMMARY

Nursing and Midwifery is the largest health workforce with the broadest scope of practice within the DHB. Below is a summary of key focus areas.

### NURSING AND MIDWIFERY STRATEGY

The Nursing and Midwifery Strategy 2020 – 2025 has been developed in consultation with the workforce informed by key DHB strategy documents. The nursing and midwifery strategy provides a map to guide our journey over the next five years with a set of commitments we will measure progress against. The main themes are Māori responsiveness, champion equity, quality and safety, midwifery and nursing pipeline and transformational leadership. A final draft copy will be available this month.

### Workforce Demographics

|             | Contracted FTE | Headcount (positions) | Turnover (per annum) |
|-------------|----------------|-----------------------|----------------------|
| 30 Sep 2020 | 1035.58        | 1846                  | 12.7%                |
| 30 Sep 2019 | 993.45         | 1782                  | 11.2%                |
| 30 Sep 2018 | 938.43         | 1664                  | 7.6%                 |
| 30 Sep 2017 | 873.22         | 1631                  | 9.8%                 |
| 30 Sep 2016 | 860.36         | 1504                  | 9.5%                 |
| 30 Sep 2015 | 824.61         | 1462                  | 8.8%                 |

- Contracted FTE has increased by 25.6% in the last 5 years
- Headcount has increased by 26.3% in the last 5 years
- Turnover has increased in the last 2 years

There has been targeted activity over the past five years to increase the number of Māori and Pacific staff as we work towards achieving parity with our population.

Ethnicity profile as at 30 September 2020

| <b>Ethnicity</b> | <b>Headcount<br/>(positions)</b> | <b>% of total</b> | <b>HBDHB<br/>Target<br/>2020/21</b> | <b>Gap to 20/21<br/>target</b> | <b>HB<br/>Population<br/>estimate</b> |
|------------------|----------------------------------|-------------------|-------------------------------------|--------------------------------|---------------------------------------|
| Māori            | 265                              | 14.4%             | 17.54%                              | 59                             | 27.16%                                |
| Pacific          | 30                               | 1.6%              | 1.96%                               | 6                              | 4.14%                                 |
| Asian            | 225                              | 12.2%             |                                     |                                | 5.17%                                 |
| Other            | 1326                             | 71.8%             |                                     |                                | 63.53%                                |
| <b>Total</b>     | <b>1846</b>                      | <b>100.0%</b>     |                                     |                                | <b>100.00%</b>                        |

### PROGRESS WITH CCDM

HBDHB has undertaken the CCDM programme of work (care capacity demand management) for four years. The commitment by HBDHB and NZNO is set out under the MECA under the Healthy Workplaces Agreement. This work is a key focus for nursing for clinical safety.

#### Activity Overview:

- HBDHB is well placed to meet SSHW CCDM Standards by 30 June 2021.
- The annual workplan is developed with health unions and stakeholders inclusive of Finance, Human Resources, Patient Safety and Quality team, Directorates.
- There are well-developed relationships with health unions – initially NZNO now MERAS and PSA.
- SSHW milestone reporting for end of Quarter 4 June 2020, HBDHB is reporting 84% compliance, behind two DHBS (Bay of Plenty and Northland), national average 54%.
- The core data set is reporting 20 of the 23 metrics which is available to all staff on Our Hub. This provides monthly summary data overall and by Directorate, which is tabled and discussed at CCDM Council, Directorate and ward meetings and is used to support improvement work and service development.
- Overall CCDM has resulted in 35 FTE increase since 2016. In 2020/21 financial year 8 of 19 areas completed calculations with 9 FTE roster increases in 6 areas.
- Variance Response Management – Hospital at a Glance enhancements are on the Digital Enablement workplan and is expected to be completed by the end of the 2020 calendar year.

The core data set provides monitoring, visibility and transparency across three key areas of Quality Patient care, Quality Work environment and best use of health resources and staff are informed via staff bi-monthly report, nursing forum, directorates.

#### Trendcare and Variance Response Management (VRM)

TrendCare patient acuity and workload management system is the nursing and allied health clinical information system measuring patient acuity/patient nurse and midwifery dependency measurement and Allied Health workload. TrendCare workforce planning and workload management system (alongside Capacity Planner) are tools used to guide short and long term resource allocation decisions and capacity and demand across the Regional hospital inpatient wards, Renal in-centre dialysis and our two rural inpatient wards.

TrendCare acuity is used to ensure fair and equitable nursing workloads for the; individual, team and ward.

TrendCare acuity variance is displayed in our Hospital at a Glance (HaaG) screen and used to match care hours provided with patient demand to help support safe patient care provision and decisions on resource allocation.

**Nurse Entry to Practice Programme (NETP)**

The DHB delivers up to 50 placements annually for first year registered nurses. This is a key programme for increasing our Māori workforce.

|                              | Jan-16 | Sep-16 | Jan-17 | Sep-17 | Jan-18 | Sep-18 | Jan-19 | Aug-19 | Jan-20      | Aug-20      |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------------|-------------|
| <b>Māori (commenced)</b>     | 7      | 4      | 10     | 9      | 7      | 4      | 8      | 7      | 9           | 9           |
| <b>Māori (completed)</b>     | 7      | 4      | 10     | 5      | 6      | 4      | 8      | 7      | In progress | In progress |
| <b>Retained</b>              | 6      | 3      | 7      | 5      | 6      | 4      |        |        |             |             |
|                              |        |        |        |        |        |        |        |        |             |             |
| <b>Non-Māori (commenced)</b> | 19     | 15     | 16     | 10     | 22     | 15     | 17     | 17     | 16          | 12          |
| <b>Non-Māori (completed)</b> | 18     | 15     | 15     | 9      | 20     | 13     | 14     | 15     | In progress | In progress |
| <b>Retained</b>              | 12     | 14     | 8      | 7      | 20     | 13     |        |        |             |             |

**NURSE ENTRY TO SPECIALIST PRACTICE (NESP)**

The NESP programme supports new graduate and registered nurses to enter mental health and addiction nursing. The programme is designed to develop the nurse's professional practice and mental health and addiction nursing skills using an academic and clinical partnership.

In Hawke's Bay, we are funded a total of eight places each year with Te Taiwhenua O Heretaunga hoping to recruit one in 2021. The nurses are employed in either an inpatient or community team; and work six months in each setting.

HBDHB's Mental Health and Addiction Services has employed 98% of NESP into permanent positions since the programme began.

**TRAINING UNDERGRADUATE NURSES**

The DHB partners with Eastern Institute of Technology to provide clinical access for undergraduate nursing student placements for the Bachelor of Nursing and also the Registered Nurse Competency Training Scheme (for NZ Registered Nurses returning to practice or Internationally Qualified Nurses). Student placements have an average of 50 – 75 nursing students per week.

An increasing number of students with connections to Hawke's Bay are requesting clinical placements, which supports the development of our workforce pipeline.

**POSTGRADUATE STUDY**

The DHB supports postgraduate education with a particular focus on nurses in primary care, Māori health, aged residential care, mental health etc. In 2020, there are 100 nurses from across the health sector supported through this funding to pursue postgraduate qualifications.

A development of advanced practice is another key strategy to support health outcomes. This is evidenced in the increasing numbers of designated RN prescribers and Nurse Practitioners. The HB Health Sector has 19 Nurse Practitioners, with a further four-six on the NP pathway with identified positions (mainly in primary care).

The RN prescribing workforce continues to grow with a focus on supporting those in primary care / NGO providers. There are now 21 RN who have become designated prescribers. Te Taiwhenua O Heretaunga have four RN's as designated prescribers with more on the pathway.

Funding for doctoral studies normally is sourced through research grants and academic providers.

### **NURSING PROFESSIONAL DEVELOPMENT RECOGNITION PROGRAMME (PDRP)**

The Professional Development and Recognition Programme assists nurses to further develop knowledge and skills to provide safe and effective care. HBDHB PDRP includes NCNZ requirements for annual practicing certificates (APC).

#### Credentialing

Advanced practice activities are appropriately credentialed, with professional standards upheld, and clinical competence maintained.

Examples of credentialed activities include:

|   |                                  |
|---|----------------------------------|
| Nurse-Led Ultrasound guided paracentesis +/- ascites drain insertion  | Radiology                        |
| Nurse-Led Ultrasound guided PICC.   | Radiology                        |
| Nurse-Led Ultrasound guided thoracentesis +/- pleural drain insertion   | Radiology                        |
| Intravitreal Injection of Avastin   | Villa 3 Ophthalmology            |
| Digital Nerve Blocks  | Emergency Department             |
| Management of Methoxyflurane for Procedural Pain Management   | Perioperative / Surgical Service |
| Colposcopy  | Villa 4 Gynecology               |
| Punch Biopsy  | Villa 6 Dermatology              |
| Cryotherapy of Skin by Registered Nurses  | Villa 6 Dermatology              |
| Curettage & Cautery by Registered Nurses  | Villa 6 Dermatology              |
| Simple Excision with Direct Closure of Skin Lesions below the neck, excluding fingers, toes, penis by Registered Nurses | Villa 6 Dermatology              |
| Dermatoscopy  | Villa 6 Dermatology              |

### **ARRC AND PRIMARY CARE WORKFORCE PRESSURES**

There are unique and well understood challenges within the primary care and Age Related Residential Care (ARRC) settings. This is an ageing nursing workforce, with challenges in workforce pipeline supply and sustainability.

For ARRC there has been a historical reliance on internationally qualified nurses (IQN), many of whom began their New Zealand careers in ARRC but due to pay parity issues often move over to alternate employment options, such as within the district health board. The current additional context of COVID-19 means this supply of IQN is now limited. There are a small number of regulated nurses providing direction and delegation to care assistants which means we are limited in our ability to support new graduate nurses into the sector.

For primary care, issues of pipeline and pay parity are also areas of concern. Within the context of the general practice business model and their relatively small teams, our ability to support new graduate nurses into general practice is also limited.

We need to consider how, as a DHB, we can creatively and meaningfully support these parts of our system to ensure a sustainable nursing workforce. We are working to build on our one-system team approach, with a philosophy of integrated nursing teams. The further development of extended care teams in primary care and ongoing engagement with workforce development will be integral to this.

We have 27 Age Related Residential Care (ARRC) facilities and 1350 beds for Hospital level of Care (HLOC), Rest Home (RH) and Dementia, stages three & five. Contractually, facilities who provide RH do not require a registered nurse (RN) 24/7, but minimum eight hours per week. Some of the ARRC providers are building more facilities and opening more beds and this impacts on the available workforce to staff the extra beds.

**MIDWIFERY**

There is a national shortage of midwives and there is a high non-completion rate of training. The Māori Midwifery Consultant is working with Wintec to develop a Māori pipeline. Vacancy rate for midwives remains at approximately 20% and these are often filled by registered nurses training in postnatal care. We do have a strong cohort of over 40 lead maternity providers. Currently our pipeline is predominantly sourced from the United Kingdom and Australia.

**PIPELINE AND INNOVATIVE PRACTICE**

We are increasingly developing advanced and expanded nursing and midwifery roles to improve access to care, quality and patient safety and sustainable services. Examples of work currently underway includes:

1. The updating of our Nurse Practitioner Strategy to support growth of this valuable workforce across the health system. There are currently 19 Nurse Practitioners within the HB health sector.
2. Final development and Implementation of a Hawke's Bay Community Nurse Prescribing education and credentialing programme.
3. Growth of the Designated Prescribing for Registered Nurses working in specialty teams and primary care, with 21 approved for this and further in training currently.
4. Refresh of the Clinical Nurse Specialist Workforce role to further support Long Term Condition Management, to keep people well and at home
5. Refresh of the Endoscopy Nurse Programme.

**PROFESSIONAL DEVELOPMENT**

Leadership development is well recognised as an essential component of safe and effective care, improved staff satisfaction, succession planning and staff retention. These concepts are critical to the future of health care. To support this we have delivered the LEO (Leading Empowered Organisations) programme designed to develop confident, inspirational leaders with a mixture of evidence based input, practical exercises, storytelling and reflection.

In February 2020, the first LEO programmes was successfully run, receiving excellent feedback from the 45 participants including a group of under 35 identified emerging leaders.

To sustain LEO and continue to provide this excellent leadership training, we are now growing our own LEO facilitators with a plan to roll out 3-4 programmes per year from 2021 and in time, expand this opportunity out to other health care disciplines.

**COVID-19 NURSING AND MIDWIFERY RESPONSE**

This workforce was at the front line and was key to responding to the challenges of COVID-19. The pandemic response brought nursing and midwifery together from across the sector to provide safe quality care. This workforce provided front line services at every point in the health sector and received specific training such as infection prevention and control, fit testing for appropriate mask wear and swab training.

Working in partnership with other colleagues the nursing and midwifery workforce set up a COVID-19 hospital with a fully functioning intensive unit within a matter of days, whilst supporting business as usual services. Primary care required some support for the setting up of Community-Based Assessment Centers and supported aged residential care with additional workforce. Midwifery was challenged with providing community maternity services through LMC's.

Nurse and Midwifery leaders were key in the planning phase across multiple response teams.






## **HAWKE'S BAY MEDICAL RESEARCH FOUNDATION**

Verbal





|   |   |
|---|---|
|    | <b>Allied Laundry Services Limited Annual General Meeting</b> |
|   | For the attention of:<br><b>HBDHB Board</b>                   |
| Document Owner  | Carriann Hall, Executive Director of Financial Services       |
| Month/Year  | October 2020  |
| Purpose   | For Decision  |
| <p>RECOMMENDATION:</p> <p><b>That the HBDHB Board:</b></p> <ul style="list-style-type: none"> <li>• <b>Note</b> the Annual Report and Financial Statements for Allied Laundry Services Ltd (ALS) for the year ended 30 June 2020.</li> <li>• <b>Note</b> the accounts have been reviewed but not yet signed off by ALS auditors due to timing of the notifications for the AGM.</li> <li>• <b>Appoint</b> Ken Foote as the HBDHB Shareholder representative to attend the Allied Laundry Services Limited Annual General Meeting to be held Tuesday 24 November 2020, with Carriann Hall as his Alternate.</li> </ul> |   |

## FINANCIAL STATEMENTS AND ANNUAL REPORT

Attached are copies of:

- Notification of the Annual General Meeting
- Minutes of last year's Annual General Meeting
- Financial Statements for 2019/20
- Chair and Chief Executive's Report
- Letter requesting appointment of Shareholder Representative

The Allied Laundry Board has declared an 'interest on capital dividend' of \$0.06 per share to shareholders for the 2019/20 financial year, as required by the Shareholders Agreement. HBDHB treats the dividend as a reduction in the value of its investment in Allied Laundry, while recognising its share of the increase in the equity of Allied Laundry, which generated a net gain of \$152k in 2019/20.

## AGM REPRESENTATIVE

The Shareholders Agreement requires each shareholder to appoint a representative for the AGM.

At the HBDHB Board meeting on 25 February 2020, the Board approved the continued appointment of Ken Foote as the HBDHB nominated Director on the Board of Allied Laundry Services Limited for the next three years, subject to the following conditions:

- This appointment be terminated and/or formally reviewed in March 2023, following the elective/appointment of a new HBDHB Board in December 2022
- Ken Foote continues to meet the shareholder expectations of Directors as listed below:
  - Ensure the Company meets its responsibilities to HBDHB under the Shareholders Agreement

- Provide quarterly verbal updates to the Chair and CEO on the performance of the Company
- Maintain a 'no surprises' policy of informing the Chair and CEO of any significant issues
- Attend Board meetings as required to answer questions and/or provide information requested by members
- Attend the HBDHB Board meeting at which the Company Annual Report is tabled and notice of the AGM provided.

HBDHB can also choose to appoint a shareholder representative separate to Ken Foote as the Chair.

On a management level, there is good visibility and engagement with Allied Laundry Service. Feedback is that the ALS are responsive and have a business innovation and environmental sustainability focus. ALS were engaged and supportive throughout the COVID-19 initial response and worked closely with the DHB to ensure supplies of scrubs etc were maintained.



Allied Laundry Services Limited

Annual General Meeting

Tuesday 24<sup>th</sup> November 2020

Cover Page (Shareholders)

Please find attached;

1. Notification of Annual General Meeting; 24<sup>th</sup> November 2020 to be held at 10am at Allied Laundry.
2. Minutes of the 26<sup>th</sup> November 2019 Allied Laundry Services Limited Annual General Meeting.
3. Letter accounts.
4. Draft Financial Accounts for year 2019/20 (these accounts require further review by Deloitte)
5. Allied Laundry Services Limited Chairman's Report for the Year ended 30 June 2020.
6. Letter requesting appointment of Shareholder Representative.

Mark Mabbett

CEO

Allied Laundry Services Limited.



## ANNUAL GENERAL MEETING

### Minutes

**26 November 2019**

Venue: Meeting Room, Allied Laundry, Palmerston North

#### **Present:**

Shareholder representatives: Ken Foote, Judith Parkinson, Liam Greer, Michael McCarthy, Lucy Adams, Pauline Lockett (by phone).

Mark Mabbett, Kathy O'Neill, Tracey Pahulu

Also in attendance: Simon Barrett and Neil Wanden (by phone)

#### **1. Apologies**

TeAroha Hohaia for Taranaki DHB

#### **2. Share Holders Representatives**

Letters of Appointment from the shareholding DHB's representatives have been received from Taranaki District Health Board for TeAroha Hohaia with Pauline Lockett as alternate, Whanganui District Health Board for Lucy Adams, Hawkes Bay District Health Board for Ken Foote, MidCentral District Health Board for Liam Greer, Capital & Coast District Health Board for Michael McCarthy and Hutt District Health Board for Judith Parkinson.

All shareholder representatives or alternates were present or on the phone, so a quorum was established.

#### **3. Minutes**

*Minutes of the Annual General Meeting of 27<sup>th</sup> November 2018 were received and approved as a true and correct record of that meeting.*

*Moved: Judith Parkinson*

*Second: Ken Foote*

*Carried*

#### **4. Dividend and Surplus Retention**

Noted that in accordance with the provisions of the Shareholders Agreement, Directors had declared a 'return on capital investment dividend' of 6% for the

2018/19 financial year and resolved that the remaining surplus (after deduction of this dividend) be retained within the business.

## 5. Financial Statements and Reports

Chair presented the Reports.

To receive, consider and adopt the company's Financial Statements for the year ended 30 June 2019 together with the auditor's report thereon.

There was some discussion over the need for shareholders to adopt Recommendation 1 (below). It was agreed that this will be further investigated and included, amended or excluded from next year's AGM, as appropriate.

*Recommendations:*

- 1. That the Annual Report of the company for the year ended 30<sup>th</sup> June 2019 be required to include only the signed Financial Statements for the accounting period completed and an auditor's report.*
- 2. That the Annual Report for the year ended 30<sup>th</sup> June 2019 be adopted.*
- 3. That the letter of representation for the year ended 30<sup>th</sup> June 2019 be signed by 1 Director and the CEO.*

*Moved: Judith Parkinson*

*Second: Michael McCarthy*

*Carried*

## 6. Chair and Chief Executive's Report

Chair presented the report. The focus is being able to achieve a balance of high quality service delivery and improved operational performance, whilst at the same time develop the business. Financially the Chair reported that the year end result was on budget despite a challenging start with revenues behind expectation. The Company had made progress on payment of deferred dividends, accrued from previous years to fund the plant expansion, with shareholder support. Chair then reported favourably on staff development, mentioning the NZQA qualifications and about the Wellness Health and Safety programmes. He specifically extended Shareholder's congratulations to the team on winning the Safe 365 Award for their efforts.

Chair took the opportunity to personally thank the CEO for his dedication and contribution over the year.

To receive and accept the annual Chair and Chief Executives report.

*Recommendation: The Chair and CEO report for the year ended 30<sup>th</sup> June 2019 be adopted.*

*Moved: Ken Foote*

*Second: Pauline Lockett*

*Carried*

**7. Appointment of Auditors**

To record the continuance of Deloitte as auditors on behalf of the Office of Auditor-General for Allied Laundry Services Limited

No resolution required.

Given the number of issues that have recently arisen, it was suggested that the Company explore other options when the Auditor's current contract expires.

**8. General Business**

No General Business

Meeting closed at 10.19am

Signed:

\_\_\_\_\_  
Ken Foote (Chair)

Date: \_\_\_\_\_



Tuesday 22<sup>nd</sup> September 2020

Chair of the Boards and CEO's Allied Laundry Shareholders.

MidCentral District Health Board  
Taranaki District Health Board  
Whanganui District Health Board  
Hawkes Bay District Health Board  
Capital & Coast District Health Board  
Hutt Valley District Health Board.

Dear Sir or Madam,

Regarding Allied Laundry financial accounts for the 2019/20 financial year.

Please find attached the final accounts for Allied Laundry Services for the 2019/20 financial year. The Accounts await final review by Deloitte. Final stamped and signed accounts will be made available once completed.

The accounts show a small profit for Allied Laundry for the 2019/20 financial year.

The Allied Laundry Board will declare a dividend of \$0.06 per share to the shareholders for the 2018/19 financial year.

The Allied Laundry Board of Directors have received and reviewed the accounts.

Due to the timing of the notifications for AGM being sent out these accounts are not final.

Yours sincerely  
Mark Mabbett

CEO  
Allied Laundry Services Limited

# Allied Laundry Services Ltd

## Financial Statements For the Year ended 30 June 2020

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| Notes to and forming part of the Financial Statements | 9 - 24 |



## Allied Laundry Services Ltd

### Directory

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As at 30 June 2020

|                           |  |                           |
|---------------------------|--|---------------------------|
| <b>Nature of Business</b> | During the year the company has continued to provide a laundry and linen services to Taranaki, Whanganui, Hawkes Bay, MidCentral, Hutt Valley, Capital & Coast and Wairarapa District Health Boards and commercial customers.                                    |                           |
| <b>Registered Office</b>  | Palmerston North Hospital, Ruahine Street<br>Palmerston North  |                           |
| <b>Directors</b>          | Simon Barrett<br>Ken Foote (Chair)<br>Lucy Adams (appointed October 2019)<br>Judith Parkinson<br>Neil Wanden<br>Michael McCarthy (appointed November 2019, resigned July 2020)<br>Brian Walden (resigned September 2019)<br>Delwyn Hunter (resigned August 2019) |                           |
| <b>Shareholders</b>       | MidCentral District Health Board   | 1,150,000 Ordinary Shares |
|                           | Whanganui District Health Board  | 1,150,000 Ordinary Shares |
|                           | Taranaki District Health Board   | 1,150,000 Ordinary Shares |
|                           | Hawkes Bay District Health Board   | 1,150,000 Ordinary Shares |
|                           | Capital & Coast District Health Board  | 1,150,000 Ordinary Shares |
|                           | Hutt Valley District Health Board  | 1,150,000 Ordinary Shares |
| <b>Accountants</b>        | Naylor Lawrence & Associates Limited<br>Chartered Accountants<br>196 Broadway Avenue<br>Palmerston North   |                           |
| <b>Bankers</b>            | BNZ Bank<br>Palmerston North   |                           |
| <b>Solicitors</b>         | Buddle Findlay<br>Wellington   |                           |
| <b>Company Number</b>     | 877063   |                           |

## Allied Laundry Services Ltd

### Annual Report

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#### For the Year Ended 30 June 2020

The board of directors submit their annual report including the financial statements for Allied Laundry Services Ltd for the year ended 30 June 2020, and the auditors report.

The shareholders of Allied Laundry Services Ltd have exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with any of paragraphs (a) and (e) - (j) of section 211(1).

#### Auditor

The Auditor-General is the auditor of Allied Laundry Services Ltd. The Auditor-General has appointed Melissa Youngson for Deloitte Limited to carry out the audit of the financial statements of the Company on his behalf.

For and on behalf of the Board

\_\_\_\_\_  
Simon Barrett

Director

Date \_\_\_\_\_

\_\_\_\_\_  
Ken Foote (Chair)

Director

Date \_\_\_\_\_

\_\_\_\_\_  
Lucy Adams

Director

Date \_\_\_\_\_

\_\_\_\_\_  
Judith Parkinson

Director

Date \_\_\_\_\_

**Allied Laundry Services Ltd**

**Annual Report (continued)**

**For the Year Ended 30 June 2020**

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\_\_\_\_\_  
Neil Wanden

Director

Date \_\_\_\_\_

**Allied Laundry Services Ltd****Statement of Comprehensive Income****For the Year Ended 30 June 2020**

|                                | Note | 2020              | 2019              |
|--------------------------------|------|-------------------|-------------------|
|                                |      | \$                | \$                |
| <b>Operating Revenue</b>       |      |                   |                   |
| Revenue - Capital & Coast DHB  |      | 3,370,275         | 3,200,786         |
| Revenue - Wairarapa DHB        |      | 409,126           | 384,139           |
| Revenue - External             |      | 589,395           | 615,505           |
| Revenue - Rag Sales            |      | 12,572            | 17,192            |
| Revenue - MidCentral DHB       |      | 2,229,248         | 2,078,281         |
| Revenue - Taranaki DHB         |      | 1,146,727         | 1,127,886         |
| Revenue - Whanganui DHB        |      | 743,306           | 697,464           |
| Revenue - Hawkes Bay DHB       |      | 1,922,231         | 1,761,374         |
| Revenue - Hutt Valley DHB      |      | 1,109,833         | 1,041,228         |
| Theatre Linen                  |      | 107,450           | -                 |
| Covid-19 Loss Recovery         |      | 120,581           | -                 |
|                                |      | <b>11,760,744</b> | <b>10,923,855</b> |
| <b>Less Expenses</b>           |      |                   |                   |
| <b>Operating Expenses</b>      |      |                   |                   |
| Assembly Supplies              |      | 211,094           | 155,755           |
| Chemicals & Detergents         |      | 253,369           | 246,206           |
| Delivery - Transport           |      | 1,443,553         | 1,331,221         |
| Freight                        |      | 60,058            | 21,506            |
| Steam & Electricity            |      | 421,941           | 402,174           |
| Maintenance plant              |      | 385,589           | 409,979           |
| Protective Clothing/Uniforms   |      | 10,814            | 12,593            |
| Health & Safety                |      | 40,979            | 38,024            |
| Travel Expenses                |      | 24,783            | 9,730             |
| Wages/Labour costs             |      | 4,583,653         | 4,249,410         |
| Water & Waste                  |      | 66,127            | 71,457            |
|                                |      | <b>7,501,960</b>  | <b>6,948,055</b>  |
| <b>Administration Expenses</b> |      |                   |                   |
| Audit fees                     |      | 55,275            | 48,708            |
| Bad Debts Written Off          |      | -                 | 1                 |
| Bank Charges                   |      | 4,105             | 2,474             |
| Cleaning                       |      | 62,625            | 63,570            |
| Communication expenses         |      | 13,052            | 11,334            |
| Directors fees                 |      | 101,250           | 105,000           |
| Fringe Benefit Tax             |      | 4,259             | 6,002             |
| General expenses               |      | 42,003            | 47,660            |
| Motor Vehicle expenses         |      | 5,786             | 4,505             |
| Office Supplies                |      | 97,668            | 94,848            |
| Professional Fees              |      | 59,791            | 68,603            |
| Superannuation Contributions   |      | 100,065           | 91,848            |
|                                |      | <b>545,879</b>    | <b>544,553</b>    |

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Statement of Comprehensive Income (continued)****For the Year Ended 30 June 2020**

|  | Note | 2020              | 2019              |
|--|------|-------------------|-------------------|
|  |      | \$                | \$                |
| <b>Interest Rent and Lease</b>               |      |                   |                   |
| Interest Paid - Loans                        |      | 16,660            | 27,986            |
| Interest Paid - Leases                       |      | 139,346           |                   |
| Rent   |      | 15,974            | 325,831           |
|  |      | <b>171,980</b>    | <b>353,817</b>    |
| <b>Rates and Insurance</b>                   |      |                   |                   |
| ACC Levies                                   |      | 26,249            | 11,407            |
| Insurance                                    |      | 58,985            | 58,048            |
|  |      | <b>85,234</b>     | <b>69,455</b>     |
| <b>Non Cash Expenses</b>                     |      |                   |                   |
| Amortisation                                 |      | 118,228           | -                 |
| Depreciation                                 |      | 2,582,407         | 2,441,853         |
|  |      | <b>2,700,635</b>  | <b>2,441,853</b>  |
| <b>Total Expenses</b>                        |      | <b>11,005,688</b> | <b>10,357,733</b> |
| <b>Operating Surplus before Other Income</b> |      | <b>755,056</b>    | <b>566,122</b>    |
| <b>Other Income</b>                          |      |                   |                   |
| Interest Received                            |      | 229               | 239               |
| Profit/(Loss) on Sale of Fixed Assets        |      | (1,992)           | (8,093)           |
| <b>Total Other Income</b>                    |      | <b>(1,763)</b>    | <b>(7,854)</b>    |
| <b>Net Profit</b>                            |      | <b>753,293</b>    | <b>558,268</b>    |

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Statement of Movements in Equity****For the Year Ended 30 June 2020**

|  | Paid Capital     | Retained Earnings | Total            |
|--|------------------|-------------------|------------------|
| <b>Opening balances at 1 Jul 2019</b>                        | 6,900,000        | 384,786           | 7,284,786        |
| <b>Total comprehensive income for the year, net of tax</b>   |                  |                   |                  |
| Adjustment on initial application of NZ IFRS 16              | -                | (289,566)         | (289,566)        |
| Profit for the period  | -                | 753,293           | 753,293          |
| <b>Total comprehensive income for the year, net of tax</b>   |                  | <b>463,727</b>    | <b>463,727</b>   |
| Dividend Payable   | -                | (414,000)         | (414,000)        |
| <b>Balance at the End of Year</b>                            | <b>6,900,000</b> | <b>434,513</b>    | <b>7,334,513</b> |
| <b>Opening balances at 1 Jul 2018</b>                        | 6,600,000        | 236,012           | 6,836,012        |
| <b>Total comprehensive income for the year, net of tax</b>   |                  |                   |                  |
| Profit for the period  | -                | 558,268           | 558,268          |
| <b>Total comprehensive income for the year, net of tax</b>   |                  | <b>558,268</b>    | <b>558,268</b>   |
| <b>Transactions with owners, recorded directly in equity</b> |                  |                   |                  |
| Share Capital  | 300,000          | -                 | 300,000          |
| Dividend Payable   | -                | (409,494)         | (409,494)        |
| <b>Balance at the End of Year</b>                            | <b>6,900,000</b> | <b>384,786</b>    | <b>7,284,786</b> |

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Statement of Financial Position****As at 30 June 2020**

|   | Note | 2020<br>\$        | 2019<br>\$       |
|---|------|-------------------|------------------|
| <b>Equity</b>                           |      |                   |                  |
| Paid up Share Capital                   | 2    | 6,900,000         | 6,900,000        |
| Retained Earnings                       | 3    | 434,513           | 384,786          |
| <b>Total Equity</b>                     |      | <b>7,334,513</b>  | <b>7,284,786</b> |
| <b>Represented by:</b>                  |      |                   |                  |
| <b>Current Assets</b>                   |      |                   |                  |
| BNZ Bank                                |      | -                 | 257,331          |
| Accounts Receivable                     | 4    | 1,381,813         | 1,030,442        |
| Inventories                             |      | 170,029           | 63,086           |
| <b>Total Current Assets</b>             |      | <b>1,551,842</b>  | <b>1,350,859</b> |
| <b>Non Current Assets</b>               |      |                   |                  |
| Intangible Assets                       | 5    | 901,052           | -                |
| Property, Plant & Equipment             | 6    | 7,424,556         | 7,772,021        |
| Right-of-Use Asset                      | 16   | 2,021,576         | -                |
| Goodwill                                | 7    | -                 | 795,427          |
| <b>Total Non Current Assets</b>         |      | <b>10,347,184</b> | <b>8,567,448</b> |
| <b>Total Assets</b>                     |      | <b>11,899,026</b> | <b>9,918,307</b> |
| <b>Current Liabilities</b>              |      |                   |                  |
| BNZ Bank                                |      | 100               | -                |
| Trade Creditors                         |      | 771,250           | 571,297          |
| Accruals - General                      |      | 197,253           | 257,421          |
| Accruals - Dividends & Rebates          |      | 414,000           | 801,000          |
| Holiday Pay Liability                   |      | 572,434           | 494,703          |
| Current Portion of Term Loans           | 8    | 234,866           | 286,990          |
| Lease liabilities - Current portion     | 16   | 194,146           | -                |
| GST Payable                             |      | 27,516            | 52,129           |
| <b>Total Current Liabilities</b>        |      | <b>2,411,565</b>  | <b>2,463,540</b> |
| <b>Non Current Liabilities</b>          |      |                   |                  |
| Lease liabilities - Non-current portion | 16   | 2,152,946         | -                |
| Term Loans                              | 8    | -                 | 169,981          |
| <b>Total Non Current Liabilities</b>    |      | <b>2,152,946</b>  | <b>169,981</b>   |
| <b>Total Liabilities</b>                |      | <b>4,564,511</b>  | <b>2,633,521</b> |
| <b>Net Assets</b>                       |      | <b>7,334,513</b>  | <b>7,284,786</b> |

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Statement of Cash Flows****For the Year Ended 30 June 2020**

|   | Note | 2020<br>\$         | 2019<br>\$         |
|---|------|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>     |      |                    |                    |
| <b>Cash was provided from:</b>                  |      |                    |                    |
| Receipts from Customers                         |      | 11,409,373         | 10,923,234         |
| Interest Received                               |      | 229                | 239                |
| Goods and Services Tax Received                 |      | -                  | 21,885             |
|   |      | <b>11,409,602</b>  | <b>10,945,358</b>  |
| <b>Cash was disbursed to:</b>                   |      |                    |                    |
| Payments to Suppliers and Employees             |      | 8,356,378          | 7,858,561          |
| Goods and Services Tax Paid                     |      | -                  | -                  |
| Interest Paid                                   |      | 23,087             | 27,986             |
|   |      | <b>8,379,465</b>   | <b>7,886,547</b>   |
| <b>Net Cash Flows from Operating Activities</b> |      | <b>3,030,137</b>   | <b>3,058,811</b>   |
| <b>Cash Flows from Investing Activities</b>     |      |                    |                    |
| <b>Cash was provided from:</b>                  |      |                    |                    |
| Asset Sales                                     |      | (1,992)            | (8,093)            |
|   |      | <b>(1,992)</b>     | <b>(8,093)</b>     |
| <b>Cash was disbursed to:</b>                   |      |                    |                    |
| Purchase of Property, Plant and Equipment       |      | 2,012,736          | 2,122,534          |
|   |      | <b>2,012,736</b>   | <b>2,122,534</b>   |
| <b>Net Cash Flows from Investing Activities</b> |      | <b>(2,014,728)</b> | <b>(2,130,627)</b> |
| <b>Cash Flows from Financing Activities</b>     |      |                    |                    |
| <b>Cash was provided from:</b>                  |      |                    |                    |
| Issue of Share Capital                          |      | -                  | 300,000            |
|   |      | <b>-</b>           | <b>300,000</b>     |
| <b>Cash was disbursed to:</b>                   |      |                    |                    |
| Repayment of Lease Liability                    |      | 249,735            | -                  |
| Repayment of Term Loans                         |      | 222,105            | 205,041            |
| Dividend Paid                                   |      | 801,000            | 812,000            |
|   |      | <b>1,272,840</b>   | <b>1,017,041</b>   |
| <b>Net Cash Flows from Financing Activities</b> |      | <b>(1,272,840)</b> | <b>(717,041)</b>   |
| Net Increase in Cash Held                       |      | (257,431)          | 211,143            |
| Cash at the Beginning of the Year               |      | 257,331            | 46,188             |
| <b>Cash at the End of the Year</b>              |      | <b>(100)</b>       | <b>257,331</b>     |

These financial statements are to be read in conjunction with the accompanying Notes.



## Allied Laundry Services Ltd

### Notes to and forming part of the Financial Statements

#### For the Year Ended 30 June 2020

## 1 Statement of Accounting Policies

### Reporting Entity

The financial statements and notes are for Allied Laundry Services Limited (the Company). It is a profit oriented entity incorporated and domiciled in New Zealand and is a company registered under the Companies Act 1993.

The address of its registered office is 196 Broadway Avenue, Palmerston North, New Zealand. Its principal place of business is 12/50 Ruahine Street, Roslyn, Palmerston North, New Zealand.

The principal activities of the Company during the financial period were the provision of laundry and linen services to Taranaki, Whanganui, Hawkes Bay, MidCentral, Hutt Valley, Capital & Coast and Wairarapa District Health Boards and commercial customers.

### Statement of Compliance and Basis of Preparation

The Company has adopted the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS - RDR") as set out in the External Reporting Board's "Accounting Standards Framework".

The financial statements are general purpose financial statements that have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to NZ IFRS - RDR. The Company has elected to report under NZ IFRS - RDR as the Company is a for-profit Tier 2 entity for financial reporting purposes on the basis that it does not have public accountability and is not a large for-profit public sector entity. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993. All reporting concessions have been taken.

The financial statements were approved and authorised for issue by the Board of Directors on SIGNING DATE.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Comprehensive Income and Statement of Financial Position on a The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Comprehensive Income and Statement of Financial Position on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies. The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

### Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Comprehensive Income and Statement of Financial Position have been applied:

#### (a) Revenue

The company provides laundry and linen services to DHB's and commercial customers and then dispatches it to these customers. Revenue is recognised when control of the products has transferred, being when the products are dispatched and delivered to the customer. Delivery occurs when the products have been shipped to the specific location and either the customer has accepted the products in accordance with the sales contract or the company has objective evidence that all criteria for acceptance have been satisfied. Theatre Linen is also purchased from Standard Textiles and is onsold to third parties. This revenue is disclosed separately in the statement of comprehensive income.

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes payment collected on behalf of third parties. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. There were no critical judgements made relating to revenue recognition.

Covid-19 Loss Recovery revenue is recognised when cash has been received. This revenue is received from the shareholders of Allied laundry to minimise the effect the nation-wide lockdown had on Allied Laundry's operation and cash flows and is disclosed separately from all other revenue in the financial statements.

These financial statements are to be read in conjunction with the accompanying Notes.

## Allied Laundry Services Ltd

### Notes to and forming part of the Financial Statements (continued)

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#### For the Year Ended 30 June 2020

(b) Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

(c) Inventory

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(d) Trade Receivables

Trade Receivables are recognised at fair value, then amortised cost, making allowances for doubtful debts.

(e) Property, Plant & Equipment

The cost of purchased assets is the value of consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Costs include financing costs that are directly attributable to the purchase of those assets.

Depreciation is calculated at the following rates:

Buildings 2-8.3% Straight Line  
Leasehold 5-20% Straight Line  
Textiles & Linen 33% Straight Line  
Plant 10-40% Straight Line  
Office Equipment 18.6% Straight Line  
Motor Vehicles 20% Straight Line

Work in progress is not depreciated. The total cost of a project is transferred to property and/or plant and equipment on its completion and then depreciated.

The internal controls over the identification and existence of Textiles & Linen stock movements are limited. This therefore has a direct impact on the final value of Textiles & Linen stock as well as the Textiles & Linen depreciation balances. Controls are limited due to the extent of the daily movements across all the District Health Boards. The linen stock are across different locations majority of the time and therefore it is difficult to perform a proper count.

(f) Operating Leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

(g) Income Tax

The company is exempt from income tax under Section CW 38 (2) of the Income Tax Act 2007.

(h) Intangible Assets

Intangible assets are stated at their historical cost and amortised on a straight-line basis over their expected useful lives. An adjustment is made for any impairment. Intangible items acquired must be recognised as assets separately from goodwill if they meet the definition of an asset, are either separable or arise from contractual or other legal rights, and their fair value can be measured reliably.

These financial statements are to be read in conjunction with the accompanying Notes.

## Allied Laundry Services Ltd

### Notes to and forming part of the Financial Statements (continued)

#### For the Year Ended 30 June 2020

(i) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible asset and intangible assets, acquired at the time of acquisition of a business or an equity interest in a subsidiary or associate company. Goodwill is recognised at cost and any adjustment are made for any impairment.

(j) Financial Instruments

The company classifies all of its financial assets as at amortised cost. This is because the assets are held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effectively interest method, less loss allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. The company applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. There was no allowance for credit losses for the year (2018; None).

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

Financial Liabilities consist of trade and other payables, accruals and term loans. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) Foreign currencies

The financial statements are presented in New Zealand Dollars (NZD), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit and loss.

(l) Goods and Services Taxation (GST)

Revenues and expenses have been recognised in the financial statements exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

These financial statements are to be read in conjunction with the accompanying Notes.

## Allied Laundry Services Ltd

### Notes to and forming part of the Financial Statements (continued)

#### For the Year Ended 30 June 2020

##### (m) Impairment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

Impairment losses for cash-generating units reduce first the carrying amount of goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

##### (n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (o) Employee Benefits

###### (1) Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. Examples of such benefits include wages and salaries and non-monetary benefits. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

###### (2) Other long-term employee benefits

The Company's liability for annual and long service leave are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurement arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, irrespective of when the actual settlement is expected to take place.

These financial statements are to be read in conjunction with the accompanying Notes.

## Allied Laundry Services Ltd

### Notes to and forming part of the Financial Statements (continued)

#### For the Year Ended 30 June 2020

##### (p) Equity, Reserves and Dividend Payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Dividends are paid by the company after reviewing the financial position and impact of the dividend on the solvency of the company. All dividends are approved by the Board before payment.

##### (q) Business Combinations

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair value of identifiable net assets exceeds the sum calculated above, the excess amount (i.e. gain on bargain purchase) is recognised in profit or loss immediately.

##### (r) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised in an outflow of economic resources as a result of present obligation is not probable. Such instances are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

These financial statements are to be read in conjunction with the accompanying Notes.

## Allied Laundry Services Ltd

### Notes to and forming part of the Financial Statements (continued)

#### For the Year Ended 30 June 2020

##### (s) Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of gst, which is consistent with the method used in the Statement of Financial Performance.

The following are definitions of the terms used in the Statement of Cash Flows:

(a) Cash is considered to be cash on hand, current accounts in banks, and other highly liquid investments in which the entity invests as part of its day to day cash management. Cash includes borrowings from financial institutions such as bank overdrafts, where such borrowings are on call and are used as part of the day to day cash management.

(b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.

(c) Financing activities are those activities which result in changes in the size and composition of the capital structure of the group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

(d) Operating activities includes all transactions and other events that are not financing or investing activities.

##### (t) Significant Management Judgement in applying Accounting Policies and Estimation Uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

##### Useful life of depreciable assets

Management reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Furthermore, the useful life for linen stocks is based on an assumption that linen stocks last for 36 months (3 years). The policy is based on the life of the total pool of circulating linen stocks and reflects linen life, linen ragging and unidentified stock losses.

##### Changes in Accounting Estimates

There have been no changes in accounting estimates during the reporting period.

##### (u) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements except for those noted below.

Goodwill has been reclassified as an intangible assets and it now recognises amortisation on a straight-line basis and as such the accounting policy has been updated.

In the current year, the company suffered a loss in revenue due to the Covid-19 pandemic, to minimise the effect the nation-wide lockdown had on Allied Laundry's operation and cash flows, the shareholders provided Allied laundry with \$120,581 of Covid-19 Loss Recovery revenue. The revenue accounting policy has been updated to reflect this.

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Notes to and forming part of the Financial Statements (continued)****For the Year Ended 30 June 2020**

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

**NZ IFRS 16 Leases**

The Company has applied NZ IFRS 16 with a date of initial application of 1 July 2019 and comparatives have not been restated. As a result, the Company has changed its accounting policy for leases contracts as detailed below.

The Company has applied NZ IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. The details of the changes in accounting policies are disclosed below.

**a. Definition of a lease**

On transition to NZ IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transitions are leases. It applied NZ IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under NZ IAS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under NZ IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

**b. As a lessee**

As a lessee, the Company previously classified leases as operating leases. Under NZ IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases -i.e. these leases are on-balance sheet. The Company decided to apply recognition exemptions to low-value leases and short-term leases.

*Leases classified as operating leases under NZ IAS 17*

At transition, lease liabilities were measured at the present value of remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at either:

- Their carrying amount as if NZ IFRS 16 has been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application - the Company applied this approach to its building leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments - which was nil.

**c. Impacts on financial statements**

The Company is party to rights agreements for the laundry building from MidCentral DHB. The DHB owns the building in which the Company works from. Under the agreement, in return for the building rights, the Company pays the DHB monthly lease payments based on annual lease amount.

On transition to NZ IFRS 16 at 1 July 2019, the Company recognised an additional \$2,213,716 of right-of-use assets (net book value) and \$2,503,282 of lease liabilities, recognising the difference in retained earnings.

When measuring the lease liabilities, the Company discounted lease payments using incremental borrowing rates as the discount rate at 1 July 2019.

The aggregate lease liability recognised in the statement of financial position as at 1 July 2019 and the Company's operating commitment at 30 June 2019 can be reconciled as follows:

|   | \$        |
|---|-----------|
| Operating lease commitment at 1 July 2019 | 3,248,313 |
| Effect of discounting lease commitments   | (745,031) |
| Lease liability recognised at 1 July 2019 | 2,503,282 |

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Notes to and forming part of the Financial Statements (continued)****For the Year Ended 30 June 2020****2 Share Capital**

|                            | <b>2020</b>      | <b>2019</b>      |
|----------------------------|------------------|------------------|
|                            | <b>\$</b>        | <b>\$</b>        |
| <b>Paid in Capital</b>     |                  |                  |
| Opening Balance            | 6,900,000        | 6,600,000        |
| Movements                  | -                | 300,000          |
| <b>Closing Balance</b>     | <b>6,900,000</b> | <b>6,900,000</b> |
| <b>Total Share Capital</b> | <b>6,900,000</b> | <b>6,900,000</b> |

The share capital of the Company consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting.

The shareholding as at the end of the reporting period is set out below. Shares are worth \$1 each.

|                                       | <b>Number of</b> | <b>Cost of</b>   |
|---------------------------------------|------------------|------------------|
|                                       |                  | <b>\$</b>        |
| MidCentral District Health Board      | 1,150,000        | 1,150,000        |
| Wanganui District Health Board        | 1,150,000        | 1,150,000        |
| Taranaki District Health Board        | 1,150,000        | 1,150,000        |
| Hawkes Bay District Health Board      | 1,150,000        | 1,150,000        |
| Capital & Coast District Health Board | 1,150,000        | 1,150,000        |
| Hutt Valley District Health Board     | 1,150,000        | 1,150,000        |
|                                       | <b>6,900,000</b> | <b>6,900,000</b> |

**3 Retained Earnings**

|   | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|
|   | <b>\$</b>      | <b>\$</b>      |
| <b>Opening Balance</b>                          | 384,786        | 236,012        |
| <b>Plus:</b>                                    |                |                |
| Net Profit                                      | 753,293        | 558,268        |
| <b>Less:</b>                                    |                |                |
| Adjustment on initial application of NZ IFRS 16 | 289,566        |                |
| Dividend Payable                                | 414,000        | 409,494        |
| <b>Retained Earnings Closing Balance</b>        | <b>434,513</b> | <b>384,786</b> |

These financial statements are to be read in conjunction with the accompanying Notes.



**Allied Laundry Services Ltd****Notes to and forming part of the Financial Statements (continued)****For the Year Ended 30 June 2020****4 Current Receivables**

|                                  | 2020             | 2019             |
|----------------------------------|------------------|------------------|
|                                  | \$               | \$               |
| Accounts Receivable              |                  |                  |
| Trade Debtors                    | 1,381,813        | 1,030,442        |
| <b>Total Current Receivables</b> | <b>1,381,813</b> | <b>1,030,442</b> |

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Company's trade and other receivables have been reviewed for indicators of impairment, and no evidence of impairment has been identified.

**5 Intangible Assets**

|   | Standard Textiles Distribution Agreement | Customer Contracts | Total          |
|---|--|--------------------|----------------|
| <b>Gross carrying amount</b>              |  |                    |                |
| Balance 1 July 2019                       | -  | -                  | -              |
| Additions                                 | 223,853                                  | 795,427            | 1,019,280      |
| Transfers                                 | -  | -                  | -              |
| Disposals                                 | -  | -                  | -              |
| Balance 30 June 2020                      | 223,853                                  | 795,427            | 1,019,280      |
| <b>Amortisation and impairment</b>        |  |                    |                |
| Balance 1 July 2019                       | -  | -                  | -              |
| Impairment                                | -  | -                  | -              |
| Disposals                                 | -  | -                  | -              |
| Amortisation                              | 29,847                                   | 88,381             | 118,228        |
| Balance 30 June 2020                      | 29,847                                   | 88,381             | 118,228        |
| <b>Carrying amount as at 30 June 2020</b> | <b>194,006</b>                           | <b>707,046</b>     | <b>901,052</b> |
| <b>Carrying amount as at 30 June 2019</b> | <b>-</b>                                 | <b>-</b>           | <b>-</b>       |

As per NZ IAS 38 Intangible Assets, para 11, an intangible asset is required to be distinguishable from goodwill, which is the case if the asset arises as a result of contractual obligations, as is the case for the customer relationships. An entity must also have control over the asset in order to be able to recognise it as an intangible asset. In the case of a customer relationship, in line with NZ IAS 38 para 16, this is confirmed by the existence of the legal rights to protect and control the relationships, which in this case is in the form of exclusivity clauses within the signed agreements. The future economic benefits expected to flow to the entity are demonstrated by the DCF analysis performed by BDO, which is a requirement under NZ IAS 38 to recognise the asset as an intangible asset. The final requirements of NZ IAS 38 to recognise an intangible asset is that the cost of the asset must be able to be reliably measured and that future cash inflows from the asset are probable. It has therefore been determined that the payment to the CCDHD represents an intangible asset in the form of a customer relationship. Amortisation has been calculated at 9 years from the current year until June 2029 per the current SLA with customer DHB's.

These financial statements are to be read in conjunction with the accompanying Notes.

## Allied Laundry Services Ltd

## Notes to and forming part of the Financial Statements (continued)

## For the Year Ended 30 June 2020

## 6 Property, Plant &amp; Equipment

|   | Leasehold - At cost | Textiles & Linen - At cost | Buildings - At cost | Capital Work in Progress | Plant             | Motor Vehicles | Office Equipment | Total             |
|---|---------------------|----------------------------|---------------------|--------------------------|-------------------|----------------|------------------|-------------------|
| <b>Gross carrying amount</b>              |                     |                            |                     |                          |                   |                |                  |                   |
| Balance 1 July 2019                       | 47,456              | 7,751,964                  | 438,957             | 10,212                   | 10,048,692        | 33,466         | 251,961          | 18,582,708        |
| Additions                                 | -                   | 1,737,446                  | -                   | 273,643                  | -                 | -              | 11,715           | 2,022,804         |
| Transfers                                 | -                   | -                          | -                   | (188,145)                | 188,145           | -              | -                | -                 |
| Disposals                                 | -                   | (1,231,571)                | -                   | -                        | (57,302)          | -              | -                | (1,288,873)       |
| Balance 30 June 2020                      | <u>47,456</u>       | <u>8,257,839</u>           | <u>438,957</u>      | <u>95,710</u>            | <u>10,179,535</u> | <u>33,466</u>  | <u>263,676</u>   | <u>19,316,640</u> |
| <b>Depreciation and impairment</b>        |                     |                            |                     |                          |                   |                |                  |                   |
| Balance 1 July 2019                       | 41,332              | 5,076,417                  | 49,362              | -                        | 5,452,169         | 17,290         | 174,117          | 10,810,687        |
| Impairment                                | -                   | -                          | -                   | -                        | -                 | -              | -                | -                 |
| Disposals                                 | -                   | (1,231,571)                | -                   | -                        | (55,310)          | -              | -                | (1,286,881)       |
| Depreciation                              | 1,719               | 1,772,752                  | 18,239              | -                        | 522,018           | 6,693          | 46,857           | 2,368,278         |
| Balance 30 June 2020                      | <u>43,051</u>       | <u>5,617,598</u>           | <u>67,601</u>       | <u>-</u>                 | <u>5,918,876</u>  | <u>23,983</u>  | <u>220,974</u>   | <u>11,892,084</u> |
| <b>Carrying amount as at 30 June 2020</b> | <u>4,406</u>        | <u>2,640,241</u>           | <u>371,356</u>      | <u>95,710</u>            | <u>4,260,659</u>  | <u>9,483</u>   | <u>42,702</u>    | <u>7,424,556</u>  |
| <b>Carrying amount as at 30 June 2019</b> | <u>6,124</u>        | <u>2,675,547</u>           | <u>389,595</u>      | <u>10,212</u>            | <u>4,596,523</u>  | <u>16,176</u>  | <u>77,844</u>    | <u>7,772,021</u>  |

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Notes to and forming part of the Financial Statements (continued)****For the Year Ended 30 June 2020****7 Goodwill**

|   | <b>Goodwill</b> | <b>Total</b> |
|---|-----------------|--------------|
| <b>Gross carrying amount</b>              |                 |              |
| Balance 1 July 2019                       | 795,427         | 795,427      |
| Additions                                 | -               | -            |
| Transfers to Intangible Assets            | (795,427)       | (795,427)    |
| Disposals                                 | -               | -            |
| Balance 30 June 2020                      | -               | -            |
| <b>Amortisation and impairment</b>        |                 |              |
| Balance 1 July 2019                       | -               | -            |
| Impairment                                | -               | -            |
| Disposals                                 | -               | -            |
| Amortisation                              | -               | -            |
| Balance 30 June 2020                      | -               | -            |
| <b>Carrying amount as at 30 June 2020</b> | -               | -            |
| <b>Carrying amount as at 30 June 2019</b> | 795,427         | 795,427      |

The recoverable amount of the Cash Generating Unit (CGU), consisting of Textiles & Linen and Plant, was estimated based on the present value of the future cash flows expected to be derived from the CGU (value in use), using a discount rate of 6% and a terminal value growth rate of 1.5% in Revenue and 2.5% in Expenditure from 2020. The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

**8 Term Loans**

Allied Laundry Services Limited has a BNZ overdraft facility of \$664,460 (2019: \$664,460), nil was drawn as at 30 June 2020 (2019: Nil). BNZ holds perfected security in all present and after acquired property of Allied Laundry Services Limited, as well as certain other significant assets. The carrying amount of the term loans is considered to be a reasonable approximation of the fair value. The BNZ Term Loan carries interest at 5.71% per annum (2019: 5.71%). The BNZ Credit Plus facility carries interest at 5.05% per annum (2019: 5.05%). The Energy Efficiency and Conservation Authority (EECA) facility is interest free. The facility totalled \$220,000.

**Non-current portion**

|                                  |   |                |
|----------------------------------|---|----------------|
| Term Loan - BNZ                  | - | 147,981        |
| Term Loan - EECA                 | - | 22,000         |
| <b>Total Non-current portion</b> | - | <b>169,981</b> |

**Current portion**

|                              |                |                |
|------------------------------|----------------|----------------|
| Term Loan - BNZ              | 131,866        | 199,992        |
| Term Loan - EECA             | 22,000         | 44,000         |
|                              | <b>153,866</b> | <b>243,992</b> |
| BNZ - Credit Plus Facility   | 81,000         | 42,998         |
| <b>Total Current portion</b> | <b>234,866</b> | <b>286,990</b> |
| <b>Total Term Loans</b>      | <b>234,866</b> | <b>456,971</b> |

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Notes to and forming part of the Financial Statements (continued)****For the Year Ended 30 June 2020****9 Financial Instruments****(a) Categories of Financial Assets and Financial Liabilities**

The carrying amount of financial assets and financial liabilities in each category are as follows:

| <b>Financial Assets - Loans and receivables</b>  | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| Accounts Receivable                              | 1,381,813        | 1,030,442        |
| BNZ Bank   | -                | 257,331          |
|  | <b>1,381,813</b> | <b>1,287,773</b> |
| <b>Financial Liabilities - At amortised cost</b> | <b>2020</b>      | <b>2019</b>      |
|  | <b>\$</b>        | <b>\$</b>        |
| BNZ Bank   | 100              | -                |
| Trade Creditors                                  | 771,250          | 571,297          |
| Accruals - Dividends & Rebates                   | 414,000          | 801,000          |
| Accruals - General                               | 197,253          | 257,421          |
| Lease liability                                  | 2,347,092        | -                |
| Term Loans                                       | 234,866          | 456,971          |
|  | <b>3,964,561</b> | <b>2,086,689</b> |

**10 Events Occurring After Balance Date**

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March, New Zealand government increased its' COVID-19 alert level to level 4 and a nationwide lockdown commenced. These measures to contain the virus has affected economic activity. Allied Laundry has taken a number of measures to monitor and mitigate the effects of COVID-19, such as health and safety measures for our people (such as social distancing and working from home where possible) and securing the supply of materials that are essential to our production process.

At this stage, the impact on the Allied Laundry business and results has not been significant and based on our experience to date Allied Laundry expects this to remain the case. During the lockdown period Allied Laundry Services Limited received a total of \$120,581 recovery loss revenue from the shareholders to compensate for operational loss. As Allied Laundry operates in the health sector operations continued as it was deemed an essential service. There has been no change in demand for services and it is expected that this will continue. Allied Laundry will continue to follow various government policies and advice and, in parallel, will do the utmost to continue operations in the best and safest way possible without jeopardising the health of Allied Laundry staff.

Other than this, no significant adjusting or non-adjusting events have occurred between the reporting date and the date of authorisation.

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Notes to and forming part of the Financial Statements (continued)****For the Year Ended 30 June 2020****11 Transactions with Key Management Personnel**

|   | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|
|   | <b>\$</b>      | <b>\$</b>      |
| <b>Director Fees</b>                                    |                |                |
| Whanganui DHB   | 15,000         | 15,000         |
| MidCentral DHB  | 15,000         | 15,000         |
| Hawkes Bay DHB  | 19,100         | 30,000         |
| Capital & Coast DHB                                     | 11,250         | 15,000         |
| Hutt Valley DHB   | 15,000         | 15,000         |
| Taranaki DHB  | 15,000         | 15,000         |
| Ken Foote   | 10,900         | -              |
| Total Director Fees                                     | 101,250        | 105,000        |
| Executive Management remuneration                       | 184,122        | 184,232        |
| <b>Total Transactions with Key Management Personnel</b> | <b>285,372</b> | <b>289,232</b> |

Key Management Personnel of the Company are members of the Board of Directors and members of the Executive Management team. Key Management Personnel remuneration includes the expenses listed above. There have been no other transactions with Key Management Personnel.

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Notes to and forming part of the Financial Statements (continued)****For the Year Ended 30 June 2020****12 Related Party Transactions**

Allied Laundry Services Limited has provided laundry services to the MidCentral, Whanganui, Hawkes Bay, Hutt Valley, Wairarapa, Capital & Coast and Taranaki DHB's. These entities are related to Allied Laundry Services Limited by common ownership. MidCentral DHB leases a building and charges electricity, steam and gas costs to Allied Laundry Services Limited. These transactions are entered into on a commercial basis and during the year totalled \$474,180 (2019: \$485,982). Outstanding amounts will be settled in cash when due. The revenue from the shareholders is disclosed in the Statement of Comprehensive Income.

|   | 2020             | 2019           |
|---|------------------|----------------|
|   | \$               | \$             |
| Allied Laundry Services Limited paid rent to                          |                  |                |
| MidCentral DHB  | 313,713          | 311,041        |
| Whanganui DHB   | 5,190            | 5,190          |
| Capital & Coast DHB   | 6,000            | 4,800          |
| Hutt Valley DHB   | 4,800            | 4,800          |
|   | <b>329,703</b>   | <b>325,831</b> |
| Accounts Receivable   |                  |                |
| MidCentral DHB  | 222,695          | 193,969        |
| Taranaki DHB  | 119,265          | 102,581        |
| Whanganui DHB   | 80,780           | 64,271         |
| Hawkes Bay DHB  | 302,949          | 166,292        |
| Capital & Coast DHB   | 337,777          | 307,828        |
| Wairarapa DHB   | 44,433           | 34,247         |
| Hutt Valley DHB   | 168,517          | 96,542         |
|   | <b>1,276,416</b> | <b>965,730</b> |
| Accounts Payable  |                  |                |
| MidCentral DHB  | 107,198          | 102,270        |
| Taranaki DHB  | 1,438            | 1,456          |
| Whanganui DHB   | 2,097            | 2,103          |
| Hawkes Bay DHB  | -                | 2,875          |
| Capital & Coast DHB   | 11,198           | 9,118          |
| Hutt Valley DHB   | 3,335            | 1,898          |
|   | <b>125,266</b>   | <b>119,720</b> |
| Accruals - Dividend payments owing by Allied Laundry Services Limited |                  |                |
| MidCentral DHB  | 69,000           | 138,000        |
| Taranaki DHB  | 69,000           | 138,000        |
| Whanganui DHB   | 69,000           | 138,000        |
| Hawkes Bay DHB  | 69,000           | 138,000        |
| Capital & Coast DHB   | 69,000           | 138,000        |
| Hutt Valley DHB   | 69,000           | 111,000        |
|   | <b>414,000</b>   | <b>801,000</b> |

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Notes to and forming part of the Financial Statements (continued)****For the Year Ended 30 June 2020****13 Board Representatives Attendance at Meetings**

|                  | July (2 August) | August     | September | October    | November | December   | January | February   | March | April (COVID19 Special meeting) | May | June       |
|------------------|-----------------|------------|-----------|------------|----------|------------|---------|------------|-------|---------------------------------|-----|------------|
| Ken Foote        | Yes             | No meeting | Yes       | No meeting | Yes      | No meeting | Yes     | No meeting | Yes   | Yes                             | Yes | No meeting |
| Simon Barrett    | Yes             | No meeting | Yes       | No meeting | Yes      | No meeting | Yes     | No meeting | Yes   | Yes                             | No  | No meeting |
| Brian Walden     | Yes             | No meeting | No        | No meeting | N/A      | No meeting | N/A     | No meeting | N/A   | N/A                             | N/A | No meeting |
| Neil Wanden      | Yes             | No meeting | Yes       | No meeting | Yes      | No meeting | Yes     | No meeting | Yes   | Yes                             | Yes | No meeting |
| Judith Parkinson | Yes             | No meeting | Yes       | No meeting | Yes      | No meeting | Yes     | No meeting | No    | Yes                             | Yes | No meeting |
| Delwyn Hunter    | Yes             | No meeting | N/A       | No meeting | Yes      | No meeting | Yes     | No meeting | Yes   | Yes                             | Yes | No meeting |
| Lucy Adams       | N/A             | No meeting | N/A       | No meeting | Yes      | No meeting | Yes     | No meeting | Yes   | Yes                             | No  | No meeting |
| Michael McCarthy | N/A             | No meeting | N/A       | No meeting | Yes      | No meeting | Yes     | No meeting | Yes   | Yes                             | Yes | No meeting |

**14 Going Concern**

These financial statements have been prepared using the going concern assumption. As at 30 June 2020, Allied Laundry Services Limited recorded an accounting profit of \$753,293.

As at 30 June 2020, the entity's current liabilities exceeded its current assets by \$859,723 (2019: \$1,112,681). It should be noted however that \$414,000 (2019: \$801,000) of the total current liabilities relates to accrued dividends and rebates to the shareholders.

Assets of the entity are recorded at cost.

The considered view of the Directors of Allied Laundry Services Limited is that, after making due enquiry, there is a reasonable expectation that the entity has adequate resources and pre-approved borrowing facilities amount to \$664,460 (refer to note 8) to continue operations and manage perceived outgoings as they fall due during the next twelve months from the date of signing the 30 June 2020 financial statements.

Having regard to the circumstances which it considers likely to affect the entity during the period of one year from the date these financial statements are signed, and to circumstances which it believes will occur after that date, the Directors believe the going concern assumption is a valid basis on which to prepare these financial statements.

The shareholders have indicated their intent to provide financial support should it be required to enable the company to pay its debt as they fall due in the ordinary course of business. The directors, on behalf of the shareholders, have entered into the following dividend repayment plan, subject to the Company satisfying the solvency test as per section 52 of the Companies Act 1993.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that may be necessary should the entity be unable to continue as a going concern.

**15 Contingent Liabilities**

The Company has no contingent liabilities as at 30 June 2020, (2019 Nil).

These financial statements are to be read in conjunction with the accompanying Notes.

**Allied Laundry Services Ltd****Notes to and forming part of the Financial Statements (continued)****For the Year Ended 30 June 2020****16 Leases**

The company leases the laundry building from MidCentral DHB. Operating lease held over the property give the company the right to renew the lease up until the date of 31 December 2029. There are no renewal options to purchase in respect of operating lease. There are future cash outflows relating to the measurement of the lease liability arising from variable lease payments. Market rent reviews occur in January bi-annually from the date of commencement. No reasonable estimation of the rent variation is able to be calculated and as such, are not included in this calculation. The discounted rate is 5.71%.

In the previous year, Allied Laundry Services Limited only recognised lease liabilities in relation to leases that were classified as 'finance leases' under NZ IAS 17 leases. No such leases existed as at 30 June 2019. For recognition on adoption of NZ IFRS 16 on 1 July 2019, please refer to 'Changes in accounting policies'.

|   | 2020             | 2019 |
|---|------------------|------|
|   | \$               | \$   |
| <b>Right-of-Use Assets</b>                        |                  |      |
| <b>Building lease agreement</b>                   |                  |      |
| Balance at the start of the reporting period      | 2,213,716        | -    |
| Additions   | -                | -    |
| Depreciation                                      | (210,830)        | -    |
| Balance at the end of the reporting period        | <b>2,002,886</b> | -    |
| <b>Photocopier lease agreement</b>                |                  |      |
| Balance at the start of the reporting period      | -                | -    |
| Additions   | 21,988           | -    |
| Depreciation                                      | (3,298)          | -    |
| Balance at the end of the reporting period        | <b>18,690</b>    | -    |
| <b>Total Right-of-Use Assets</b>                  | <b>2,021,576</b> | -    |
| <b>Lease liabilities</b>                          |                  |      |
| <b>Building lease agreement</b>                   |                  |      |
| Balance at the start of the reporting period      | 2,503,282        | -    |
| Additions   | -                | -    |
| Interest expense                                  | 138,459          | -    |
| Lease payments                                    | (313,729)        | -    |
| Balance at the end of the reporting period        | <b>2,328,013</b> | -    |
| <b>Photocopier lease agreement</b>                |                  |      |
| Balance at the start of the reporting period      | -                | -    |
| Additions   | 21,988           | -    |
| Interest expense                                  | 887              | -    |
| Lease payments                                    | (3,793)          | -    |
| Balance at the end of the reporting period        | <b>19,083</b>    | -    |
| <b>Total Lease liabilities</b>                    | <b>2,347,095</b> | -    |
| <b>Amounts recognised in the income statement</b> |                  |      |
| Interest charges for lease liabilities            | 139,346          | -    |

**17 Capital Commitments**

a) The Company has no capital commitments as at 30 June 2020, (2019 Nil).

These financial statements are to be read in conjunction with the accompanying Notes.





## **CHAIR & CHIEF EXECUTIVE'S REPORT FOR THE YEAR ENDED 30 JUNE 2020**

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### **OVERVIEW**

To quote a cliché, 2019/20 was a year of two halves. The first 6 months of the year the business was performing very well, profit was ahead of budget, service delivery was strong with high delivery KPIs, the purchase was completed for the Standard Textiles Agreement (see below), staff turnover was low and things were going well. Then along came COVID 19 causing considerable disruption to the business, changing the operational environment internally and with all Allied Laundry customers and suppliers externally.

Despite having to address all these operational challenges and innovatively deal with the unprecedented demand for scrubs and issues associated with the safe rostering and protection of staff however, the Company came through the COVID 19 lockdown period in good shape. Much of the ground lost during this period was subsequently recovered, with the Company ending the financial year still \$70k ahead of budget

### **PRODUCTION**

Processing volumes have echoed the status of the DHB customers. Prior to COVID 19 effecting the DHBs, volumes were slightly ahead of the same time the previous year, around 91 tonnes of linen processed each week. Through the lock down period Allied Laundry processing dropped to its lowest level since C&CDHB came on, to 57 tonnes for a week. Linen processing climbed considerably after that however, setting a new weekly record of 95 tonnes in the last week of June.

### **COVID 19 RESPONSE**

The operational environment was altered considerably to meet the challenging requirements of Level 4 restrictions for social distancing etc. causing efficiency degradation in the plant and distancing challenges; the plant was split into pods, offsite staff worked independently of the other team members and Allied Laundry staff worked from home. To react to COVID 19 linen stocks were increased and scrubs stock numbers were increased dramatically. Allied Laundry was very well supported through the COVID response by all staff.

## **STAFF**

The Company has continued to see positive performance improvements through investments in wellness, health and safety initiatives with staff. The continuation of the literacy and numeracy training programmes accompanied by the NZQA Lean Manufacturing qualification has meant 70% of the production staff have graduated these programmes. All staff are now engaged at various levels on health and safety issues, including a monthly briefing with the CEO. Continued commitment to the principle of the living wage has also added to the overall positive staff culture and performance.

## **STRATEGIC DEVELOPMENTS**

Strategically there has been a fundamental shift in focus for the business:

- Allied Laundry purchased the exclusive New Zealand Distribution Agreement for Standard Textiles Reusable Barrier Linen (RBL) in September 2019. The purchase is an exciting opportunity to continue to provide RBL to the Allied Laundry customers, sell RBL to other customers and to leverage off the full Standard Textiles Catalogue. Standard Textiles is one of the largest global linen suppliers, turning over \$550m US annually, with 24 manufacturing plants globally and 4,000 employees. With the increasing push for sustainable practices in the health sector generally, and regional CEO commitment to RBL specifically, Allied Laundry is now ideally placed to leverage off of the Distribution Agreement and develop the RBL business to other DHBs and commercial customers.
- The proposed investment in a garment processing system to process 7,500 scrubs and gowns per day has been fully developed but placed on hold with a Business Case going to Allied Laundry Board of Directors in September 2020. A full garment finishing / sorting / folding system will require an investment of around \$1.2m plus another \$1m to expand the plant footprint. This was placed on hold due to the potential integration with the facility requirements for the proposed RBL expansion.
- A significant potential development for Allied Laundry is the expansion of the Reusable Barrier Linen (RBL) business with a sterilisation option for theatre linen. A Business Case will go to the Allied Laundry Board of Directors in September 2020 seeking a commitment to continue to develop the Business Case leading to a potential RBL plant and facility expansion. With sustainability being a key issue, Allied Laundry supplying RBL to the DHBs and the Standard Textiles Distribution Agreement in place, Allied Laundry is well positioned to develop the business with a sterilised product offering. Sterilisation is currently a key barrier for Allied Laundry to overcome developing the RBL business into Wairarapa DHB, Hutt Valley DHB and Capital & Coast DHB, and potentially retaining the RBL business in other shareholding DHBs where sterilisation capacity is becoming an issue. There is also a probability that Allied Laundry could provide commercial customers such as dental clinics and medical centres with a sterilised product. The cost of this development will be around \$3.4m for the building and plant.

## **ACKNOWLEDGEMENTS**

The continuing support of Allied Laundry by staff, customers, directors and shareholders is greatly appreciated and exemplifies the joint venture and cooperative nature of the Allied Laundry business. As a regional solution to the successful delivery of linen and laundry services Allied Laundry continues to offer high levels of service cost effectively. Strong Business Cases for development will ensure Allied Laundry is well placed to take advantage of the changing strategic operating environment.

Ken Foote  
Chair

Mark Mabbett  
Chief Executive



Tuesday 22<sup>nd</sup> September 2020

To Chairs; Boards of District Health Boards; Allied Laundry Services Limited Shareholders.

Regarding; appointment of Shareholding District Health Board Annual General Meeting Representatives.

The Allied Laundry Annual General Meeting is being held on Tuesday 24<sup>th</sup> November 2020 at Allied Laundry Services Ltd. Palmerston North.

The Shareholders' Agreement for Allied Laundry Services Limited requires each shareholder to appoint a representative for the Annual General Meeting.


Could the shareholding DHB's nomination for representative to the Allied Laundry AGM please be forwarded as soon as possible to Tracey Pahulu (tlunsworth@alliedlaundry.co.nz) at Allied Laundry.

Regards

Mark Mabbett

CEO

Allied Laundry Services Limited.

|   |   |
|---|---|
|  <p><b>HAWKE'S BAY</b><br/>District Health Board<br/>Whakawāteatia</p>   | <p><b>Central Region's Technical Advisory Services Ltd Annual General Meeting</b></p> |
|   | <p>For the attention of:<br/><b>HBDHB Board</b></p>                                   |
| <p>Document Owner</p>   | <p>Carriann Hall, Executive Director of Financial Services</p>                        |
| <p>Month/Year</p>   | <p>October 2020</p>   |
| <p>Purpose</p>  | <p>For Decision</p>   |
| <p>RECOMMENDATION:</p> <p><b>That the HBDHB Board:</b></p> <ul style="list-style-type: none"> <li>• <b>Note</b> the Annual Report for TAS for the year ended 30 June 2020.</li> <li>• <b>Appoint</b> Keriana Brooking as the HBDHB representative to attend the TAS Annual General Meeting to be held Wednesday 2 December 2020.</li> </ul> |   |

#### ATTACHMENTS

- A Notice of Meeting.
- B Minutes of 2019 AGM.
- C Annual Report 2019/20.

#### AGM REPRESENTATIVE

The Chief Executive Officer will be attendance at the TAS Board meeting on 2 December 2020 as the agreed replacement of Kath Cook, Midcentral DHB CEO, who is stepping down as one of the Central Region Board representatives. Therefore, it is recommended that Keriana Brooking be appointed to represent HBDHB at this meeting.



## Notice of TAS Annual General Meeting

2:00pm, Wednesday 2 December 2020  
Front+Centre, 69 Tory Street, Wellington

**Notice is hereby given that the Annual General Meeting of Shareholders of Central Region's Technical Advisory Services Ltd (TAS) is to be held on 2 December 2020 at 2.00pm.**

### **Agenda**

1. Apologies
2. Minutes  
*To review and accept the minutes of the AGM held on 4 December 2019.*
3. Directors' Report on the year ended 30 June 2020  
*To receive the Report.*
4. Financial Statements and Report  
*To receive, consider and adopt the Company's financial statements for the year ended 30 June 2020, along with the Independent Auditor's Report.*
5. Auditors  
*To record the continuance of KPMG as the Company's auditors for the 2020/21 financial year.*
6. General  
*Any other business.*



## Minutes

### Name of Meeting: TAS AGM 2019

|                    |                 |                     |        |
|--------------------|-----------------|---------------------|--------|
| <b>Date:</b>       | 4 December 2019 |                     |        |
| <b>Start Time:</b> | 12.30pm         | <b>Finish Time:</b> | 1.00pm |
| <b>Method:</b>     | Face to Face    |                     |        |

**Present:** **Directors:** Murray Bain (Chair), Deryck Shaw, Sir Paul Collins

**Shareholders:** Dot McKinnon (MidCentral and Wanganui DHBs), Kevin Atkinson (Hawkes Bay DHB), Brendan Duffy (Mid Central DHB), Wayne Guppy (Hutt Valley DHB)

**In Attendance:** Graham Smith (TAS Chief Executive), Jane Doherty (Secretariat)

**Apologies:** Kath Cook, Wendy McPhail, Catherine Law, Andrew Blair, (Capital and Coast District DHB and Hutt Valley DHB), Dame Fran Wilde (Capital and Coast DHB)

|  |   |
|--|---|
| <b>1</b>   | <b>Welcome</b>  |
| The Chair opened the meeting and welcomed everyone. The Chair acknowledged the attendance of Deryck Shaw at his last TAS AGM and his huge contribution since his appointment to the TAS Board in 2013. |   |
| <b>2</b>   | <b>Confirmation of Minutes</b>  |
| 2.1  | Confirmation of Minutes   |
| <b>Resolved:</b> <i>That the minutes of the Annual General Meeting held on 5 December 2018 be accepted as a true and accurate record of that meeting.</i>  |   |
| Carried: all   |   |
| <b>3</b>   | <b>Financial Statements and Reports</b>   |
| 3.1  | The Chair spoke to the TAS Annual Report and Financial Statements for 2018/19.  |
| 3.2  | The report to the RGG against the Letter of Expectation for the 2018/19 year was noted. (presented at the RGG meeting prior to the AGM)   |
| 3.3  | A limited profit was generated for the year after provision for reserves held for wind up. This is being re-invested into the business on items such as upskilling staff, enhancing IT security and building part of the organisation such as Employment Relations. The TAS Board is working with Management to explore ways to diversify the business. The preference is not to pay a dividend to shareholder and to re-invest surplus funds into the organisation so that it can deliver further value to the sector. |

**Resolved:** *That the Company's financial statements for the year ending 30 June 2019, together with the Auditor's report and the Directors' Annual Report, be received and adopted.*

Carried: all

#### 4 Auditors

**Resolved:** *That the continuation of KPMG as the Company's auditors be approved and recorded.*

Carried: all

#### 5 General Business

##### 5.1 There was no general business.

There was a vote of thanks to the Directors, Chief Executive and management Team of TAS for the significant and important work undertaken during the year. Murray Bain acknowledged the effective working relationship with the current members of the RGG and thanked them for their support of TAS.

Deryck Shaw thanked RGG for his appointment to the Board and that it been a privilege to be involved with TAS and its role as an enabler in supporting DHBs to improve wellness of all New Zealanders.

Dot McKinnon, on behalf of the RGG, thanked Murray Bain for his leadership of the TAS Board and to Deryck Shaw for his time on the TAS Board.

The meeting concluded at 1.00 pm.





HARNESSING  
*smart thinking*  
ON HEALTH

# Annual Report 2019/20

At TAS we're a proven partner in providing trusted expertise, data insights, service planning and delivery to the health sector.

## **Our why?**

To support our partners to deliver the best healthcare for all New Zealanders.

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# WHO WE ARE

»TAS' point of difference is our deep connection to the health system, both in terms of ownership and people. We have a depth and breadth of experience from within the health sector and elsewhere that is very difficult for any one organisation to match.



Crown Entity  
– DHB subsidiary



Multi sector skilled  
Board of Directors



**\$40M** revenue per annum



**3 locations**

Auckland  
Wellington  
Christchurch



**200**  
employees



Front + Centre  
meeting venue



## We are DHB-owned and not-for-profit

- › We are a Crown owned subsidiary that is not profit orientated or expected to provide dividends to shareholders
- › Our focus is on serving the needs of health sector providers to improve the health outcomes of all New Zealanders
- › Our services are cost effective and excellent value for money.



## We are a trusted partner to the health sector

- › We are a neutral and trusted organisation that supports multiple health providers and the Ministry of Health individually and through regional and national collaborations
- › We have a multi sector skilled Board of Directors.



## We are connectors

- › Our independence allows us to connect health organisations across the system and serve as a trusted intermediary
- › We have wide relationships throughout the system and can bring diverse people together to solve problems and share ideas.



## We are health-system experts

- › TAS people come from a range of health, private and public sector backgrounds, providing trusted expertise
- › Together we form a multi-disciplined team with a breadth and depth of health sector experience and technical expertise.

kāhui – flock, company. tuitui – sow, stitch. tāngata – people.

At the heart of TAS' identity is **kāhui tuitui tāngata**. Gifted to TAS by Kaumātua, the late *Mātua Rongo Wirepa* (Ngāti Porou, Whānau-ā-Apanui, Rongowhakaata), it is a call for people to come together to embrace and enhance the wellbeing of Whānau, Hapū, Iwi and their communities.

**Kāhui tuitui tāngata** can be likened to the calling of the Tui when feeding on a kowhai tree.



# OUR HIGHLIGHTS

» We are your innovative, expert, trusted advisors. Over the past year you counted on TAS to help you deliver a world class health system for New Zealanders.



## Enabled sector-wide Covid-19 response

We quickly adapted our programmes to respond to challenges facing DHBs and Ministry of Health during COVID-19; connecting the sector via forums, technical and contract advice, data modelling and implementation support.



## Set up online interRAI training

Our interRAI education team wrote, designed and built an innovative new blended training model to keep supporting clinicians and their clients when COVID-19 alert levels interrupted normal ways of working.



## Integrated equity focus in our work

We implemented a Regional Equity Framework, appointed a Māori workforce advisor, analysed equity impacts and increased equity weightings in community contracts, to improve health outcomes for all communities, especially Māori.



## Established telehealth service

As COVID-19 alert levels rose, we leveraged our capability to launch a teleservice in 8 weeks, enabling clinicians at Whanganui DHB to consult with patients via secure video call.



## Accelerated new ways of working

We enhanced our TAS people experience and culture through initiatives like a new engagement framework, new reporting on business performance, and strong support for our people's health and wellbeing, enabling them to deliver excellent service to our customers.



## Accredited as a Private Training Establishment

We achieved registration with NZQA as a Private Training Establishment (PTE) in October 2019, to offer cost-effective, accredited professional education to providers.

# Key Achievements



## GROW VALUE TO THE SECTOR

**Raise the level of strategic advice TAS provides to the sector**

### Advanced data and insights capability

**Launched Visualise** – a service that shares important health data presented in a user-friendly way to DHBs.

**Developed a National Reporting Framework** to report on DHBs' progress toward implementation of safe staffing through their roll-out of the Care Capacity Demand Management (CCDM) Programme, and supported DHBs to implement CCDM through Learning Collaborative workshops.

### Enhanced advice and programme work

**Progressed equity focus in all work programmes** through socialisation of the Regional Equity Framework, appointment of a Māori workforce advisor, data analysis of equity impacts, and increased equity weightings in community contracts to improve Māori, Pacific and low-income health outcomes.



**Continuously improve the quality and relevance of our services**

### Improved, integrated services and quality customer experience

**Established a Multi-Employer Collective Agreement Projects unit** to oversee MECA implementation in DHBs.

**Finalised assessment of the clerical pay equity claim**, focused on gender undervaluation, and progressed planning for negotiations to settle the claim in 2020/21 year.

**Brought together community contracting services**, and standardised operations.

**Provided full digital support to our Front+Centre customers** in using our superior new audio-conferencing and video-conferencing capability.

### During COVID-19:

**Supported DHBs** to achieve variations to aged residential care and PHO services contracts by 1 July, and achieve a new Senior Medical Officers Multi-Employer Collective Agreement.

**Adapted our programmes** to enable an agile, responsive approach. Provided significant support to DHBs and MoH by setting up forums for key stakeholders, advising on technical and contract matters, providing data modelling, and assisting with implementation.

**Created and rapidly rolled out distance learning** for interRAI assessors when alert levels interrupted normal ways of working.

**Completed a special audit entirely remotely** during lockdown, as well as four other routine audits – by the provider audit team.



## BE A HIGH PERFORMING ORGANISATION

**Lift our organisation capabilities**

### Developed people and culture initiatives

**Undertook a cultural assessment process** through **Nga Kete Atawhai** – the recommendations of which formed the foundation for future work TAS will implement to strengthen te ao Māori capability across the organisation.

**Introduced a leadership programme** to focus our leaders on leading self, culture and talent, leading strategically and leading through change.

**Enhanced people experience for all employees**, including a redesigned induction for new people, a new engagement framework, dynamic communications strategy, new reporting on business performance, and 5 weeks annual leave to support our people's health and wellbeing.

**Responded with agility and speed to a rapidly changing COVID-19 environment**, including supporting 200 employees to work from home. Adapted our guides, policies and wellbeing resources to support this.

**Accelerated initiatives to make TAS a better place to work** with a focus on culture, environment, processes and technology.

### Standardised business processes and tools

**Implemented a new, modernised financial management system**, resulting in efficiencies for suppliers and improved controls.

**Leveraged our existing investment in Office 365 and accelerated the adoption of Microsoft Teams** to support our people to work remotely during the COVID-19 lockdown.

**Create new areas of value and develop new services**

### Growth in pipeline of business development opportunities

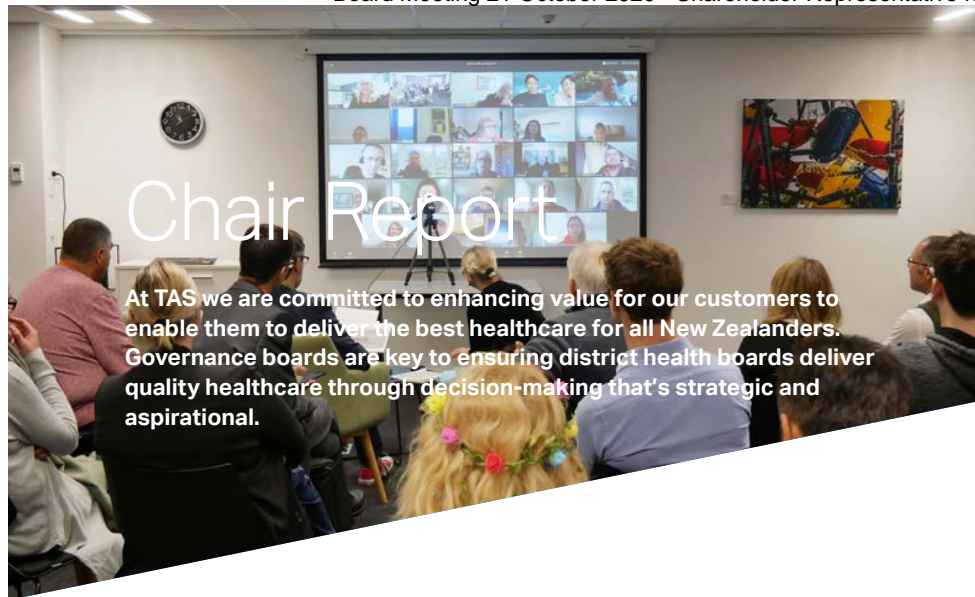
**Achieved registration as a Private Training Establishment** with NZQA in October 2019, with work ongoing to boost TAS' offering of cost-effective professional education to providers.



Connected  
Innovative  
Fair  
Responsive  
Supportive  
Enterprising







**Chair Report**

**At TAS we are committed to enhancing value for our customers to enable them to deliver the best healthcare for all New Zealanders. Governance boards are key to ensuring district health boards deliver quality healthcare through decision-making that's strategic and aspirational.**

In March 2020, I was pleased to be part of the Central Region DHB induction day for new Board members, following the 2019 DHB elections. This was a valuable opportunity to engage with our new colleagues as they embarked on their governance journey.

The prospects facing our DHBs and their governing bodies are vast. The impact of COVID-19, coupled with the release of the Health and Disability Sector Review call for new ways of working that are flexible and adaptable. Resilience is key. TAS will continue to build our role as strategic partner and enabler; adding value to our customers as we help them navigate changing priorities and the future direction of the health sector.

When the COVID-19 pandemic entered our borders, it was critical that TAS responded with speed to the complex challenges facing the health sector. TAS quickly formed a response team to support significant work programmes with DHBs and the Ministry of Health. Organisation-wide, teams engineered solutions that enabled a stable and resilient service to continue for our customers and stakeholders, including remote audits, a telehealth service for Whanganui DHB and forums that advised on technical and contract matters.

For organisations to continue to be match ready they must have a strong strategy underpinning their operating model. I'm pleased to say that our three-year Strategy, TAS: 2020, has been realised. We have seen the value of greater health data, analysis, modelling and reporting impact positively on the sector through platforms like Visualise.

We've contributed to the growth of people capability in the sector through our workforce initiatives, and improved efficiency and effectiveness through integrated services and streamlined programmes and advice. Inherent in all our work programmes has been a strong equity focus, through the Regional Equity Framework, the appointment of a dedicated Māori workforce advisor, increase of equity weightings in community contracts to improve Māori, Pacific and low-income health outcomes, and by providing data analysis of equity impacts.

»As we look forward towards TAS: 2025 – our new guiding direction, we aspire to be a proactive, diversified, resilient organisation with the leadership in place to help the sector be future ready.

To finish, I'd like to welcome a new Board member, Ron Luxton to the table. Ron is Chair of the South Canterbury DHB and has worked in the health sector his entire career. I'm looking forward to his contribution. I'd also like to thank Deryck Shaw, who finished his tenure in December 2019, for his outstanding contribution.

Finally, I'd like to recognise my fellow Board members, Chief Executive Graham Smith, Board Secretary Jane Doherty, the TAS management team and TAS people for their support over what has been an extraordinary twelve months for the sector.



Murray Bain | Chair





During the year we also played an important role in the response to COVID-19 by connecting and co-ordinating the work of DHBs, Ministry of Health and sector providers. I am very proud of how our team performed during this period and the dedication our people have shown to our customers throughout the pandemic.

TAS has a unique set of technical expertise, sector relationships and responsive services that make an important contribution to the successful performance of the health system. Our work and the way in which services are delivered is highly valued by our customers both at a national and regional level.

Our plan for this year was to continue to deliver high quality service to the sector, seek out further areas of value add and continue to invest in building the leadership capability and performance across the organisation.

2020 has been an unparalleled year; bringing disruption to the health sector like we've never experienced in our lifetime. As an organisation, we quickly mobilised our people and technology to respond to the rapidly changing situation COVID-19 created. We were able to deploy our expertise where needed and to facilitate key workstreams, information exchange and decision making processes that enabled DHBs to rapidly respond to system wide issues as they arose.

### SERVICE HIGHLIGHTS

In the employment relations space, we raised the level of strategic advice we provided through the establishment of a Multi-Employer Collective Agreement Projects unit to oversee MECA implementation in DHBs, and finalised assessment of the clerical pay equity claim focused on gender undervaluation.

TAS ANNUAL REPORT 2019/20

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During the year we launched an interactive reporting platform 'Visualise' to enable DHBs to view a range of performance indicators based on the nationally collected data. We further enhanced this by highlighting areas of variation across the DHBs that could indicate areas of opportunity and across system learning.

In October 2019, TAS became registered as a Private Training Establishment (PTE) with NZQA, giving our organisation the status to offer cost-effective professional education to our sector partners.

And in 2020, our interRAI education team accelerated the build of a fully interactive new training programme, enabling educators to train clinicians remotely using self-directed learning integrated with educator-directed Zoom sessions.

### ORGANISATION DEVELOPMENT

Another big focus of the year has been to build organisational capability. We introduced a leadership programme to focus our leaders on driving performance, leading remotely and role modelling a culture of accountability, inclusiveness and wellbeing.

We have had a sustained focus on introducing engagement tools and channels that provide a positive and connected experience for both home and office-based people, along with support for the ways people want to work. We are using the opportunity of COVID-19 to reimagine our culture, environment, processes and technology.

We've introduced smart new processes to create efficiencies and improved controls for our suppliers and customers, including the implementation of a new, modernised financial management system, and new reporting that enables TAS leaders to view the financial performance of their business areas anytime, anywhere.

In 2020, we commissioned a cultural assessment to understand the organisation's cultural awareness and competency. We now have a set of recommendations and rautaki and mahi to integrate te ao Māori within TAS to build our cultural competence, and contribute to the sector's drive for equity in Māori health outcomes. Our vision is for "TAS to be an innovative enterprise, working in partnership with Māori, to enhance health and social outcomes for all New Zealanders".

I'd like to conclude by thanking Murray Bain, our Board Chair, our dedicated Board members and our TAS leaders and people for their commitment to helping our partners deliver the best healthcare for all New Zealanders.



Graham Smith | Chief Executive

## Board of Directors

1 July 2019 – 30 June 2020



### MURRAY BAIN (CHAIR)

Murray is an experienced company director who is currently Deputy Chair of TSB Bank and a director of NorthTec, the Ara Institute of Technology and the Southland Institute of Technology. In the past, Murray has held Chief Executive roles in the Foundation for Research Science and Technology and the Ministry of Science and Innovation. Prior to that, he held senior management positions in IT, finance and banking in the Trust Bank Group, and roles as Chief Operating Officer at the Accident Compensation Corporation (ACC) and Assistant Governor at the Reserve Bank of New Zealand.



### KATHRYN COOK

Kathryn is the Chief Executive of MidCentral District Health Board (MDHB). Prior to joining MDHB, she was a Partner within KPMG Australia's Health, Ageing and Human Services practice, where she was lead partner of the Victorian Health practice. Previously Kathryn was Chief Executive of Western Health, Victoria and has also held a range of policy and leadership positions in the Western Australian and Victorian Departments of Health, and the New Zealand Ministry of Health.



### WENDY MCPHAIL

Wendy has over 20 years senior management experience, most recently as Chief Executive for the New Zealand owned Office Products Depot Co-operative. She has extensive technology, strategy and change management expertise. Wendy was the former Deputy Chair of the Auckland Museum Trust Board and holds community and private governance roles.



### SIR PAUL COLLINS

Sir Paul is currently the chairman of the Wairarapa District Health Board and private investment company, Active Equity Holdings Limited, and a director of the Hurricanes Limited, Ecopoint Limited and Shott Beverages Limited.

He has served on the Board of more than 50 listed companies in New Zealand, Australia, Hong Kong and London. He was the chairman of Sport New Zealand and High Performance Sport New Zealand Limited from 2009 to 2018 and of the Wellington Regional Stadium Trust from 2000 to 2012.



### CATHERINE LAW

Catherine is a Partner in Deloitte's Risk Advisory team and has over 25 years practitioner and advisory experience in the financial services, retail and government sectors both in New Zealand and in the United Kingdom. Catherine's experience includes providing risk management advice, information security and technology advisory services for organisations in the public and financial services sectors.



### RONALD LUXTON *Started on 27 May 2020*

Ron is a pharmacist by profession and was the governing director of his own community pharmacy for 35 years. Ron has been a Board Member of the South Canterbury District Health Board for 19 years and is currently Chair of that Board. He is Chair of the Aoraki MRI Charitable Trust and a Director of New Zealand Health Partnerships and also of South Canterbury Eye Clinic Ltd. He is a Past International Director of Lions Clubs International and is currently appointed as a Trustee on the International Board of Lions Clubs International Foundation.



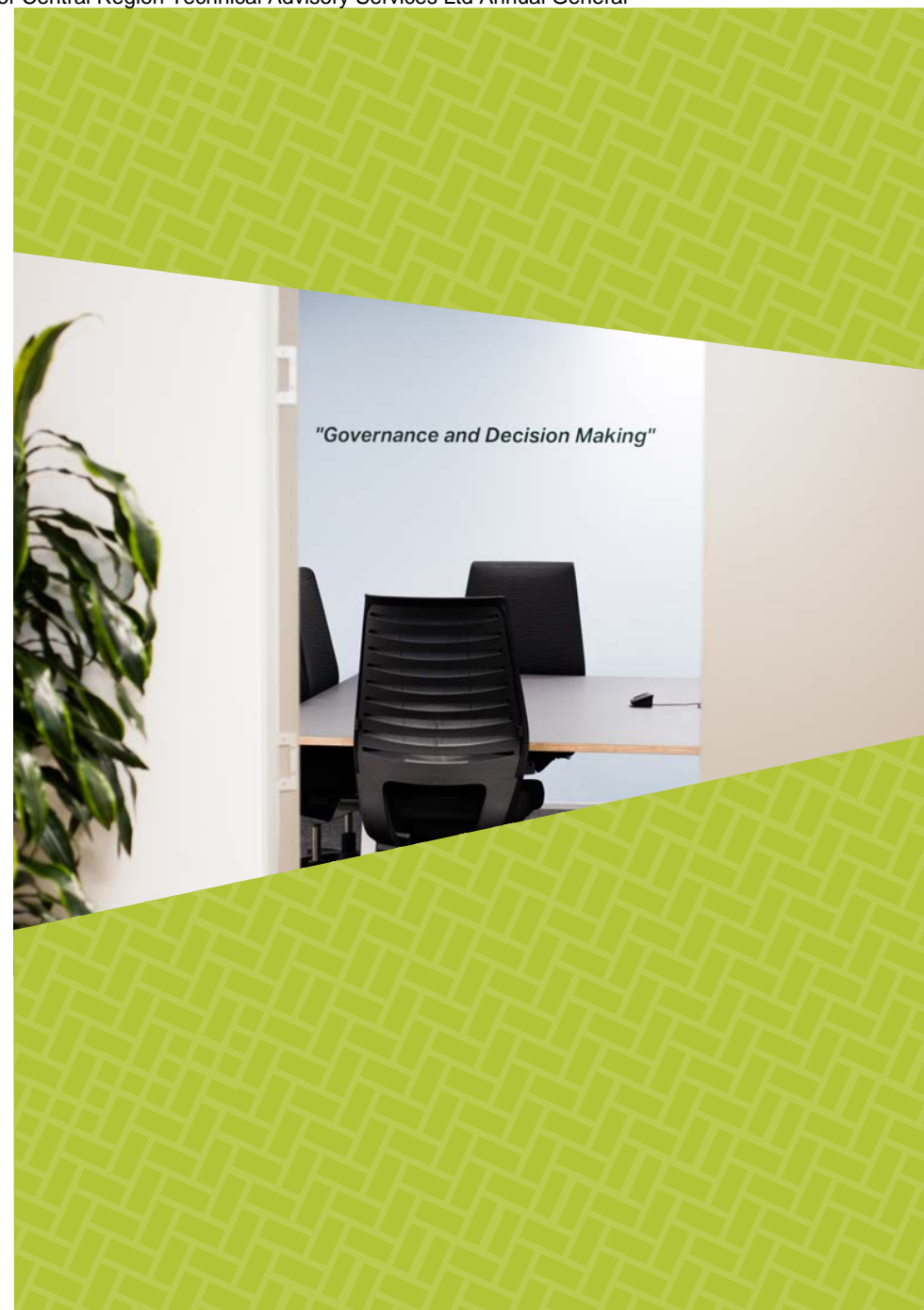
### DERYCK SHAW *Finished on 31 December 2019*

Deryck is Chair of Lakes District Health Board and Deputy Chair of New Zealand Māori Arts and Crafts Institute/Te Puia. He is a former member of the Waikato District Health Board and NZ Health Partnerships Board, former Chair of Waikato Institute of Technology and Board Member of Institutes of Technology Polytechnics New Zealand and a former President of NZ Football.

## Interest Register

As at August 2020

| Name                       | Board/Organisation  |  |
|----------------------------|---|--|
| <b>Murray Bain (Chair)</b> | › Deputy Chair, TSB Bank  | › Director, Optimum Services Ltd   |
|                            | › Shareholder and Director, Oryx Technologies Ltd                     | › Chair KeriKeri Retirement Village Trust  |
|                            | › Shareholder and Director, M I Bain & Associates Ltd                 | › Director, ARA Institute of Canterbury Ltd  |
|                            | › Director, NorthTec  | › Director, Southern Institute of Technology   |
|                            | › Director, ESA Publications Ltd                                      |  |
| <b>Wendy McPhail</b>       | › Principal Consultant and Director, Wendy McPhail Consulting Limited | › Director, Great Sleep Ltd  |
|                            |   | › Datamine – General Manager   |
| <b>Kathryn Cook</b>        | › Chief Executive, MidCentral District Health Board                   | › Enable NZ Ltd  |
|                            | › Director, Health Round Table Ltd                                    | › Chair Central Region DHB CEs   |
|                            |   |  |
| <b>Sir Paul Collins</b>    | › Chair, Wairarapa DHB  | › Director and shareholder, Cohiba Traders Limited   |
|                            | › Director, Active Equity Holdings Limited (Chair)                    | › Director, New Zealand Health Partnerships Limited  |
|                            | › Director, Hurricanes GP Limited                                     | › Trustee Malaghan Institute of Medical Research   |
|                            | › Director, Ides Limited  | › Member Governance Board for the Health Finance, Procurement & Information Management System Programme (FPIM) |
|                            | › Director and shareholder, AEL Managers Limited                      |  |
|                            | › Director, Shott Beverages Limited                                   |  |
|                            | › Director and shareholder, Beverage Holding Limited                  |  |
|                            | › Director and shareholder, Ecopoint Limited                          |  |
|                            |   |  |
| <b>Catherine Law</b>       | › Partner of Deloitte   |  |
| <b>Ron Luxton</b>          | › Chair, South Canterbury District Health Board                       | › Trustee, Ward Family Trust   |
|                            | › Chair, Aoraki MRI Charitable Trust                                  | › Patron, Lions New Zealand Child Mobility Foundation  |
|                            | › Director, South Canterbury Eye Clinic Limited                       | › Trustee, International Board of Lions Clubs International Foundation   |
|                            | › Director, New Zealand Health Partnerships Limited                   | › Justice of the Peace   |
|                            | › Trustee, Green Gables Trust   |  |
|                            |   |  |





»CASE STUDY

# Telehealth service at Whanganui DHB breaking down barriers for healthcare access

**In April the Regional Digital Health Service (RDHS) team began working at speed on a telehealth service for Whanganui DHB. The need was made urgent by rising COVID-19 Alert Levels, and the completed solution was delivered in eight weeks.**

The service allows clinicians to consult with patients via secure video call. It's an innovative tool with huge scope to make a difference, during the pandemic and beyond. The RDHS team readied DHB systems to handle video appointments by integrating health technologies (WebPAS patient administration system, WebPAS Receiver and OpenHealth Connect) with Microsoft Teams. The result is a secure solution to book, manage and connect video calls.

»The RDHS team have been busier than ever during the last few months. This project shows their capability to work with speed and precision to support our consumers in an emergency.

MICHELE MCCREADIE, GENERAL MANAGER  
IT SERVICES, TAS

The service now connects patients with clinicians from anywhere. Besides the pandemic, there are all sorts of situations where a telehealth option is useful. These include lack of transport, caregiving responsibilities, disabilities, compromised immunity and more. Telehealth breaks down some of the most challenging barriers to healthcare access.

Whanganui DHB provides public healthcare to several rural communities. Now, instead of a round trip of up to three hours, patients requiring outpatient appointments with a specialist can often attend their appointments from home.

Telehealth also gives time back to busy clinicians. Reducing barriers to access means a decrease in missed appointments, so there is less wasted time in each clinic day.

»I'd like to say thank you to [the TAS team] for all your hard work. Really appreciate your support in getting this over the line. You should be super proud of your efforts.

ALEX MCLEOD, ICT SDM, WHANGANUI DISTRICT HEALTH BOARD



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» Three years ago we created a strategic plan titled 'TAS 2020: Our Future Focus'. The plan recognised that TAS was uniquely positioned to deliver four areas of value to the sector:

|  |   |  |   |
|--|---|--|---|
| <b>1</b><br><b>Delivering</b><br>greater health<br>system analysis<br>and insights | <b>2</b><br><b>Growing</b><br>sector people<br>capability | <b>3</b><br><b>Improving</b><br>service<br>efficiency and<br>effectiveness | <b>4</b><br><b>Fostering</b><br>partnerships<br>and collaboration |
|--|---|--|---|

» As TAS 2020 makes way for our future long-term strategic vision: TAS 2025, we can reflect back and evaluate where we've delivered value for our customers.

To harness the strategic value of our data, we set up a Centre of Excellence in working with health data, analysis, modelling and reporting. We've been using data sets in creative ways to support numerous national and regional programmes; producing deeper insights and taking a whole of health system perspective so health leaders understand system performance. Our Visualise service shares important health data presented in a user-friendly way to DHBs.

Our strong focus on driving improved efficiency and effectiveness for the health system has led to better alignment and integrated models of care, and we've helped shape the future workforce needed by the sector through purposeful workforce planning and development. At the heart of our role is facilitating engagement and innovative problem solving between partners to deliver the best healthcare for all New Zealanders.

## AN EVER-CHANGING ENVIRONMENT

The impact of COVID-19, coupled with the release of the Health and Disability Sector Review call for new ways of working that are more flexible and adaptable. We will continue to build on the innovation and positive learning experiences from our significant work programme with DHBs and the Ministry of Health to respond to COVID-19, and adjust work programme plans and focus.

Socio-economic challenges exacerbated by COVID-19 will require an even stronger focus on equity and this has been embedded into all aspects of the national and regional work programmes 2020/21.

## THE WAY FORWARD

To support our health sector partners to manage ongoing change, we will continue to drive greater collaboration, stronger relationships, and deeper health system insights, while offering quality and valued services responsive to customer needs, aligned capability, and resilient, sustainable and fit for purpose business systems and processes.



## Key service achievements

TAS' core services are focused on facilitating key national and regional work programmes on behalf of New Zealand DHBs and the Ministry of Health (MoH). In 2019/20 we worked with our DHB and MoH partners and broader sector stakeholders to deliver key achievements across the following programmes of work.

### » INTEGRATED WORKFORCE SERVICES

#### WORKFORCE

- › **Established a Māori Workforce Lead to support Tumu Whakarae** (DHB General Managers Māori) and strengthen focus on increasing Māori participation across the health workforce and improve responsiveness to Māori.
- › **Supported the Kāhui Oranga collaborative approach** between DHBs, union partners and the Ministry of Health to build health and wellbeing in the health workforce – including working with WorkSafe on guidance to manage and minimise fatigue, and workplace violence risks. Renewed emphasis on Health and Safety by connecting DHB Health and Safety Managers, ACC and WorkSafe.
- › **Delivered on a key Nursing Accord commitment** by implementing for the first time a national, streamlined employment process for Enrolled Nurses (ENs) using the Advanced Choice of Employment (ACE) platform – an electronic matching process for DHB recruitment. Worked with Midwifery Accord signatories to deliver positive workforce outcomes for DHB-employed midwives.
- › **Commenced work to better understand the nursing undergraduate pipeline** to inform the shape of the future workforce.
- › **Tracked the impact of COVID-19 on the health workforce** and enabled greater access to workforce data for DHBs, using the TAS 'Visualise' data tool.
- › **Modelled the impacts of COVID-19 on Resident Medical Officer (RMO) supply**, identified pressure points in the system and consulted with stakeholders on proposed changes to the RMO calendar.



### EMPLOYMENT RELATIONS (ER)

- › **Established a Multi-Employer Collective Agreement (MECA) Projects Unit** to oversee MECA implementation in DHBs – covered by 24 collective agreements for around 68,000 employees. Fifty-four commitments across five workforces will be implemented, monitored and reported on.
- › **Resolved nine MECAs** during a period of extensive industrial disruption across DHBs. In total, 184 days of strike action across seven workforce groups drew heavily on the strike contingency planning role and resources of the ER team.
- › **Agreed a new MECA with the Association of Salaried Medical Specialists (ASMS)** covering senior doctors and dentists, prior to the expiry of the existing one.
- › **Completed assessment of the Public Service Association (PSA) pay equity claim** for the 20-DHB clerical workforce of more than 8000 people, which established that the workforce has been subject to gender-based undervaluation. Preparation for negotiating a settlement has commenced.
- › **Progressed assessment of the nurses and midwives pay equity claim** lodged by the New Zealand Nurses Organisation (NZNO), Midwifery Employee Representation and Advisory Service (MERAS) and the PSA.
- › Together with the Workforce team, we stood up a **DHB/Health Sector COVID-19 Workforce Engagement Group** and responded to more than 300 workforce-related queries from DHBs and unions. Our advice, resources and co-ordination enabled an agile approach and rapid decision-making by General Managers HR and Chief Executives.

### SAFE STAFFING HEALTHY WORKPLACES UNIT

- › **Developed a National Reporting Framework** to enable clear national visibility each quarter of the progress of Care Capacity Demand Management (CCDM) Programme roll-out in individual DHBs and across the country, in line with Safe Staffing Accord 2019 requirements.
- › **Supported DHBs to steadily increase the take-up of CCDM nationwide** from 37 per cent (Q1) to 54 per cent (Q4).
- › **Strengthened education and implementation guidance for the roll-out of CCDM in individual DHBs** by developing a Learning Collaborative Workshop programme enabling the sharing of best practice and lessons learned.
- › **Developed improvements for the CCDM software usability** based on customer needs, increasing efficiency, accuracy and ease for the user.

## » INTEGRATED COMMUNITY CONTRACTS AND COMMISSIONING

### PRIMARY CARE

- › **Supported DHBs to systematically embed telehealth consultations** into routine general practice services. This has resulted in a three-year programme of work supporting all general practice teams, with a priority on Māori, Iwi, rural and Very Low Cost Access general practices.
- › **Provided advice to the Ministry of Health, DHBs and sector representatives** on a review of the annual uplift methodology for all funding streams in the PHO Services Agreement. An updated methodology was agreed and applied from 1 July 2020 that better reflected the cost structure of general practice.
- › **Worked with the Ministry of Health, DHBs and sector representatives** on an implementation approach for the new planned care approach endorsed by Government.
- › **Supported the Ministry of Health, DHBs and general practice teams** with COVID-19 related matters, including financial support payments, testing criteria and funding, Community Based Assessment Centres, policy changes and temporary changes to the PHO Services Agreement.

### COMMUNITY PHARMACY

- › **Supported DHBs to enable community pharmacies to provide MMR** (Measles, Mumps and Rubella) immunisations in late 2019, to help with the measles outbreak response.
- › **Supported DHBs to expand influenza immunisation access to all funded patient groups** and implement the 2020 immunisation season early in mid-March, to help take pressure off the healthcare system in the event of a widespread COVID-19 outbreak.
- › **Strengthened equity requirements** in the 2019/20 Integrated Community Pharmacy Services Agreement variation, through weighted funding for pharmacies based on population needs.
- › **Supported DHBs and the Ministry of Health with analytical, contractual and implementation advice** on emergency funding for community pharmacies' COVID-19 response.
- › **Supported DHBs and the Ministry of Health with changes to regulations**, to enable pharmacies to continue dispensing under COVID-19 Alert Levels 3 and 4, when general practitioners began working virtually.
- › **Set up Pharmacy Leaders Forum** to enable wide sector consultation during COVID-19 Alert Levels 4 – 2.

### PUBLIC HEALTH

- › **Worked with DHBs, their Public Health Units and the Ministry of Health to review the Core Public Health Services agreement**, while aligning the process and contract deliverables with the DHB annual planning process.

- › **Convened a national Public Health Collaboration Group to identify key challenges and strategic solutions** within public health, to inform a new, comprehensive national programme to strengthen population and public health.
- › **Convened a Public Health Governance Group** to act as a steering group for the work of the Collaboration with a particular emphasis on ongoing COVID-19 planning and response, with a key focus on the specific needs of Māori, including equity and active protection.

### ADOLESCENT ORAL HEALTH

- › **Completed phase one of the 20 DHBs' Oral Health Services Interim Landscape Review** to ascertain how well the Combined Dental Agreement (CDA) delivers oral health benefits to children and adolescents, and ensures equitable outcomes.
- › **Supported DHBs and the Ministry of Health to make temporary changes to the CDA** and to claiming software to enable COVID-19 response.

### HEALTH OF OLDER PEOPLE

- › **Published the report of the Aged Residential Care Funding Model Review** – which recommended developing a new person-centred, equity-based funding model using the interRAI Resource Utilisation Groups (RUGS) tool – and developed a Request for Proposal for implementation of a pilot model.
- › **Consulted on and developed a National Service Specification for Home and Community Support** to support a new service model to deliver more consistent services across the country.
- › **Delivered this year's 1 July variations to the Aged Residential Care Agreement and the Aged Residential Hospital Specialised Services Agreement** in a challenging COVID-19 environment, supported by cost pressure analysis to inform 2020/21 prices.
- › **Managed the Pay Equity Transitional Support Fund for the NGO sector** on behalf of the 20 DHBs, targeting care support workers in home and community, disability and mental health services – demonstrating DHBs' commitment to a fair and equitable process as Fund responsibility shifted from the Ministry of Health to DHBs.
- › **Undertook, on behalf of the Ministry of Health, data collection about care and support workers** in aged residential care, to build knowledge and inform pay equity estimates.
- › **Brought all community providers together to discuss shared issues around COVID-19**, including home and community support, aged residential care, mental health and addiction, disability community – residential, DHBs and Ministry of Health.

### MENTAL HEALTH AND ADDICTION (MH&A)

- › **Participated in review of membership of the Mental Health Partnership Group** to ensure stronger representation to support the recommendations from He Ara Oranga (Report of the Government Inquiry into Mental Health and Addiction, 2018).
- › **Made significant progress in identifying tools to address multiple NGO audits**, variations in pricing to inform redesign of the purchasing framework for MH&A, and address inequitable pricing of NGO services.

## »REGIONAL SERVICES

## CENTRAL REGIONAL SERVICES

- › **Implemented the Regional Equity Framework** across all regional programmes, and ran Equity Framework workshops with all Central Region DHBs.
- › **Worked with the Central Region radiology network to develop CT Scan Cancer Protocols** for implementation across the region that improve consistency for cancer patients.
- › **Supported the Central Region radiology network** to develop a workforce plan.
- › **Supported Central Region radiology network to incorporate evidence-based guidance** for the management of young onset dementia into the Central Region cognitive impairment health pathways of care.
- › **Worked through COVID-19 alert levels to help Central Region DHBs cope with the impact of COVID-19**, including ongoing work with regional clinical networks – particularly radiology, cardiac and stroke, to review and revise clinical pathways and protocols for acute services.
- › **Facilitated Central Region Well Child Tamariki Ora provider hui** at each COVID-19 Alert Level, providing a forum for peer support and the sharing of knowledge, challenges and experiences for service delivery during COVID-19.

## REGIONAL DIGITAL HEALTH SERVICE

- › **Upgraded web-based Patient Administration Systems** for Whanganui, Mid Central and Wairarapa DHBs for simpler, faster patient administration.
- › **Worked with Whanganui DHB to introduce a telehealth service**, which removes barriers to access of outpatient care.
- › **Upgraded the regional radiology archive and planned for a move to the cloud** – this means enhanced disaster recovery capability, and easier access.
- › **Successfully moved Hawkes Bay DHB onto the regional Clinical Portal**, opening up a suite of tools for patient care.



## »OTHER NATIONAL PROGRAMMES

## interRAI

- › **Held Knowledge Exchange Forum at TAS with over 60 researchers and sector experts** to spark new research ideas to advance healthcare for older people using interRAI data.
- › **Introduced distance learning very quickly during COVID-19 response** for assessors for interRAI's two most frequently used assessments – Contact Assessment and Long-Term Care Facilities assessment.
- › **Successfully moved interRAI software from two host sites to a single national host site** at Canterbury DHB, creating greater efficiencies.
- › **194 student nurses successfully completed emergency interRAI assessment training** during the COVID-19 response, to relieve pressure on DHB staff and enable a comprehensive picture of the needs of older people living in the community.

## ELECTRONIC ORAL HEALTH RECORD

- › **Submitted a proposal to the Health Information Standards Organisation (HISO)** to initiate development of an oral health and dental data standard. Worked with HISO, DHB and other stakeholders to publish an interim standard by the end of 2020.
- › **Worked with the oral health software vendor and DHB stakeholders to initiate new licensing arrangements** to increase consistency and improve governance arrangements, enabling aligned, common information systems.

## HEALTH SYSTEM PERFORMANCE INSIGHTS

- › **Launched the Visualise service which shares important health data** presented in a user-friendly way to DHBs. Over 150 DHB employees are now using Visualise to securely access information they need, driving better, data-driven outcomes for patients around New Zealand.
- › **Provided insights to DHBs** on health system performance improvement opportunities.
- › **Data modelling supported DHBs to understand the impact of COVID-19 border closures** on the health workforce across New Zealand.
- › **Data modelling informed distribution of additional government funding** to reduce the vulnerability of community pharmacy services during COVID-19.





## Key group achievements

### » AUDIT & ASSURANCE

- › **Completed the largest audit of a Primary Health Organisation (PHO) ever** by the provider audit team in February 2020. This included around 50 DHB contracts (97 purchase units).
- › **Completed two integrated audits** (certification audit team) and one special audit (provider audit team). The integrated audits completed by the certification team combined certification processes with the routine audit processes to enable providers to minimise their site audits and overall have a more streamlined experience.
- › **Completed a special audit entirely remotely during the COVID-19 Alert Level 4 lockdown**, as well as four other routine audits, all undertaken by the provider audit team.

## Key TAS achievement

- › **Achieved registration as a Private Training Establishment (PTE)** with NZQA in October 2019, with work ongoing to boost TAS' offering of cost-effective professional education to providers.



» CASE STUDY

# Responding to COVID-19 emergency to keep New Zealanders safe

The emerging COVID-19 health threat early in 2020 saw TAS swing into action very quickly to respond to the rapidly evolving emergency.

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**A TAS national response team was set up in March, and worked tirelessly with the 20 District Health Boards, the Ministry of Health, unions and sector representatives throughout the Alert Levels to advise the Ministry's National Health Coordination Centre on actions the government needed to take to keep New Zealanders safe.**

The dedicated core team supported by a large number of TAS staff provided technical, analytical and contractual advice across six COVID-19 workstreams covering health workforce, aged care and community NGOs, primary care and pharmacy, public health, supply chain and hospital operations.

TAS maintained strong engagement with business partners across the health sector, supported DHBs to operationalise policy solutions, and shaped communications to unions and health providers.

In addition, TAS advised on workstream activity to DHB executive teams who met frequently each week, including DHB General Managers HR, General Managers Planning and Funding, and Chief Operating Officers, providing the information they needed to make quick decisions.

## » WORKSTREAMS

**Workforce:** TAS provided vital advice on a wide range of important and challenging DHB employment relations matters, providing critical linkages between DHBs, the Ministry of Health and unions. As well as advising on the evolution of workforce policies throughout the Alert Levels, TAS communicated constantly with DHBs to ensure they received updated guidance, and managed hundreds of queries from DHBs and unions. TAS also provided vital support on wider workforce matters ranging from staff rotation between hospitals to temporary accommodation for DHB staff.

**Primary Care and Pharmacy:** TAS worked with DHBs, the Ministry of Health, primary health and pharmacy providers, and other sector organisations to provide analytical, technical and contractual advice to government on emergency COVID-19 financial support packages. This included a focus on equity matters to ensure the needs of the most vulnerable populations were addressed. TAS provided important advice to ensure that flu vaccinations could begin earlier than usual in mid-March and pharmacies could expand their service to all funded people. TAS also set up a Pharmacy Leaders Forum which met several times a week through the Alert Levels.

**Aged Care and Community NGOs:** TAS was instrumental in bringing together representatives from the aged care, home and community support, disability services, and mental health and addictions sectors, and unions. These groups met constantly from mid-March with DHBs and the Ministry of Health to discuss a wide range of critical matters, with particular focus on patient and health worker safety, and financial sustainability. Again, TAS played a critical role advising on technical, funding and contractual matters.

**Public Health:** TAS worked closely with DHB Public Health Units and the Ministry of Health to contribute to the work underway in the community to manage and eliminate the virus.

**Supply Chain:** TAS supported DHBs, the Ministry of Health, PHARMAC and the supply chain sector to address challenging supply chain issues for medications, medical equipment and Personal Protection Equipment.

**Hospital Operations:** TAS provided advice and meeting support to DHB Chief Operating Officers who met constantly to ensure planning and preparedness for the pandemic.

»We will deliver to system-wide needs, play our part well, and maintain our delivery focus so that we can all work together effectively to provide equitable health outcomes for all New Zealanders.

TRICIA SLOAN, GENERAL MANAGER SERVICES GROUP, TAS

The TAS Regional Services team also worked steadily through the Alert Levels to help the six Central Region DHBs cope with COVID-19 impacts. They supported clinical networks, particularly radiology, cardiac and stroke, to revise healthcare pathways and protocols for acute services. The Regional Digital Health Services team maintained uninterrupted services to Central Region, and delivered an online consultation capability to Whanganui DHB.

The interRAI team moved extremely quickly to develop and deliver distance learning so they could continue to train assessors in use of assessment tools, developed an updated algorithm for the home care assessment to identify vulnerable persons at risk, and opened interRAI training to nursing students to alleviate resource pressures.

The TAS Insights and Analytics team provided advice and information to meet immediate needs, and also on the longer-term consequences of COVID-19 to help health system recovery. They did extensive modelling on assumptions about the impact of deferring planned care, clinical and on-demand volumes, increased telemedicine, changes to patient behaviour – for example, how and when people use health services, and changes to government priorities and financial support.

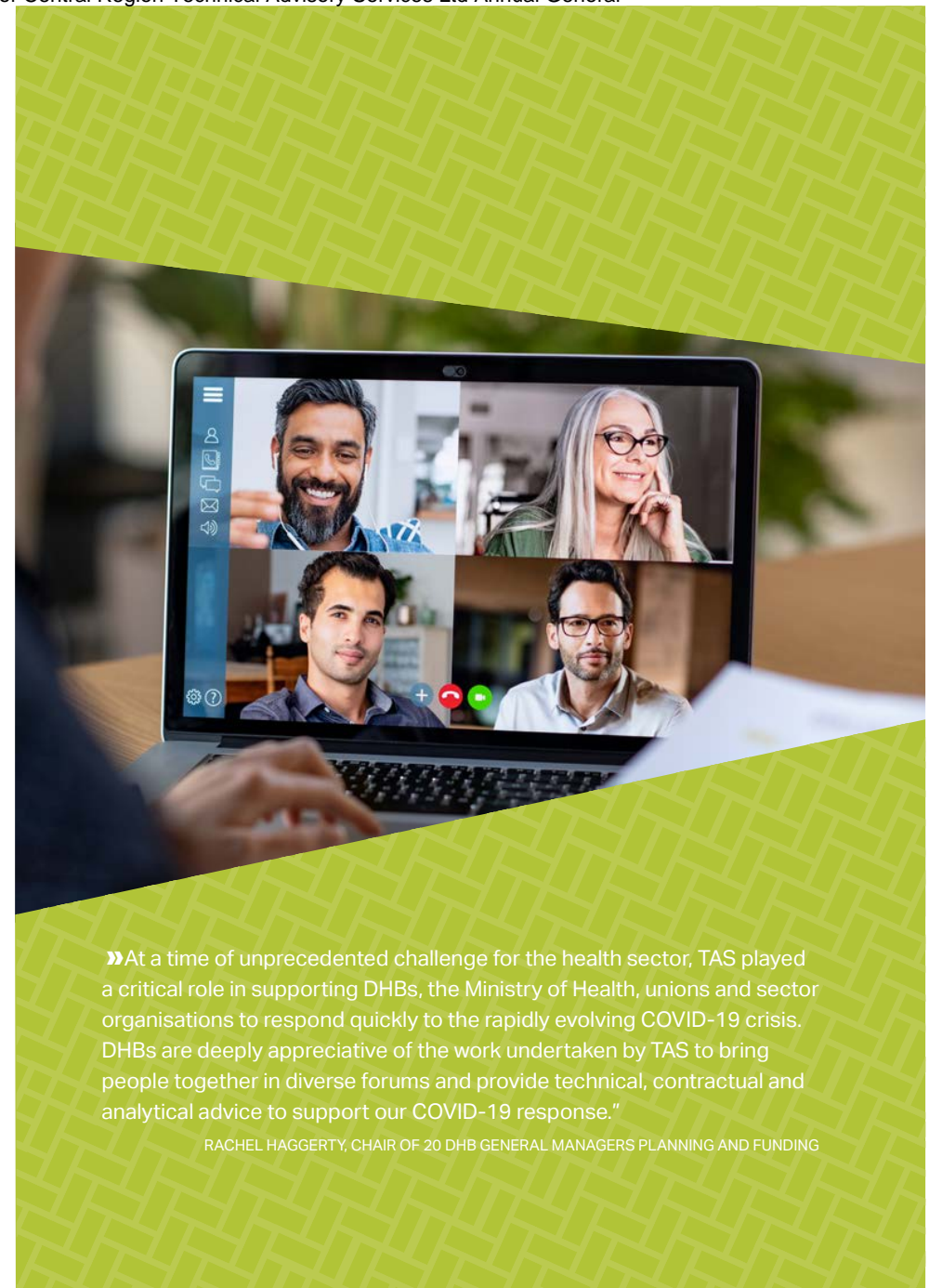
Strong support for the COVID-19 response was also provided by the TAS Collaboration and Governance and Communications teams. TAS managed more than 300 executive-level Zoom meetings during Alert Levels 4, 3 and 2. The TAS Official Information Act team provided advice to the Ombudsman's Office about DHB management of OIAs during the early stages of the pandemic, and ensured DHBs were supported.

By the end of June, TAS was able to resume business-as-usual work programme activities that had been deferred due to COVID-19. However, it continues to work closely with DHBs, the Ministry of Health, sector representatives and unions to address ongoing or outstanding issues arising from the COVID-19 response.

General Manager Services Tricia Sloan said that TAS has been reflecting on the lessons learned during the Alert Levels.

»Our focus is now on supporting DHBs to embed innovation and new models of care, rapid decision-making where appropriate, supported by integrated ways of working and a strong evidence base, and a collaborative, consistent, cohesive 20 DHB approach.

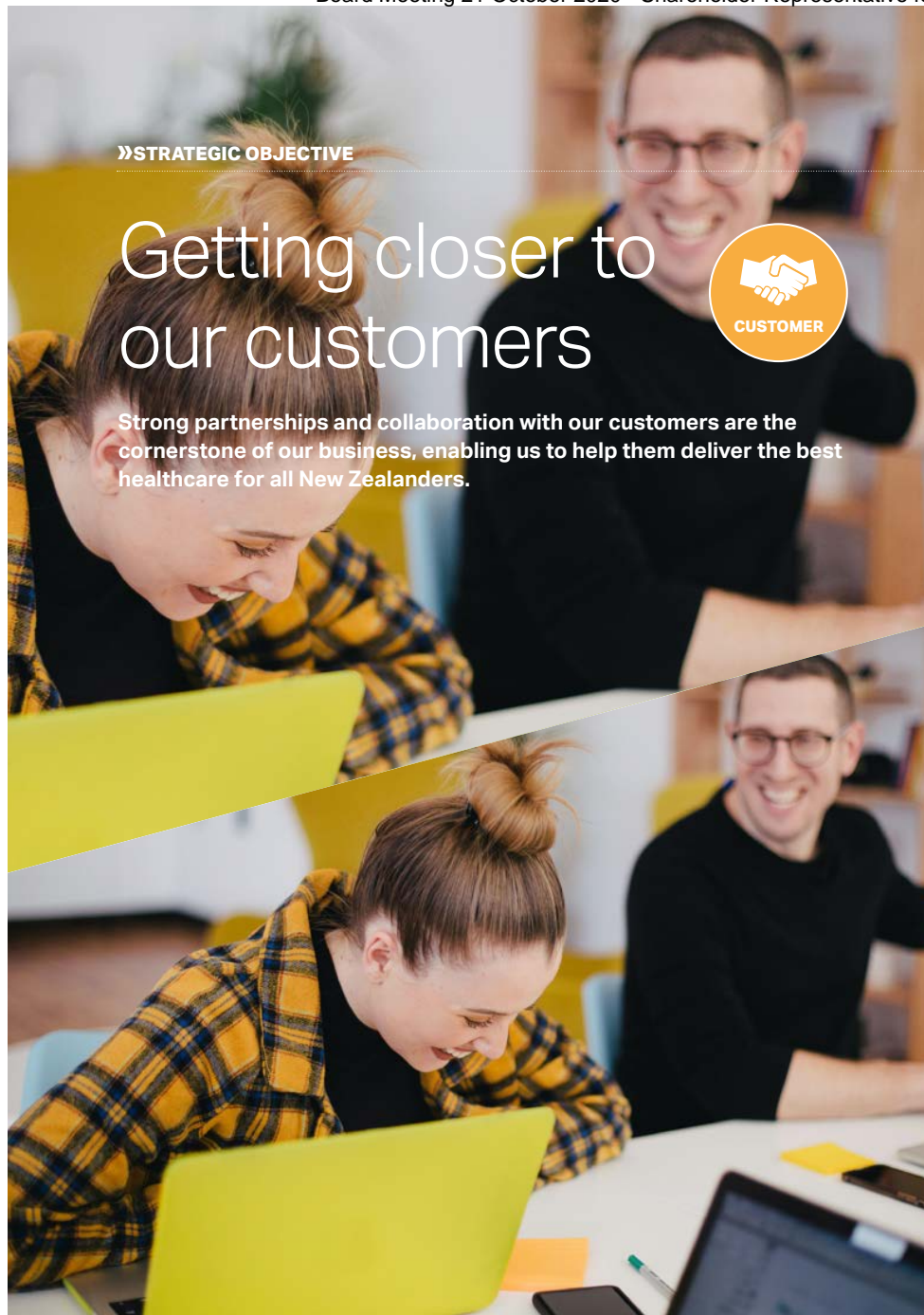
TRICIA SLOAN, GENERAL MANAGER SERVICES GROUP, TAS



»At a time of unprecedented challenge for the health sector, TAS played a critical role in supporting DHBs, the Ministry of Health, unions and sector organisations to respond quickly to the rapidly evolving COVID-19 crisis. DHBs are deeply appreciative of the work undertaken by TAS to bring people together in diverse forums and provide technical, contractual and analytical advice to support our COVID-19 response."

RACHEL HAGGERTY, CHAIR OF 20 DHB GENERAL MANAGERS PLANNING AND FUNDING





## »STRATEGIC OBJECTIVE

# Getting closer to our customers



Strong partnerships and collaboration with our customers are the cornerstone of our business, enabling us to help them deliver the best healthcare for all New Zealanders.

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»Overall we should be proud of our operation. All of the TAS people from front house through to programme folk and analysts are fantastic. You are always proactive and helpful and have a great service mentality.

RUSSELL SIMPSON, CE WHANGANUI DHB

Every year we measure how well we are delivering against customer expectations. This year we conducted a range of face to face and phone interviews with DHB Chief Executives and other stakeholders. Questions focused on their service experience with TAS and areas of opportunity and service improvement. Here's a synopsis of our customer insights.

Our customers told us that:

- › **They're satisfied with our service** – overall TAS is performing well, with our CE customers highly satisfied and complimentary about the work we do.
- › **We're a high performing organisation** – TAS has a strong service culture and is hard working. In many cases individuals were singled out for compliments regarding professionalism, proactivity and responsiveness.
- › **They recognise we operate in a challenging environment** – one where requirements are often ambiguous.

TAS is perceived as an organisation that has:

- › positive, professional and responsive service and support
- › strong capability
- › strong leadership and culture
- › a hard-working team.

»We would like to say thank you to you and the team at TAS who have supported the rapid response type training and equipping for screening for the Older Persons Dwelling Alone project that came about as part of the COVID-19 response. From the Waikato DHB perspective the screening has meant that we now have a status for those older people in our communities and what their needs are during the isolated context for them during level 4 and 3 particularly. This assessment means we have been able to plan and implement ongoing plans as well. None of this would have been possible without your teams responsiveness and willingness to work with us.

CHERYL ATHERFOLD, DEPUTY CHIEF NURSE AND JILL SAFEY,  
NURSE COORDINATOR PROFESSIONAL DEVELOPMENT - WAIKATO DHB

## FRONT+CENTRE EMBRACING A CHANGING ENVIRONMENT

### OUR PARTNERSHIP APPROACH

- › A key part of our work at TAS is supporting and enhancing partnership and collaboration across the sector. Our meeting and collaboration space, Front+Centre, has transformed the way we achieve this.
- › Over the last year, our Front+Centre team have been researching nearby competitors to stay on the pulse of Wellington's meeting and venue market. Our research included site visits to other venues to understand our point of difference. We learnt that Front+Centre offers customers extremely cost effective and high-quality options, and our spaces are highly versatile in the way we can tailor the set up to meet diverse customer needs.
- › Part of looking at our competitors is also looking at where we can establish partnerships across the city. We are proud of the partnership we have in place with Oaks Hotel on Courtney Place to manage their meeting over-flow, and vice versa when Front+Centre is fully booked.

### NEW LOOK, USER FRIENDLY WEBSITE

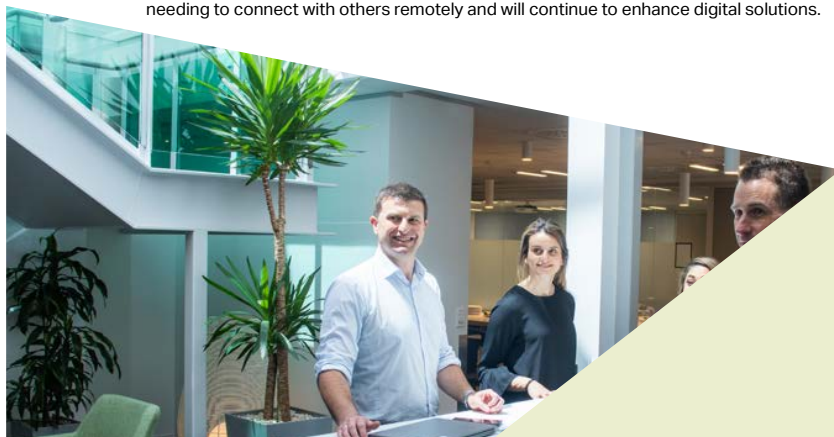
- › During lockdown we took the opportunity to refresh the Front+Centre website to create a more user-friendly experience for our customers. The website incorporates an interactive map of our venue, more intuitive equipment and catering pages, fresh imagery and emphasises our ability to run in-person/remote meetings. Visit [frontandcentre.co.nz](http://frontandcentre.co.nz)

### NEW TECHNOLOGY

- › To provide a superior experience to our customers, we've been outfitting our meeting rooms with sensational new technology, enabling superior audio-conferencing sound quality and fast video-conferencing connectivity. Our customers value the experience to host their meetings in our rooms, and we're proud of the way the technology has made customer meetings more dynamic.

### LOOKING FORWARD WITH FRONT+CENTRE

- › With COVID-19 leading to new ways of working for many of our customers, Front+Centre has the technology to make connecting to out-of-town colleagues seamless. From Alert Level 2, we started running a company-wide Hui with around 30 people in our Front+Centre meeting room and roughly 100 people via Zoom. The Front+Centre team offer full support for customers needing to connect with others remotely and will continue to enhance digital solutions.



Front+Centre collaboration space is great for one-on-one meetings



Looking in to Te Aro – our largest room with high-tech audio and video conferencing



» CASE STUDY

# interRAI digital training for clinicians mobilised in record time

Karen Goymer – interRAI educator

**As New Zealand climbed through COVID-19 Alert Levels in March 2020, the interRAI education team reconsidered their work plan. A previous long-term goal of rolling out a new interRAI training model quickly became a short-term one.**

A sudden, urgent need for extra interRAI training arose as a result of pressure on DHB staff, just as the danger of gathering for group training was highest. “We couldn’t risk the health of clinicians, and the vulnerable people they care for, by providing face to face training as we normally would, so we organised distance learning instead,” said Michele.

The interRAI education team wrote, designed and built a fully interactive new training programme using self directed learning integrated with educator-directed Zoom sessions, in just four days. The first group of trainees began the course on 30 March 2020.

Educators upskilled quickly to train clinicians remotely, and trainees began completing the course and becoming competent – 258 people by 30 June 2020.

» We were planning a move to a new model for our training programmes over a longer period, but the pandemic made us reassess that.

MICHELE MCCREADIE, GENERAL, MANAGER  
interRAI SERVICES, TAS

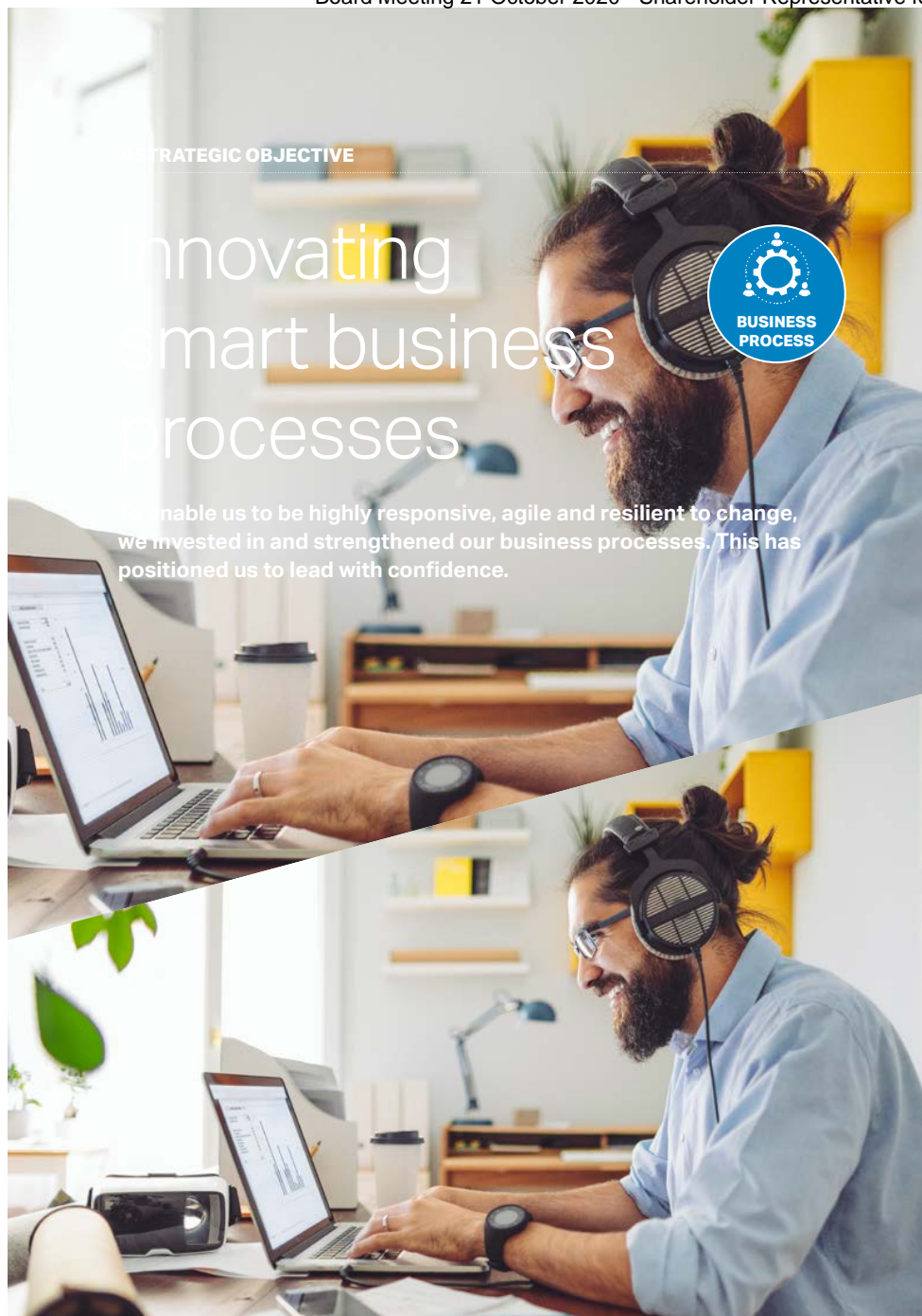
interRAI has now successfully rolled out a second distance learning programme, for Long Term Care Facilities (LTCF) assessment training. This programme trains clinicians to conduct assessments in aged residential care facilities. LTCF training is our most popular programme, so having a distance learning option available makes a world of difference to busy clinicians – it reduces their time away from residents and cuts out the need for travel – making it a very attractive option.

Further distance learning courses are planned for the near future, including Home Care, Community Health and Palliative Care assessments.

“Our team picked up the pace to help support clinicians. I’m very proud of our agile response to this challenge,” said Michele.

» The Board was very grateful for the prompt response of the interRAI education team in activating an online learning option so effectively when the COVID-19 situation was escalating. This quick response meant quality learning through lockdown, and benefits for assessors and employers in the long-term.

CATHY COONEY, interRAI NZ GOVERNANCE CHAIR



## STRATEGIC OBJECTIVE

# Innovating smart business processes

enable us to be highly responsive, agile and resilient to change, we invested in and strengthened our business processes. This has positioned us to lead with confidence.

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## TRANSFORMING OUR BUSINESS AND THE WAY WE WORK

Over the last year, TAS has been on a journey of continuous transformation of both its people and processes.

With a consolidated services group in place to manage DHB programmes, a portfolio of standalone enterprises, expert advice and system wide analysis direct to customers, combined with strengthened leadership and business support, TAS has been well positioned to achieve our aspiration of growing the value we deliver to the sector.

Our TAS groups have been leveraging areas of shared capability across operational support, data analysis and insights and leadership to respond and adapt to the changing environment. During the COVID-19 alert levels, we were fortunate we'd put investment into building robust, future proofed systems and processes, that were also highly agile, enabling us to mobilise our people and processes with speed.

Like many organisations, we will continue to refine our processes to ensure we are match fit to successfully deliver our 2025 Strategy and support our customers to manage sector change in the future.

## NEW FINANCE SYSTEMS BRING EFFICIENCIES

In 2019/20, TAS successfully implemented a new financial system (Business Central), which included a workflow based electronic approval system (Continia) for supplier invoices, based on our financial delegations. Both these systems have modernised financial processing at TAS, resulting in efficiencies and improved controls.

To better support our leaders, PowerBI reporting has been introduced with the support of our TAS Insights and Analytics Team. This dashboard reporting allows budget managers to see and query the financial performance of their business areas anywhere, anytime using a web browser. This system provides better and more timely financial information, assisting the finance business to partner with the wider organisation.

»The team put in a massive effort to get everyone up and running from home successfully, including identifying and resolving any device or network issues that were hindering productivity. They stepped up to provide support for TAS outside of standard business hours, and prioritised support to those staff directly involved with COVID-19 response work.

GREG HUNT, ACTING MANAGER OF INTERGRATED SUPPORT, TAS



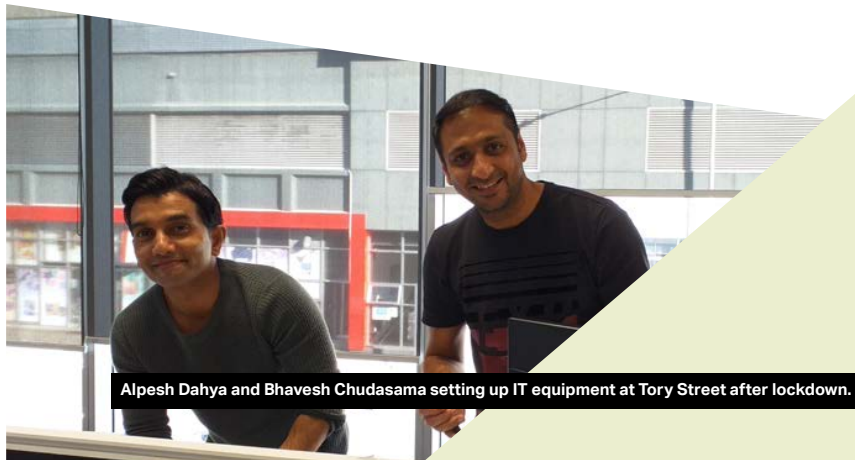
## CLOUD PRODUCTIVITY TOOLS SUPPORT TRANSITION TO HOME-BASED WORKING

A business continuity plan imagines a crisis. It sets out how a business will respond to the unprecedented, the unexpected, the unimaginable. It speculates on what might go wrong and how a business might respond. What happens when an imaginary crisis becomes reality?

In March, New Zealand found itself taking drastic action against COVID-19. When a national lockdown was announced on 23 March, normal business processes were upended and TAS staff had to adapt – fast. Staff had only hours to collect the equipment and resources they needed to work from home, not knowing when they would be allowed back. Activating the technology part of the Business Continuity Plan, IT staff worked at speed and outside normal hours to support them.

TAS adopted cloud-based productivity suite, Office 365 and all staff laptops were upgraded to Windows 10 in March 2019. This was a strong foundation for our lockdown response, and meant staff could set up and start working at home without difficulty.

Right away, there was a pressing need for a way to stay in touch that was more immediate and comprehensive than email. Leveraging existing investment in Office365, IT Services swiftly rolled out Teams as the best way to connect remotely. Teams supports voice calling, video calling and txt chat, as well as integrating with other services like Microsoft Office. For larger 'all hands' gatherings, Zoom was introduced to bring 200+ staff members together. IT Services' swift action, careful preparation and agile approach supported an entire organisation to keep moving during a global emergency – no small feat.



Alpesh Dahya and Bhavesh Chudasama setting up IT equipment at Tory Street after lockdown.





» CASE STUDY

# Remote audits minimising disruption during COVID-19

TAS ANNUAL REPORT 2019/20

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## **Safety and wellbeing of our people and customers was top of mind for the Audit & Assurance team when COVID-19 started to spread at pace throughout our communities.**

The Provider Audit Programme and Internal Audit Programme knew they needed to quickly adapt their auditing programmes and processes to accommodate the changing environment. During lockdown, the Provider Audit Programme ran five remote audits, including one special audit, with feedback showing providers and stakeholders valued the experience.

TAS remote audits involved interviewing key employees over the phone or by video conference and reviewing processes and systems by exchanging documents via secure electronic share-points. "The team have the latest technology which enabled them to continue to do their work and minimise any disruption to the services being delivered by auditees," said Holger Jessen, General Manager, Audit & Assurance.

"The team worked with auditee service providers to understand their priorities during this difficult and uncertain time. And in some instances, audits were delayed given organisations were already under pressure with the pandemic," said Holger.

By June 2020, approximately half of the delayed audits from the Provider Audit Programme resumed, with the remaining audits being rescheduled later in 2020 or postponed to the next financial year.

The Internal Audit Programme also continued during the lockdown, mainly working across the Central Region. Holidays Act work looking at a framework for areas like payroll systems, annual holiday pay for casual workers and annual leave for staff continued in both the Central and Northern regions across seven DHBs.

Safety and wellbeing was the top priority throughout the Audit & Assurance team's work during COVID-19. We asked all auditors to declare overseas travel, along with contact with positive cases and any flu-like symptoms, to ensure we minimised risk for audit site visits.

» We work with the DHBs and providers on the best possible approach. We're expecting our new audit approach will reduce apprehension for auditees and will result in a streamlined audit experience with minimal disruption,"

HOLGER JESSEN, GENERAL MANAGER,  
AUDIT & ASSURANCE, TAS

Our Audit & Assurance team have adapted their programmes to the changing environment, as newly realised opportunities to increase programme efficiency came to light during COVID-19.

In the Provider Audit Programme, the team are now able to do desktop audits without the need to visit providers and can run audits either fully or partially remotely.

» STRATEGIC OBJECTIVE

# Learning and growth for our people

With a team of 200 across the country, we've always had a strong focus on creating a culture conducive to helping our people thrive.



» Our focus during 2019/20 has been increasing our organisational capability, lifting engagement, and developing cultural competence.

## BUILDING OUR LEADERS AND CULTURE

A strong People and Communications team has been formed to develop frameworks that will enable and drive cultural growth at TAS.

### WHAT WE ACHIEVED OVER THE PAST YEAR

- › **Induction redesigned**, including introducing fanTASTic days which connect TAS newcomers with our strategy, purpose and people in an engaging way, along with giving them the opportunity to share their story.
- › **Intensive leadership programme delivered to 30 TAS leaders** which focused on leading self, culture and talent, leading strategically and leading through change. Complemented by an internal programme which helps leaders embed and operationalise what they have learnt in the first half of the year.
- › **New People and Communications team** formed, including an Organisational Development Specialist role.
- › **Engagement Framework implemented**, including pulse checks (regular surveys to measure the engagement of our people).
- › **People Experience mapping undertaken** – a process looking at how we attract and recruit people to TAS right through to creating a strong impression when they leave.
- › **5 weeks annual leave implemented** to support our people to look after their health and wellbeing.
- › **Community initiatives**, including Build a Bike at TAS Day – with newly built bikes going to young children in need in our low decile schools.
- › **New Ways of Working programme launched** following COVID-19.

### THIS YEAR WE SAW OUR PEOPLE ENGAGEMENT RATE RISE

| People engagement | Participation rate |         | Engagement rate |         |
|-------------------|--------------------|---------|-----------------|---------|
|                   | 2019/20            | 2018/19 | 2019/20         | 2018/19 |
|                   | 83%                | 87%     | 73%             | 55%     |

Note: due to a change in questions over the two year period, these are incomparable scores. They do, however, show a rise in our engagement rates.

Build a Bike at TAS Day



## NEW WAYS OF WORKING

When New Zealand moved into Alert Level 1, TAS went from a response state to accelerating new ways of working.

Globally, the COVID-19 pandemic shifted mindsets towards the way organisations set themselves up to deliver to their customers, and how they create a flexible and dynamic workplace for their employees.

TAS was already underway with setting up frameworks for becoming an employer of choice, integrating te ao Māori to build our cultural competence, refocusing leadership expectations, leveraging our people's skills and passion, and using digital technology to connect and collaborate wherever we are.

In June 2020, we accelerated our existing work by launching an internal programme called New Ways of Working to add value to our customers and people by reimagining our culture, environment, processes and technology.

## THE FOUR WORKSTREAMS INCLUDED

### Culture

Evolving a culture of achievement underpinned by trust, accountability and collaboration.

### Environment

Creating the physical spaces to support new ways of working.

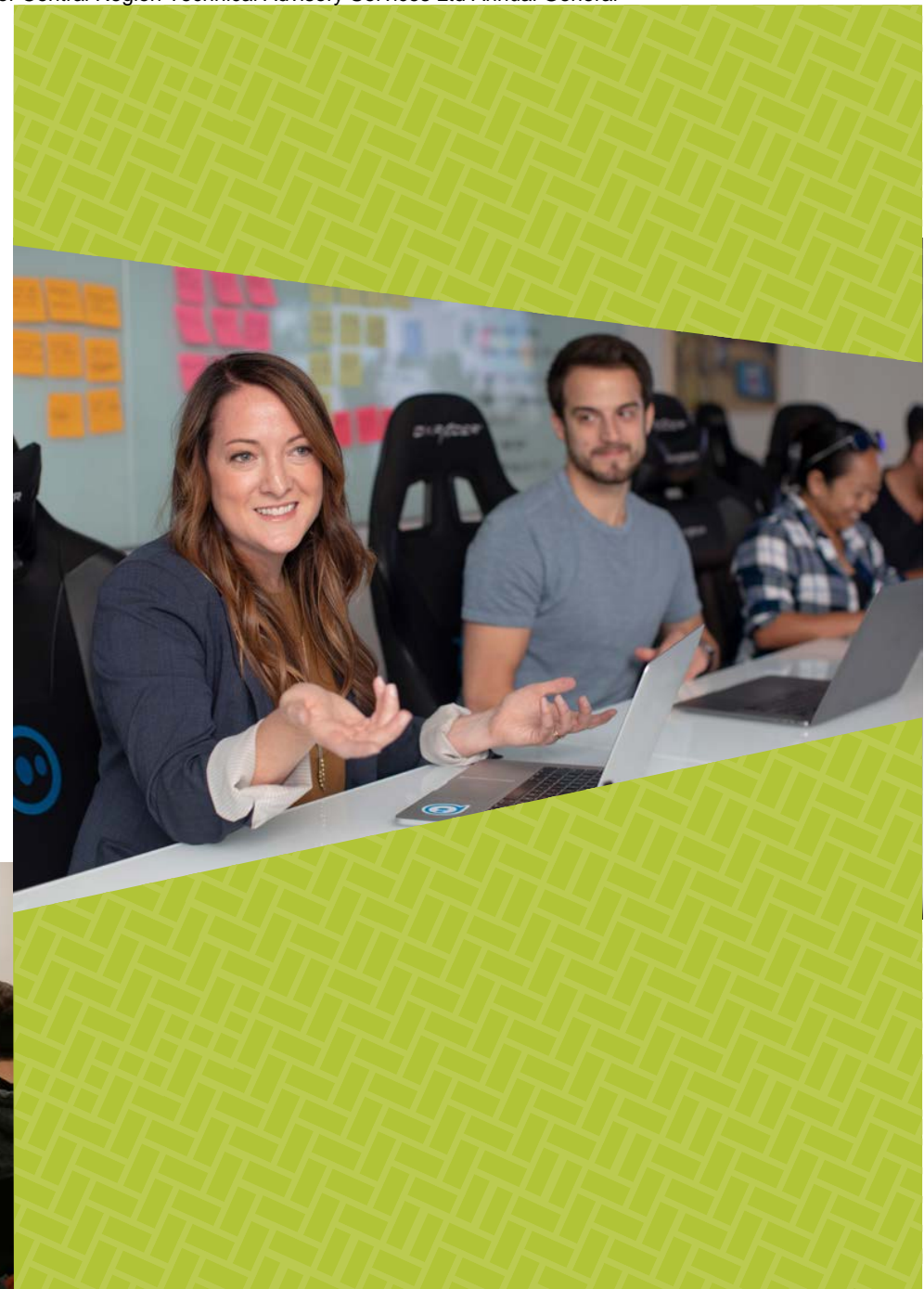
### Technology

Enabling our working preferences and ensuring our technology is future focused and sustainable.

### Processes

Developing processes, policies and guidelines that support the culture and experience of new ways of working.

One area of exploration has been giving our people the tools and capability to work remotely. Pictured is a TAS hui where around 30 people gathered in our Front+Centre meeting room and connected via Zoom to 100 or more of our people working from home.





### Establishment of Roopu Māori

"He Waka Eke Noā"

*A canoe we are all in, without exception*

#### Te Roopu Māori o TAS

A group of Māori employees who share experiences as Māori within the organisation. This group provided support for Te Roopu Rautaki Māori to be established.

#### Te Roopu Rautaki Māori

A partnership group of Māori and non-Māori employees who meet regularly to provide advice to the organisation on how to act to enhance experiences for Māori stakeholders, partners and employees.



*Ko te wai te ora o ngā mea katoa | Water is the life giver of all things*



### Development of Te Rautaki Māori

"Whāia te iti kahurangi, ki te tuohu koe, me he maunga teitei"

*Seek the treasure that you value most dearly, if you bow your head, let it be to a lofty mountain*

The TAS Māori roopu provided insight to TAS leadership to develop a set of key strategic outcomes for the organisation to improve our ability to partner with Māori communities.

These key strategic aims are:

- › Support Māori employees
- › Our people understand their level of cultural competence
- › Resources are in place to work with and within te ao Māori
- › Māori and non-Māori customers and stakeholders are connected
- › Provide trusted advice to stakeholders regarding partnering with Māori to achieve equity and improve health outcomes for Māori
- › Our people are comfortable and confident in Māori environments
- › We provide value to the sector through Māori health and Māori engagement.

Te Rautaki Māori was presented to the TAS Board, and people within TAS, and gained endorsement to plan actions to meet strategy outcomes as well as securing resourcing for the initial action of an organisational Māori cultural assessment.



### Māori Cultural Assessment

"Nā tō rourou, nā taku toutou, ka ora ai te iwi"

*With your food basket and my food basket the people will thrive.*

The first action of the strategy was to complete a Māori Cultural Assessment of the organisation to find out where we were. Through a Request for Information (RFI) process we identified a number of organisations who could provide this, and selected the Nga Kete Atawhai team to assist us to complete this.

Nga Kete Atawhai spent four weeks with us looking into our processes, speaking with our people, and engaging with our stakeholders to identify where we were at.

The result showed areas of development and recommended actions that we could perform to enhance our ability to support te ao Māori initiatives within the work we do.



### The Future

"Poipoia te kakano, kia puawai"

*Nurture the seed and it will blossom*

#### Te Rautaki Māori

Continue to develop the organisation to reach the outcomes of Te Rautaki Māori to increase our capability for working in partnership with Māori.

#### Learning Opportunities

Provide learning opportunities for all our people including the Board over the next six months, while developing ways to embed this learning into workflow.

#### Stronger Engagement

Build stronger engagement with Māori through networks and new relationships to increase our ability to support our stakeholders to work in partnership with Māori.

#### Physical Space

Review our physical spaces to greater reflect both te ao Māori and te ao Pākehā.

# Te Rautaki Māori 2020

**kāhui tuitui tāngata | Calling people to come together to embrace and enhance the wellbeing of Whānau, Hapū, Iwi and their communities**



## SAFETY AND WELLBEING

Our safety and wellbeing committee, made up of representatives from each business group, meet regularly to foster and monitor positive safety and wellbeing at TAS. A monthly report on the committee's activities, issues and incidents is presented to the Board to ensure TAS is meeting its obligations under the Health and Safety Work Act.

### KEY ACHIEVEMENTS OVER THE PAST YEAR INCLUDED

- › **First Aid course and fire warden training** run on site for our people.
- › **Revamp of Safety and Wellbeing intranet hub** with additional guidelines, resources, and themed information like emergency management and wellbeing at people's fingertips.
- › **Events organised to encourage staff engagement and collaboration** such as Move It March (10,000 step challenge).
- › **Proactive health initiatives** such as free flu vaccinations.
- › **Ergonomic workstation** set ups and assessments.
- › **Dedicated wellbeing area on Yammer during COVID-19 alert levels** – an initiative set up in partnership with the Social Committee to boost people's wellbeing while working at home. Weekly tips, quotes and challenges themed around mindfulness, gratitude, exercise, nutrition, and enjoyment were shared.
- › **Wellbeing guidance during COVID-19 alert levels** – information packs sent to all our people about setting up an effective home office including correct ergonomics, and looking after our mental and physical wellbeing during times of stress.

»At TAS we care about the safety and wellbeing of our people and are committed to providing a safe and healthy workplace. It's about looking after both the physical and mental wellbeing of our people, identifying and managing risks and looking for opportunities to do better. We demonstrated this commitment during COVID-19; a time when consistent and strong safety and wellbeing support for our people was needed. We all have a role to play in contributing to a robust safety and wellbeing culture at TAS.

HILLARY PALMER, DIRECTOR, PEOPLE AND COMMUNICATIONS, TAS



Enjoying the great outdoors during Move it March



## » CASE STUDY

# A focus on safe staffing for quality patient care

A drive for quality patient care in safe environments for staff, while ensuring the best use of available workforce resources, underpins the Care Capacity Demand Management Programme (CCDM) which the Safe Staffing Healthy Workplaces (SSHW) Unit in TAS is supporting all DHBs, and union partners to implement.

Care Capacity Demand Management team

TAS ANNUAL REPORT 2019/20

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In 2019-20, the team launched the first quarterly report of the new National Reporting Framework, developed by the SSHW Unit with support from DHBs, the Ministry of Health (MoH) and unions. The report is a significant step forward, taking data from around the country to enable a national snapshot of DHB progress in implementing CCDM. TAS Insights and Analytics is supporting the team to deliver the reports.

The Reporting Framework is showing a steady increase in implementation across the country – from 37 per cent at the end of September to 54 per cent at the end of June. The reports are multi-layered and enable deeper analysis of individual areas such as nursing, midwifery, Mental Health & Addictions and Allied Health workforce groups. The reports are showing commendable improvements in the Midwifery and Allied Health areas especially.

» DHBs and union partners remain committed to working together to achieve safe staffing and healthy workplaces, by supporting full implementation of the CCDM Programme for nurses and midwives by June 2021 in all DHBs.

JULIE ROBINSON AND MEMO MUSA,  
CO-CHAIRS, SAFE STAFFING HEALTHY  
WORKPLACES GOVERNANCE GROUP

## ABOUT THE PROGRAMME

The CCDM Programme is an evidence-based, sophisticated methodology which aims to match staff resource to patient need. It was developed in partnership by the DHBs and three health sector unions – the New Zealand Nurses Organisation (NZNO), the Public Service Association (PSA) and Midwifery Employee Representation and Advisory Services (MERAS).

Implementation of CCDM has, for some years, been a contractual obligation for all DHBs and health sector unions through their Multi-Employer Collective Agreements (MECAs), and the 2018 MECA included a commitment to deliver CCDM in DHBs for nurses and midwives by 30 June 2021. That commitment was reinforced in the Safe Staffing Accord signed in 2018 by DHBs, unions, the MoH and then Minister of Health Hon David Clark.

At a national level, the SSHW Unit and CCDM Programme is governed by a tripartite group comprising representatives from DHBs, the three unions and the MoH. Each DHB has a CCDM Council comprising union and DHB representatives, which govern CCDM implementation against nationally agreed programme standards.

## EDUCATION AND IMPROVEMENT

To facilitate a better understanding of the CCDM Programme, in 2019 the Unit developed an innovative Learning Collaborative workshop series to enable DHBs to share experiences and discuss lessons learned. The first workshops at TAS in February were very well received by participants from a range of DHBs around the country.

The workshops were put on hold during COVID-19 and the Unit is exploring other ways to support DHBs to collaborate on their shared experiences and learnings.

## CHANGES AND OPPORTUNITIES

In 2020/21, the Unit will continue to prioritise support for DHBs to meet CCDM delivery for nurses and midwives by June 2021. Other initiatives underway to promote safe staffing and healthy workplaces include:

- › exploring integrated care delivery models across hospital and community
- › increased data analysis to inform and support DHBs
- › building online resources and tools to increase education access and use for staff
- › considering support for other professional groups that may benefit from safer, healthier workplaces.



# Financial Statements

## Statement of comprehensive revenue and expense for the year ended 30 June 2020

|   | Notes | 2020<br>\$000 | 2019<br>\$000 |
|---|-------|---------------|---------------|
| <b>Revenue</b>  |       |               |               |
| DHB revenue   |       | 27,927        | 30,411        |
| Interest revenue  |       | 72            | 211           |
| Other revenue   | 2     | 11,771        | 9,440         |
| <b>Total revenue</b>  |       | <b>39,770</b> | <b>40,062</b> |
| <b>Expenditure</b>  |       |               |               |
| Personnel costs   | 3     | 25,321        | 23,465        |
| Depreciation and amortisation expense                         |       | 607           | 458           |
| Other expenses  | 4     | 13,981        | 15,807        |
| <b>Total expenditure</b>                                      |       | <b>39,909</b> | <b>39,730</b> |
| <b>Net surplus/(deficit)</b>                                  |       | <b>(139)</b>  | <b>332</b>    |
| <b>Total comprehensive revenue and expense for the period</b> |       | <b>(139)</b>  | <b>332</b>    |

## Statement of changes in equity for the year ended 30 June 2020

|   | 2020<br>\$000 | 2019<br>\$000 |
|---|---------------|---------------|
| Balance at 1 July                                   | 4,999         | 4,667         |
| Total comprehensive income and expense for the year | (139)         | 332           |
| <b>Balance at 30 June</b>                           | <b>4,860</b>  | <b>4,999</b>  |

## Statement of financial position as at 30 June 2020

|                                      | Notes | 2020<br>\$000 | 2019<br>\$000 |
|--------------------------------------|-------|---------------|---------------|
| <b>Current Assets</b>                |       |               |               |
| Cash and cash equivalents            | 5     | 14,557        | 12,043        |
| Receivables                          | 6     | 3,468         | 3,669         |
| Prepayments                          |       | 13            | 530           |
| <b>Total current assets</b>          |       | <b>18,037</b> | <b>16,242</b> |
| <b>Non-current assets</b>            |       |               |               |
| Property, plant & equipment          | 7     | 701           | 923           |
| Intangible assets                    | 7     | 1,058         | 949           |
| Work in progress                     |       | 0             | 8             |
| <b>Total non-current assets</b>      |       | <b>1,759</b>  | <b>1,880</b>  |
| <b>Total assets</b>                  |       | <b>19,796</b> | <b>18,122</b> |
| <b>Current liabilities</b>           |       |               |               |
| Payables                             | 8     | 10,934        | 8,398         |
| Funds received in advance            |       | 1,672         | 2,804         |
| GST payable                          |       | 243           | 94            |
| Employee entitlements                | 9     | 1,373         | 1,112         |
| <b>Total current liabilities</b>     |       | <b>14,221</b> | <b>12,408</b> |
| <b>Non-current liabilities</b>       |       |               |               |
| Working capital reserve              |       | 715           | 715           |
| <b>Total non-current liabilities</b> |       | <b>715</b>    | <b>715</b>    |
| <b>Total liabilities</b>             |       | <b>14,936</b> | <b>13,123</b> |
| <b>Net assets</b>                    |       | <b>4,860</b>  | <b>4,999</b>  |
| <b>Equity</b>                        |       |               |               |
| Share capital                        |       | -             | -             |
| General funds                        |       | 4,860         | 4,999         |
| <b>Total equity</b>                  |       | <b>4,860</b>  | <b>4,999</b>  |

## Statement of cash flows for the year ended 30 June 2020

|   | Notes | 2020<br>\$000 | 2019<br>\$000 |
|---|-------|---------------|---------------|
| <b>Operating Activities</b>                                 |       |               |               |
| Receipts from customers                                     |       | 38,768        | 42,925        |
| Interest received   |       | 72            | 211           |
| Payments to employees                                       |       | (25,058)      | (23,423)      |
| Payments to suppliers                                       |       | (10,928)      | (17,905)      |
| Goods and services tax (net)                                |       | 147           | 20            |
| <b>Net Cash Flow from Operating Activities</b>              | 10    | <b>3,001</b>  | <b>1,828</b>  |
| <b>Investing Activities</b>                                 |       |               |               |
| Purchase of property, plant, equipment                      |       | (100)         | (432)         |
| Purchase of intangibles                                     |       | (387)         | (931)         |
| Purchase of short term investments                          |       |               | 550           |
| <b>Net Cash applied to Investing Activities</b>             |       | <b>(487)</b>  | <b>(813)</b>  |
| <b>Net Cash from Financing Activities</b>                   |       | <b>-</b>      | <b>-</b>      |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |       | <b>2,514</b>  | <b>1,015</b>  |
| Cash and cash equivalents at the beginning of the year      |       | 12,043        | 11,028        |
| <b>Cash and cash equivalents at the end of the year</b>     |       | <b>14,557</b> | <b>12,043</b> |

For and on behalf of the Board:



Murray Bain  
Chair  
23 September 2020



Catherine Law  
Director  
23 September 2020



## Central Region's Technical Advisory Services Limited Notes to the Financial Statements

### 1. Statement of accounting policies

#### REPORTING ENTITY

Central Region's Technical Advisory Services Limited (TAS) is owned by the six central region DHBs, which are Crown entities as defined by the Crown Entities Act 2004. Relevant legislation governing TAS operations, as a Crown entity subsidiary is the Crown Entities Act 2004, and the Companies Act 1993 as a Company. TAS' ultimate parent is the Crown. TAS' primary objective is to provide professional services to the New Zealand health sector. TAS does not operate to make a financial return.

TAS has designated itself as a public benefit entity (PBE) for financial reporting purposes. The financial statements for TAS are for the year ended 30 June 2020 and were approved by the Board on 23 September 2020.

#### BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

#### Statement of compliance

The financial statements of TAS have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with the PBE accounting standards.

#### Measurement base

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

#### Standards issued and not yet effective and not early adopted

There are no new, revised or amended standards that have been issued but are not yet effective that would have a significant impact on the company's financial statements.

#### COVID-19 Pandemic

There is no material impact from the COVID-19 pandemic on the financial statements and there is no material impact to the going concern basis on which they were prepared.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue

The specific accounting policies for significant revenue items are explained below:

##### DHB funding

TAS is funded by the National and Regional DHBs. DHB revenue is recognised as revenue when it becomes receivable unless there is an obligation in substance to return the funds if conditions of the National or Regional Work Plans are not met. If there is such an obligation, the funding is initially recorded as revenue in advance and recognised as revenue when conditions of the work plans are met.

#### Ministry of Health funding

TAS receives funding from the Ministry of Health ("MoH") for a number of different initiatives, the most significant being interRAI. MoH revenue is recognised as revenue when it becomes receivable unless there is an obligation in substance to return the funds. If there is such an obligation, the funding is recorded as revenue in advance.

#### Interest revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

#### Leases

##### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

#### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

#### Receivables

Receivables are recorded at their fair value, less any provision for impairment.

A receivable is considered impaired when there is evidence that TAS will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

#### Payables

Short-term payables are recorded at their face value.

#### Employee entitlements

##### Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service, are measured on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

##### Presentation of employee entitlements

Annual leave is classified as a current liability.

#### Property, plant and equipment

Property, plant and equipment consists of leasehold improvements, information technology, furniture and office equipment. Items of property, plant and equipment are stated at cost, less accumulated depreciation. The cost of property, plant and equipment is the purchase cost, together with any incidental costs of integration or acquisition.

**Depreciation**

Depreciation is recognised on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual value over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Leasehold improvements: 2-10 years
- Information technology: 3-5 years
- Furniture and office equipment: 3-10 years

**Intangible assets**

Intangible assets are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Items of Intangibles are stated at cost, less accumulated amortisation. Costs associated with maintenance are recognised as an expense when incurred.

**Amortisation**

Intangible assets have finite lives and are amortised on a straight-line basis over their useful lives as follows:

- Software: 3-5 years

**Equity**

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Accumulated surplus/(deficit)

**Goods and services tax**

All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to the Inland Revenue (IR) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IR, including GST relating to investing and financing activities is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**Income tax**

TAS is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

**Critical judgements in applying accounting policies**

TAS must exercise judgement when recognising DHB and MOH revenue to determine when contractual obligations have been satisfied. Judgement is exercised per contract, excess funds received on contracts with pay back clauses are recognised as funds in advance. If a contract period is across year end the revenue will be allocated based on percentage of completion of the contract. If milestones are not obvious, the contract expenses incurred to date will be used as a guide for the percentage of completion.

**Comparatives**

Certain amounts in the comparative information have been reclassified to ensure consistency with the current year's presentation.

**2. Other revenue**

|                            | 2020<br>\$000 | 2019<br>\$000 |
|----------------------------|---------------|---------------|
| Ministry of Health revenue | 10,135        | 8,629         |
| Other revenue              | 1,636         | 811           |
| <b>Total other revenue</b> | <b>11,771</b> | <b>9,440</b>  |

**3. Personnel costs**

|  | 2020<br>\$000 | 2019<br>\$000 |
|--|---------------|---------------|
| Salaries and wages                               | 24,349        | 22,943        |
| Defined contribution plan employer contributions | 539           | 446           |
| Increase/(decrease) in employee entitlements     | 433           | 76            |
| <b>Total personnel costs</b>                     | <b>25,321</b> | <b>23,465</b> |

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

**4. Other expenses**

|   | 2020<br>\$000 | 2019<br>\$000 |
|---|---------------|---------------|
| Fees to auditor:                                  |               |               |
| - Fees to KPMG for audit of financial statements  | 48            | 47            |
| - Fees to KPMG for review of new financial system | 5             | -             |
| - Other services*                                 | 8             | -             |
| Office lease                                      | 1,143         | 1,057         |
| Travel and transport                              | 1,322         | 1,767         |
| Consultancy                                       | 3,208         | 3,820         |
| Information Communications Technology-RDHS**      | 1,979         | 3,415         |
| Information Communications Technology-Non-RDHS    | 4,660         | 3,640         |
| Legal fees  | 584           | 776           |
| Other   | 1,024         | 1,285         |
| <b>Total expenses</b>                             | <b>13,981</b> | <b>15,807</b> |

\*KPMG support in relation to technical assistance with supplier selection.

\*\*RDHS – Regional Digital Health Services.

**5. Cash and cash equivalents**

|  | 2020<br>\$000 | 2019<br>\$000 |
|--|---------------|---------------|
| Cash at bank and on hand                         | 14,557        | 7,043         |
| Term deposits with maturities less than 3 months | -             | 5,000         |
| <b>Total cash and cash equivalents</b>           | <b>14,557</b> | <b>12,043</b> |

**6. Receivables**

|  | 2020<br>\$000 | 2019<br>\$000 |
|--|---------------|---------------|
| Receivables (gross)                    | 2,735         | 2,983         |
| Accrued debtors                        | 733           | 686           |
| <b>Total receivables</b>               | <b>3,468</b>  | <b>3,669</b>  |
| Total receivables comprises:           |               |               |
| Receivables from exchange transactions | 3,468         | 3,669         |

The aging profile of receivables at year end is detailed below:

|                       | 2020<br>\$000 | 2019<br>\$000 |
|-----------------------|---------------|---------------|
| Not past due          | 2,721         | 3,281         |
| Past due 31 - 60 days | 110           | 202           |
| Past due over 60 days | 637           | 186           |
| <b>Total</b>          | <b>3,468</b>  | <b>3,669</b>  |

All receivables greater than 30 days in age are considered to be past due.

There is a \$nil impairment provision for receivables (2019: \$nil).

**7. Property, Plant and Equipment and Intangibles**

|   | Leasehold<br>improvements<br>\$000 | Furniture<br>& office<br>equipment<br>\$000 | Information<br>technology<br>\$000 | Intangible<br>Assets<br>\$000 | Total<br>\$000 |
|---|------------------------------------|---|------------------------------------|-------------------------------|----------------|
| <b>Cost</b>                                       |                                    |   |                                    |                               |                |
| Balance at 1 July 2018                            | 463                                | 328   | 766                                | 527                           | 2,084          |
| Additions   | 107                                | 125   | 198                                | 925                           | 1,355          |
| <b>Balance 30 June 2019</b>                       | <b>570</b>                         | <b>453</b>                                  | <b>964</b>                         | <b>1,452</b>                  | <b>3,439</b>   |
| Balance at 1 July 2019                            | 570                                | 453   | 964                                | 1,452                         | 3,439          |
| Additions   | -                                  | 13  | 87                                 | 393                           | 494            |
| <b>Balance 30 June 2020</b>                       | <b>570</b>                         | <b>466</b>                                  | <b>1,051</b>                       | <b>1,845</b>                  | <b>3,933</b>   |
| Accumulated depreciation<br>and impairment losses |                                    |   |                                    |                               |                |
| Balance at 1 July 2018                            | 61                                 | 146   | 573                                | 329                           | 1,109          |
| Depreciation expense                              | 85                                 | 42  | 157                                | 174                           | 458            |
| <b>Balance 30 June 2019</b>                       | <b>146</b>                         | <b>188</b>                                  | <b>730</b>                         | <b>503</b>                    | <b>1,567</b>   |
| Balance at 01 July 2019                           | 146                                | 188   | 730                                | 503                           | 1,567          |
| Depreciation expense                              | 124                                | 61  | 137                                | 284                           | 607            |
| <b>Balance 30 June 2020</b>                       | <b>270</b>                         | <b>249</b>                                  | <b>867</b>                         | <b>787</b>                    | <b>2,174</b>   |
| <b>Carrying amounts</b>                           |                                    |   |                                    |                               |                |
| As at 30 June 2019                                | 424                                | 265   | 234                                | 949                           | 1,872          |
| As at 30 June 2020                                | 300                                | 217   | 184                                | 1,058                         | 1,759          |

**8. Payables**

|                                     | 2020<br>\$000 | 2019<br>\$000 |
|-------------------------------------|---------------|---------------|
| Creditors                           | 4,109         | 7,314         |
| Accrued expenses                    | 6,825         | 1,084         |
| <b>Total payables</b>               | <b>10,934</b> | <b>8,398</b>  |
| Total payables comprises:           |               |               |
| Payables from exchange transactions | 10,934        | 8,398         |

**9. Employee entitlements**

|                                      | 2020<br>\$000 | 2019<br>\$000 |
|--------------------------------------|---------------|---------------|
| <b>Current portion</b>               |               |               |
| Accrued salaries                     | 156           | 330           |
| Annual leave                         | 1,217         | 782           |
| Other short term benefits            | -             | -             |
| <b>Total employment entitlements</b> | <b>1,373</b>  | <b>1,112</b>  |

**10. Reconciliation of net surplus/deficit with net cash flow from operating activities**

|  | 2020<br>\$000 | 2019<br>\$000 |
|--|---------------|---------------|
| <b>Net surplus</b>   | <b>(139)</b>  | <b>332</b>    |
| <b>Add back non-cash items</b>                                       |               |               |
| Depreciation and amortisation expense                                | 607           | 459           |
| <b>Add/(less) movements in statement of financial position items</b> |               |               |
| Decrease/(increase) in receivables                                   | 201           | (2,520)       |
| (Increase)/decrease in prepayments                                   | 518           | (530)         |
| (Decrease)/increase in payables                                      | 2,684         | (1,549)       |
| Increase/(decrease) in employee entitlements                         | 261           | 42            |
| (Decrease)/increase in funds received in advance                     | (1,131)       | 554           |
| <b>Net movements in working capital items</b>                        | <b>2,532</b>  | <b>1,037</b>  |
| <b>Net cash flow from operating activities</b>                       | <b>3,001</b>  | <b>1,828</b>  |

**11. Commitments****Capital Commitments**

TAS has no capital commitments (2019: Nil).

**Operating Leases as Lessee**

The future aggregated minimum lease payments to be paid under non-cancellable operating leases are as follows:

|   | 2020<br>\$000 | 2019<br>\$000 |
|---|---------------|---------------|
| Not later than one year                           | 1,162         | 960           |
| Later than one year and not later than five years | 3,905         | 3,674         |
| Later than five years                             | 902           | 1,867         |
| <b>Total non-cancellable operating leases</b>     | <b>5,969</b>  | <b>6,501</b>  |

TAS leases office spaces in Wellington, Christchurch and Auckland. There are two Wellington leases – the Tory Street Building, including rights of renewal, expires in 15 years from the commencement date of 18 April 2017, and the Cambridge Terrace Building, expires 3 years from the commencement date of 17 November 2018. The Christchurch lease, including rights of renewal, expires 7 years from the commencement date of 01 February 2017. The Auckland lease, including rights of renewal, expires in 9 years from the commencement date of 01 December 2016.

**12. Contingencies**

TAS has no contingent liabilities or contingent assets (2019: Nil).

**13. Financial instruments**

TAS is risk averse and seeks to minimise exposure arising from its treasury activity. TAS does not enter into any transaction that is speculative in nature.

TAS has a series of policies providing risk management for interest and currency rates and the concentration of credit.

**Fair value interest rate risk**

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. TAS' exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest. TAS does not actively manage its exposure to fair value interest rate risk.

**Credit risk**

Credit risk is the risk that a third party will default on its obligation to TAS causing it to incur a loss.

Due to the timing of cash inflows and outflows, TAS invests surplus cash with registered banks.

In the normal course of business, TAS is exposed to credit risk from cash and term deposits with banks and receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

TAS holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

**Liquidity Risk****Management of liquidity risk**

Liquidity risk is the risk that TAS will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash.

TAS mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

**Contractual maturity analysis of financial liabilities**

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

|  | Carrying amount<br>\$000 | Contractual cash flows<br>\$000 | Less than 6 months<br>\$000 |
|--|--------------------------|---------------------------------|-----------------------------|
| <b>2019</b>  |                          |                                 |                             |
| Payables (excluding funds received in advance and taxes payable) | 8,398                    | 8,398                           | 8,398                       |
| <b>Total</b>   | <b>8,398</b>             | <b>8,398</b>                    | <b>8,398</b>                |
| <b>2020</b>  |                          |                                 |                             |
| Payables (excluding funds received in advance and taxes payable) | 10,934                   | 10,934                          | 10,934                      |
| <b>Total</b>   | <b>10,934</b>            | <b>10,934</b>                   | <b>10,934</b>               |

**14. Related Party Transactions**

TAS is a multi-parent subsidiary of a group of Central Region DHBs.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

|                     | Revenue                    |                            | Expenses                   |                            | Balance Receivable/(Payable) |                             |
|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|------------------------------|-----------------------------|
|                     | Year to June 2020<br>\$000 | Year to June 2019<br>\$000 | Year to June 2020<br>\$000 | Year to June 2019<br>\$000 | As at 30 June 2020<br>\$000  | As at 30 June 2019<br>\$000 |
| Capital & Coast DHB | 6,196                      | 6,445                      | 1,436                      | 1,830                      | 54                           | 194                         |
| Hawke's Bay DHB     | 3,810                      | 3,974                      | 206                        | 117                        | 169                          | 428                         |
| Hutt Valley DHB     | 3,083                      | 3,271                      | 108                        | 3                          | 70                           | 138                         |
| MidCentral DHB      | 5,060                      | 6,093                      | 234                        | -                          | 277                          | 315                         |
| Wairarapa DHB       | 1,097                      | 1,351                      | 46                         | -                          | 33                           | 93                          |
| Whanganui DHB       | 2,157                      | 2,556                      | -                          | -                          | 85                           | 329                         |

**Transactions with Key Management Personnel**

Key Management personnel is defined as – persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity. TAS classifies its key management personnel into the following categories:

- Directors
- Leadership Team

The table below depicts the aggregate remuneration of key management personnel and the number of individuals on a full-time equivalent basis receiving remuneration within the category.

|                 | 2020                  |             | 2019                  |             |
|-----------------|-----------------------|-------------|-----------------------|-------------|
|                 | Remuneration<br>\$000 | Number      | Remuneration<br>\$000 | Number      |
| Directors       | 84                    | 5.0         | 85                    | 5.0         |
| Leadership Team | 1,627                 | 6.8         | 2,150                 | 9.7         |
| <b>Total</b>    | <b>1,711</b>          | <b>11.8</b> | <b>2,235</b>          | <b>14.7</b> |

Compensation of the Group's key management personnel includes salaries and non-cash benefits.

Kathryn Cook is the sixth board member and does not receive any remuneration as she is the representative of the A Class shareholder and is a paid employee of MidCentral DHB.

TAS has provided a deed of indemnity to Directors for certain activities undertaken in the performance of TAS' functions.

TAS has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

**15. Capital management**

TAS' capital is its equity, which comprises accumulated funds. Equity is represented by net assets.

TAS, as a company, is subject to the financial management and accountability provisions of the Companies Act 1993.

TAS manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure TAS effectively achieves its objectives and purpose, whilst remaining a going concern.

**16. Events after balance date**

There were no significant events after balance date.



# Independent Auditor's Report

To the shareholders of Central Region's Technical Advisory Services Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, the accompanying financial statements of Central Region's Technical Advisory Services Limited (the 'company') on pages 55 to 67:

- i. present fairly in all material respects the company's financial position as at 30 June 2020 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with Public Benefit Entity Standards (Public Sector).

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2020;
- the statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Our firm has also provided other services to the company in relation to technical assistance with supplier selection. Subject to certain restrictions, partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company.



### Other information

The Directors, on behalf of the company, are responsible for the other information included in the company's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material



misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



### Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards (Public Sector));
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



### Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

KPMG

KPMG  
Wellington

23 September 2020



Our world is constantly evolving – no more so than now. At TAS we are ready to respond, adapt and deliver with speed to the changing priorities of our customers and future direction of the health sector.





**[www.tas.health.nz](http://www.tas.health.nz)**

69 Tory Street, Wellington 6011





## **Recommendation to Exclude the Public**

### ***Clause 33, New Zealand Public Health and Disability Act 2000***

That the public now be excluded from the following parts of the meeting, namely:

24. Confirmation of previous minutes 16 September 2020 (Public Excluded)
25. Matters Arising – Review of Actions (Public Excluded)
26. Board Approval of Actions Exceeding Limits Delegated by CEO (Public Excluded)
27. Chair's Report (Public Excluded)
28. Chief Executive Officer's Report (Public Excluded)
29. Planning & Funding Monthly Report (Public Excluded)
30. Board Health & Safety Champions' Report (Public Excluded)
31. Hawke's Bay Clinical Council Report (Public Excluded)
32. Hawke's Bay Health Consumer Council Report (Public Excluded)
33. Finance Risk and Audit Committee Meeting 21 October 2020 (Public Excluded)

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution in relation to the matter and the specific grounds under Clause 32(a) of the New Zealand Public Health and Disability Act 2000 for the passing of this resolution are as follows:

- Official Information Act 1982 9(2)(ba) to protect information which is subject to an obligation of confidence.
- Official Information Act 1982 9(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions between the organisation, board and officers of the Minister of the Crown.
- NZPHD Act 2000, schedule 3, clause 32(a), that the public conduct of the whole or relevant part of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under any of sections 6, 7 or 9 (except section 9(2)(g)(i) of the Official Information Act 1982).