tas
KAHUI TUITUI TANGATA

# Delivering Value

ANNUAL REPORT 2016/17

**Our Annual Report Photos**

The photos in this years' Annual Report represent the culture and personality of TAS. They were taken around the Wellington region and many of them are featured as artwork in our meeting and collaboration space Front+Centre.

Acknowledgement: Justin Blakie, Photographer

***Photo: 'With Flying Colours' (front & back cover)***

***Photo: 'Energy in motion'***

# Contents

# About TAS

*Photo: 'Team work'*

## TAS is a professional services organisation that provides a range of strategic, advisory and programme management services to the health sector.

We are owned by the six Central Region District Health Boards (Capital & Coast, Hutt Valley, Wairarapa, MidCentral, Whanganui and Hawke's Bay) and were established in 2001 as a joint venture company under equal joint ownership.

In 2011 DHB Shared Services (DHBSS) integrated with TAS creating a combined regional and national service offering.

TAS now provides services to the six Central Region District Health Boards (DHBs), the twenty national DHBs and a number of other organisations in the health sector. We have a range of subject matter expertise and experience across our service areas including:

- National programme management
- Education and support
- Audit and assurance services
- Planning and collaboration
- Business insights and analysis
- Strategic workforce services.

We have some unique points of difference which enable us to deliver quality services to our customers:

- An extensive network of sector relationships
- Expertise in analysing how the health system is performing
- Ability to implement on-the-ground solutions in a complex environment.

# Our Vision

## Supporting our partners to deliver the best health outcomes to all New Zealanders.

At TAS we are united by our passion to help our customers deliver the best healthcare they can for all New Zealanders.

# Our Values

We are committed to building a values based, high achieving organisation across all of our relationships and activities. Our corporate values are central to how we work at TAS.

*Aspiration*

*Courage*

*Professionalism*

*Integrity*

# CHAIR AND CHIEF EXECUTIVE REPORT

Dr Jan White
Chair

Graham Smith
Chief Executive

## We are pleased to present the annual report for TAS for the financial year 1 July 2016 – 30 June 2017.

Our objective at TAS is to be a trusted and respected strategic partner to the DHBs and wider New Zealand health sector. The health sector is complex in nature and taking a shared approach is not always a straightforward endeavour. Our role is to help providers work together in common ways to optimise care for all New Zealanders.

Over the past year we have remained on track with this journey, ensuring that the services we offer are performing well and seeking opportunities to add new value, particularly in the area of workforce strategy, whole of system performance analysis and facilitating cross sector collaboration.

Some of the highlights from the work we have been involved with over the past year include:

- Nine multi-employer collective agreements renegotiated between DHBs and unions
- Agreement of the five year vision for integrated pharmacy services
- Further developing the interRAI assessment tools and services to improve the lives of vulnerable people
- Go live of the Central Regions Clinical Portal and Radiology Information Systems
- Supporting the engagement between DHBs and Primary Care leaders
- Expanding our Audit services to include the Northern Region Alliance of DHBs
- Assisting the DHBs with the $2 billion Pay Equity Settlement for Care and Support Workers.

In terms of our development as an organisation, a significant step forward is the implementation of an Information Services Strategy to centralise our approach to health data management and enable an enterprise wide approach to delivering analysis and reporting to customers.

April saw the TAS team make the move from our old office premises to a new location in Tory Street. This enabled us to house our people together on one floor (rather than being split over three floors) in a modest but professional and modern environment. It also presented the opportunity to open a purpose built meeting and collaboration space on the ground floor of our new building. The venue has been named Front+Centre to reflect its core purpose of bringing health sector stakeholders together for collaboration and networking, and to play on its central Wellington location. Front+Centre is available for our DHB customers, health sector stakeholders, TAS staff and the broader Wellington professional market to hire. The

## Facilitating collaboration plays a large role in how we achieve success for our customers

feedback we have received so far on the level of service and facilities at Front+Centre, and the opportunities to connect across the health sector has been excellent.

Looking ahead, we have developed a new strategic plan to take us through the next three years to 2020. This process has provided the opportunity to reflect on how far TAS has come as an organisation and what role we will need to play going forward to meet the needs of our stakeholders.

New Zealand's health sector presents a complex landscape. DHBs are under more pressure to manage costs in the face of increasing demand for services, consumers are becoming a more powerful voice in future DHB thinking and there is a broader focus on the social determinants of health leading to the desire for cross agency, public service alignment.

TAS must support DHBs and other customers to collectively understand and cooperatively plan for these short and long-term challenges.

TAS must also continue to evolve our services to adapt and thrive in this environment. To achieve this, a key aspect of our focus over the next three years will be developing our business intelligence capability from a whole of health system perspective. Sector wide analysis of health performance will play a significant role in enabling better policy, operational and investment decision making. We also expect that our customer base will broaden as the desire for cross agency services, integrated models of care and health services delivery drives an extension into the social services sector. Enabling collaboration and supporting the development of aligned priorities and actions will be critical.

From an internal perspective, we need to ensure that our own business structure, operating processes, investment decisions and skills reflect the evolving core and specialist services we provide for our customers. As funding pressures increase, staying true to our corporate values of integrity, professionalism, aspiration and courage and maintaining a high quality, value for money service, will be key to our success.

Over the last three years TAS has grown from two merged organisations (TAS and DHBSS) to a more cohesive company that is highly regarded for its work. The organisation is now in a position to significantly grow the value and scope of our services. It is exciting to be taking this next step into the future.

We'd like to take this opportunity to thank our TAS staff and Board for their support through this journey and our customers and stakeholders for their commitment to TAS and the sector.

**Dr Jan White**
Chair

**Graham Smith**
Chief Executive

# BOARD OF DIRECTORS

**Dr Jan White (Chair)**

A medical doctor by training, Jan has worked in medical and general management for over 20 years in both Australia and New Zealand. She has held a number of senior posts including six years as Chief Executive of the Waikato District Health Board and seven years as Chief Executive of the Accident Compensation Corporation (ACC). She is also on the Boards of PHARMAC and Worksafe New Zealand.

**Murray Bain**

Murray is an experienced company director who is currently Chair of the Open Polytechnic, Chair of Top Energy, Deputy Chair of TSB Bank and a Director of TSB Capital.

In the past, Murray has held Chief Executive roles in the Foundation for Research Science and Technology and the Ministry of Science and Innovation and, prior to that, senior management positions in IT, finance and banking in the Trust Bank Group and roles as Chief Operating Officer in 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 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.

**Deryck Shaw**

Deryck is Chair of Lakes District Health Board, President New Zealand Football, Director New Zealand Health Partnerships and Deputy Chair of New Zealand Māori Arts and Crafts Institute. He is a former member of the Waikato District Health Board, Chair of Waiariki Institute of Technology and Board Member of Institutes of Technology Polytechnics New Zealand. A Chartered Member of the NZ Institute of Directors, Deryck has had a 30 year career as the Director of Strategic Planning consultancy firm APR Consultants Ltd.

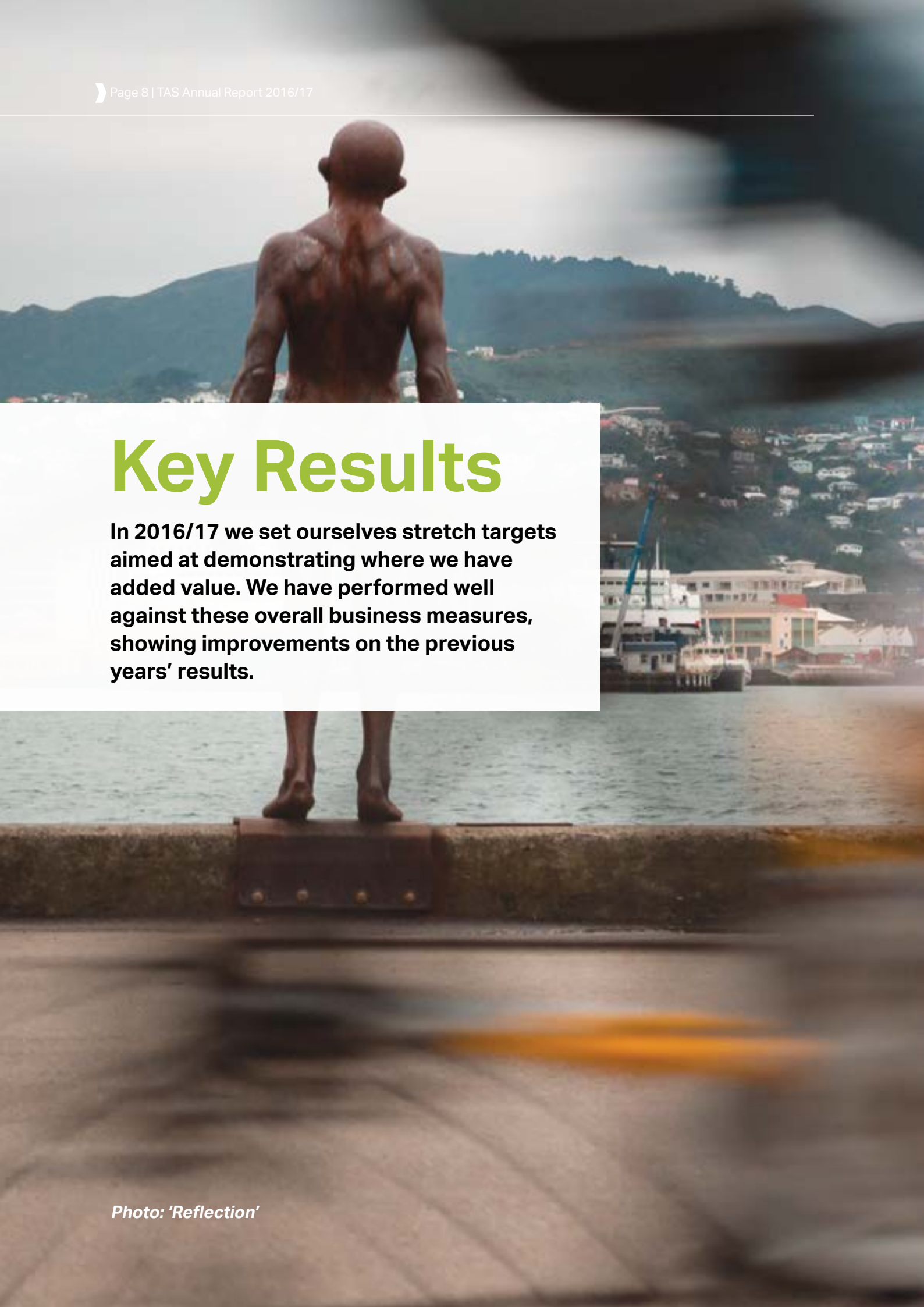
**Wendy McPhail**

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.

# INTEREST REGISTER 1 JULY 2016-30 JUNE 2017

| Name | Board/Organisation |
|---|---|
| **Dr Jan White (Chair)** | • Member of PHARMAC Board<br>• Member of Worksafe New Zealand Board |
| **Murray Bain** | • Chair, Top Energy<br>• Deputy Chair, TSB Bank<br>• Director TSB Group Capital Ltd<br>• Director TSB Group Investments Ltd<br>• Chair, Open Polytech NZ<br>• Shareholder and Director, Oryx Technologies Ltd<br>• Shareholder and Director, M I Bain & Associates Ltd |
| **Kathryn Cook** | • Chief Executive, MidCentral District Health Board<br>• Lead Chief Executive, Central Region Māori Health<br>• Lead Chief Executive, National Infrastructure Programme (Infrastructure as a Service)<br>• Lead Chief Executive, Central Region Health Informatics Programme |
| **Deryck Shaw** | • Member of the DHB Executive<br>• Chair of Lakes District Health Board<br>• Director Spectrum Health<br>• Trustee Lakes DHB Charitable Trust<br>• Deputy Chair of NZ Māori Arts and Crafts Institute<br>• Owner and Director of APR Consultants Ltd<br>• Majority owner and Director of Principal Holdings Ltd<br>• Co-owner of APR Group<br>• Partner, Shaw Property Partnership<br>• Chair NZ Walking Association Inc<br>• National Executive Member of NZ Football<br>• President NZ Football<br>• Board Member Health Partnership Ltd<br>• Director, Great Value Accommodation Ltd<br>• Board Member Oceania Football Confederation Executive Committee<br>• Member of FIFA's Stakeholder Committee |
| **Wendy McPhail** | • Advisory Board Member to The Marketing Company<br>• Principal Consultant and Director, Wendy McPhail Consulting Limited<br>• Director Great Sleep Company |



# Key Results

**In 2016/17 we set ourselves stretch targets aimed at demonstrating where we have added value. We have performed well against these overall business measures, showing improvements on the previous years' results.**

*Photo: 'Reflection'*

| | 2015/16 | 2016/17 |
|---|---|---|
| **New investment** | 1.7M | **2.8M** |
| **Customer Satisfaction** | >91% of customers agree/strongly agree that TAS services are of a high professional standard | **95%** |
| **Customer Advocacy** | >45% of customers rate 8 or more out of 10 (likelihood to recommend TAS) | **47%** |
| **People Engagement** | 66% staff engagement index | **68.4%** |

## CASE STUDY

# A day in the life of an interRAI educator

### QUICK FACTS

- 22% of home care clients report feeling lonely
- 10% of New Zealanders over 65 years old have been assessed with interRAI, compared to 7% of Canadians over 65 years old
- 4 interRAI tools used in New Zealand: Long Term Care Facilities (LTCF), Contact Assessment (CA), Community Health Assessment (CHA) and Home Care Assessment (HC)

## Melissa Hall talks about what attracted her to becoming an interRAI educator and what she loves about her job*.

**Q: Tell us about interRAI and how you got into the role?**

interRAI is the assessment tool we use in New Zealand to assess a client's or resident's needs in aged residential care and home care. I am one of 24 interRAI Educators who train Registered Nurses and other health professionals in the use of interRAI before they can assess clients on their own.

Like most of the interRAI educators, I'm a Registered Nurse. My first experience of nursing was with elderly patients, before I moved into a rehabilitation unit for younger people under 65. Then I spent 13 years in operating theatres, before I became an interRAI Educator.

**Q: What does a typical day at work entail?**

We have up to eight trainees on a course, and we work hard to have everyone competent within eight weeks. This usually involves three full days in a classroom, often in Wellington, where I live, or sometimes I travel to the training venue. Many of my colleagues are based in other parts of New Zealand, so chances are there is an educator local to you.

When I am not travelling or teaching, I work from the TAS office in Wellington marking assessments, supporting my group of trainees, answering questions, or planning for the next course. We work with any number of trainees in different stages of their training. There are a few milestones trainees need to pass before they become competent assessors. I also go on site visits, where I visit trainees in their facilities to support them during or after training.

**Q: What do you love most about your job?**

interRAI educators are a hardworking and passionate bunch, with a keen interest in supporting trainees and a real dedication to quality. I very much enjoy working with my colleagues and have a lot of respect for everyone's work.

**Q: If you could change one thing about New Zealand's aged care or retirement industries, what would it be and why?**

I love it when I see providers who bring the community into the facilities, like the Baby Buddies in Auckland. There are some great examples out there, and I wish there were more because it can be so beneficial for residents.

In the end, this is what we are here for, clients and residents, and their wellbeing. interRAI was developed to improve the quality of life for the people we assess. The assessments are all about the person, and interRAI produces a lot of valuable data for care planning and clinical decision making.

> **interRAI was developed to improve the quality of life for the people we assess. In the end, this is what we are here for.**
>
> MELISSA HALL | interRAI Educator

*Excerpts from story for InSite magazine

## STRATEGIC OBJECTIVE

VALUE

*Photo: 'Creating Momentum'*

# Delivering Value

**TAS is focused on delivering the best possible return on investment for our stakeholders.**

In 2016/17 we did this through increasing the volume and quality of services we delivered without increasing budgets, extending the value add within existing services lines and exploring opportunities for new areas of value.

### Regional Health Informatics (RHIP)

The Regional Health Informatics Programme (RHIP) is about building the organisational and technological capability to deliver the right information to the right people through a range of information channels, including a fully integrated patient information management solution and electronic health record in the Central Region. The programme is entering the transition phase from programme activity to ongoing operational support.

The programme has delivered:

- A regional Clinical Portal that provides clinical user access to a suite of tools for patient care
- A regional Radiology Information System that provides a workflow tool for managing the patient through radiology encounters

- A regional picture archiving and communication system (PACS) that stores images captured through multiple modalities
- A Healthcare Practitioner system that provides a unique identifier for each practitioner and practice in the region
- A Patient Administration System that has been built to a regionally agreed functional specification for managing the patient through their hospital event
- A service management model to support the first DHB to come onto the regional solution.

The key deliverables have been achieved and the programme is working with the Service Delivery Provider at Capital & Coast District Health Board to ensure service continuity is maintained and the ongoing support model is set up to provide sustainable support for the regional solution.

## Primary Care Integration

Primary Care Integration focuses on developing integrated approaches to service delivery across primary care, community pharmacy services and aged residential care. In 2016 the DHB National Executive agreed to establish a national primary care integration team, supported by TAS. The purpose of the team was to support DHBs with strategic advice, enabling the sector to discuss and deliberate the key issues facing primary care and to provide DHBs with negotiation and contractual advice around the national primary care agreement.

During the year TAS organised three Primary Care Leaders' Forums and supported DHBs in a number of discussions on the national primary care agreement. A working group was also established with aged residential care to look for opportunities to better support primary care services for residents in aged care facilities.

The analytical and operational support provided by TAS has enabled the DHB programme steering group to focus on addressing strategic issues with external stakeholders.

## Audit and Assurance

TAS audit and assurance services cover provider audits, certification audits and internal audits in the public and private health sector. We undertake around 300 audits per year and over the last 12 months have continued to build scale across these services.

A significant milestone was gaining approval from the Ministry of Business Innovation and Employment as a Tier 2 provider for audit and a Tier 3 provider for assurance.

The Department of Internal Affairs also approved TAS to join a security panel to provide certification and assurance to government agencies and we expanded our provider audit programme to the Northern Region Alliance of DHBs.

**300** audits undertaken

## interRAI Services

TAS manages interRAI assessment tools and services in New Zealand on behalf of the Ministry of Health (MoH). interRAI is a suite of clinical assessment tools developed by an international collaborative to improve the quality of life of vulnerable people. The interRAI tools in use in New Zealand are focused on the health of older people.

Over the last year TAS has supported the planning of two pilots of new interRAI tools and the national roll out of the Palliative Care tool.

Home and Community assessors have access to four interRAI tools depending what is appropriate for their client.  The Long Term Care Facility tool is used in residential care.

The interRAI National Data and Reporting Centre began publishing a quarterly suite of individual reports for the 675 aged residential care facilities in New Zealand. These reports are provided for all aged residential care providers, individual facility managers and DHBs. They provide comparisons with similar facilities and developments over time. The Centre also published its second Annual Report with key data from interRAI assessments.

**117,626** interRAI patient assessments completed (new and re-assessments)

**956** interRAI assessors achieved competency

**675** aged residential care facilities receiving a quarterly aggregated data and benchmarking report

**306** interRAI assessors attended skills booster sessions

## Health of Older People

TAS works across the health of older people sector supporting DHBs in the delivery of aged residential care, home and community support services.

Over 2016/17 we represented the 20 DHBs on three matters of national significance to the health of older people:

- A $2 billion Pay Equity Settlement for Care and Support Workers resolved an historical inequity dispute, delivering pay rises between 15% and 50% for some 55,000 care and support workers. Alongside access to increased training and qualifications this will result in lower staff turnover and a more highly qualified workforce over time.
- Some 30,000 workers in home and community support working on piecemeal contracts have been moved onto contracts with guaranteed hours. This increases certainty, stability and brings training opportunities for the workers and opportunities for increased efficiencies for providers.
- The in-between travel settlement resulted in recognition that the time spent by home  and community support workers travelling between clients was in fact work and as such should be compensated. An annual $58M settlement and process for compensation resulted.

## Community Pharmacy

TAS facilitates the DHBs national community pharmacy programme, supporting the delivery of integrated pharmacy services to our communities.

In 2016/17 we facilitated agreement of the five year vision for integrated pharmacy services in the community with key stakeholders including the MoH, DHBs, PHARMAC, pharmacists, the primary care sector and consumers. A process is now in place to help DHBs work on delivery of services under the new vision over the next twelve months.

A stocktake of pharmacist services outside of the community pharmacy services agreement was also undertaken to inform the development of local service commissioning. This was approached collaboratively with input from DHBs, the MoH, the pharmacy sector and Primary Health Organisations.

We also supported DHBs to implement an extension of the current Community Pharmacy Services Agreement for 2017/18, which included three new services - smoking cessation, integrated care for mental health consumers through the Long Term Conditions service and workforce development for pharmacists.

**99%** of pharmacy owners signed voluntary variation for contract extension 2017/18

**97%** of pharmacy owners signed voluntary variation of interim solution for pharmacy margins

**40** unique locally commissioned DHB pharmacy services identified

## Strategic Workforce Services

Our strategic workforce services encompass several key areas of focus – workforce development, safe staffing and healthy workplaces and employment relations.

In 2016 TAS developed a workforce visualisation tool to enable DHBs to have access to a standard set of DHB workforce data. This provides an interactive approach to workforce information to inform planning at the national, regional and local level.

A coordinated multi-stakeholder approach to the development of the medical imaging workforce was also facilitated in order to respond to the changing workforce, demand and technology drivers.

Twenty DHB Chairs and Chief Executives endorsed a shared approach to talent management and leadership development through the implementation of the State Services Commission leadership and talent framework. This provides leadership and talent opportunities across the DHBs and public sector agencies.

TAS manages the Care Capacity Demand (CCDM) programme on behalf of a number of partners. In February 2017 the programme intellectual property (IP) was invested by key parties to the MoH.

The key parties included DHBs, New Zealand Nurses Organisation (NZNO) and the Public Services Association (PSA).

This decision acknowledges the New Zealand partnership approach to the programme's development, recognising the importance of the work and the investment that has been made by all parties. It is potentially a world first for a country's public hospitals and health unions to invest the IP of their joint safe staffing framework with the Ministry of Health.

TAS also facilitated the development and implementation of new CCDM Staffing Methodology web based software. This enables DHBs to have one of the most sophisticated global processes for calculating an acuity and demand based nursing and midwifery roster.

CCDM programme standards were developed to replace three other assessment documents. They are a partnership/bipartite self-assessment and can be used at the beginning, middle and for business as usual. There are five programme standards, 22 criteria and guidance notes to support DHBs in meeting the standards.

TAS manages the 20 DHBs' national employment relations programme, acting as their representative in employment agreement negotiations, providing local and regional advice and support and helping them to implement Employment Law legislation.

In 2016/17 we provided advocacy and settlement on national and regional Multi Employer Collective Agreements between DHBs and unions. The most high profile of these negotiations focused on junior and senior doctors.

TAS also facilitated an employment relations conference 'Gaining the Edge' for DHB ER and HR professionals. The conference looked at the year ahead in relation to collective bargaining, industrial relations frameworks and the tools and processes available to HR and ER professionals in health.

Care Capacity Demand Staffing methodology software a finalist in vendor accolades

Care Capacity Demand Programme recognised internationally as best practice

**9** Multi Employer Collective Agreements negotiated between DHBs and NZ Unions

**95** people attended Gaining the Edge employment relations conference

All DHBs and regional training hubs have access to the workforce visualisation tool

Our organisation is very satisfied with current services - continue to employ smart people. ”

The analysis presented yesterday prompted a really good discussion, I do not think that would have happened a couple of years ago. Just shows me what a difference occurs when folk get used to data as a QI. ”

Thanks for your WCTO Report. It's always interesting to read these reports, and to be encouraged by the regional and local leadership, innovation and integration underway. ”

The Front+Centre team are simply wonderful. They're helpful and friendly, and go out of their way to solve any problem I have. Visitors of mine have commented how their positive attitudes enhance what is an attractive, modern and functional venue space. ”

Great positive take on the key issues which focuses attention on the actual priorities for our people. ”

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## STRATEGIC OBJECTIVE

CUSTOMER

*Photo: 'Synergy'*

# Getting closer to our customers

### TAS has a broad network of relationships which affords it a unique position in the health sector.

Ensuring strong stakeholder engagement enables us to add value to our customers through facilitation of partnerships, collaboration and developing a deep understanding of the complex environment they are operating in.

## Stakeholder Engagement

In 2016/17 we continued to strengthen engagement with our stakeholders facilitating a number of collaborative approaches to enhance our service delivery across national DHB programmes including;

- Establishing forums for networking and sharing local innovation and success amongst primary care portfolio managers. Feedback from this group has demonstrated that this is of high value to them and improves collaboration and knowledge sharing.
- Coordination of 20 DHBs' input into the review of the medical vocational training funding model being led by Health Workforce New Zealand.
- Establishment of the Workforce Strategy Group and delivery of their first annual work plan – a collaborative 20 DHB approach to workforce development which partners with sector stakeholders to deliver a whole of workforce approach.
- Leadership and coordination of 20 DHBs in pay equity negotiations and the Holidays Act compliance project.
- Facilitation of a substantive and integrated submission on behalf of DHBs for the development of the Healthy Ageing Strategy, representing aged care, pharmacy, primary care and workforce sectors.

**96%** of customers say the work TAS does adds value to my organisation

## Customer Satisfaction

Our annual customer satisfaction survey is a key forum for us to formally ask for feedback and gauge how we are performing against the expectations of our customers. Our customer satisfaction remains at a high level. Overall, 95% of customers rate TAS services as being of a high professional standard and 96% report our work adds value to their organisation.

In January, as part of our 2020 strategic plan development, we undertook qualitative research with the six Central Region District Health Board Chairs and Chief Executives. This enabled us to gain deeper insight into some of the challenges and opportunities the sector is facing including;

- The importance of DHBs connection with and responsibility to their local communities
- The challenges of shifting organisational culture in health to focus on patient centric services
- The need to attract strong leadership and management talent into health
- Driving genuine business, patient accountability and performance throughout DHBs.

This research gave us further clarity on how we can evolve the role of TAS to keep delivering value to stakeholders.

**95%** of customers agree that TAS services are of a high professional standard

**95%** of customers agree TAS provides appropriate and relevant advice

CASE STUDY

# A whole of system approach to cardiac services

**Ischaemic Heart Disease (IHD), also known as coronary heart disease, is the second leading cause of death in New Zealand. According to the 2014-15 Health Survey, 4.6% of the NZ population over 15 had been diagnosed with IHD. That's approximately 169,000 of your fellow Kiwis.**

While deaths from IHD have declined over the past 30 years, our ageing population, new medication, modern interventions and technology advances mean that the number of people surviving heart attacks and living with heart disease is increasing. This in turn increases the demand on health services.

Research also shows health outcomes and timeliness of interventions from cardiac disease are significantly affected by ethnicity, level of deprivation and where a person lives.

In this context, TAS was asked to facilitate the Central Region Cardiac System of Care Strategic Plan to achieve a long term vision for equitable access to cardiac services across the region. The Central Region Cardiac Network was heavily involved in development of the plan. The Network includes managerial, clinical and Māori health representation from across the Central Region DHBs - Nelson Marlborough, Capital & Coast, Hutt Valley, Wairarapa, Whanganui, MidCentral and Hawke's Bay – as well as members of the Heart Foundation and the National Cardiac Network.

Currently access to services for patients is variable and inconsistent across the region. For example, if a patient has a heart disease in Palmerston North or Hawke's Bay the local hospitals can do angiography, an x-ray of the heart to see where the blockage exists but they can't do an angioplasty that enables them to unblock the artery. Therefore, the patient is flown to Wellington Hospital to have the procedure to unblock the artery. This means patients endure two operations.

Palmerston North is making progress towards developing a business case for an interventional service.

Dr Nick Fisher, head and founder of the cardiology department for Nelson Marlborough DHB, holds the role of Clinical Director on the Central Region Network. "We realised that for equity to be achievable we all had to 'play by the same rules'. Therefore we developed the NZ recommendations for referral and access to secondary care which all DHBs have signed up to."

"Based on this nationally accepted document it was readily apparent that there were major inequities" he says. "Timely access to care

is critical otherwise you can have higher mortality rates."

"Access to echocardiography and time critical treatment for ischaemic heart disease are the two fundamental pillars of cardiac investigation and treatment. These have been long standing challenges in the Central Region, and we have decided that these are the main focus moving forward," Dr Fisher continues. The Central Region is also focusing on improving access to primary care for Māori.

The Cardiac Network was tasked with formulating a deep understanding of existing services and models of care and recommending options to build a sustainable approach with more equitable access and better outcomes for the future.

Taking a whole of system viewpoint meant looking across home, primary, secondary and tertiary settings, working collaboratively with key groups across the system and using health informatics to inform the approach.

Informatics depicting population data by ethnicity, deprivation and locality were analysed. Other analysis included the prevalence and incidence of six heart disease categories in the Central Region population to determine unmet need. The data analysis showed that there is inconsistent access to primary care, cardiovascular risk assessments and triple therapy. For Māori there are significant inequalities as they are less likely to access primary care for treatment and are more likely to die from ischaemic heart disease.

The consumer perspective was also taken into account to ensure patients were kept at the heart of service design.

Greg Edmunds held the role of consumer representative on the Central Region Cardiac Network. "My role was to ensure that, where indicated, the experience of the consumer remained the focal point of any discussion." Greg's overarching hope is that regardless of where you live or your ethnicity, you have equity of access to appropriate care.

The Network identified that it was important to have a thorough engagement process. During the three consultation workshops that were carried out recommendations were formed to address the short and long term challenges for cardiac services in the region.

Debbie Chin, CE of Capital & Coast District Health Board and Lead CE for the Central Region Cardiac Network, says "one of the successes of the Network is the excellent collaboration amongst clinicians across the region. They also had a shared commitment to improve equity and co-ordinate quality of care. This sets an example for other networks to follow."

The options to improve outcomes in the cardiac health system of care require a focus on:

- Improving access to primary care for Māori
- Supporting the agreed clinical pathways and the NZ recommendations for referral and access to secondary care
- Supporting the focus on prevention, treatment and management of atrial fibrillation and heart failure including access to echocardiography and urgent angioplasty/percutaneous coronary intervention (PCI) across the Central Region
- Recalibrating sub-regional networks to improve access to specialist cardiac health workforce including echocardiography and specialists.

Now the project moves into an implementation phase over the next five years as it rolls out the recommendations across the region.

BUSINESS PROCESS

## STRATEGIC OBJECTIVE

# Innovating smart business processes

**Continuous improvement of the efficiency and effectiveness of our services is an important part of ensuring our value to customers.**

A key area for development was across business intelligence reporting and analysis. TAS has developed an Information Services Strategy to centralise our data management and take an enterprise approach to delivering analysis and reporting to customers. It emphasises teams working together to manage processes, solve problems and deliver better value for customers. This strategy has now moved into the implementation phase and will be rolled out over the course of the following year.

We also introduced several new digital tools to improve some of our common business processes. An online people performance review system was implemented making it easier for people leaders and staff to efficiently and effectively work through their performance process. It also enables the leadership team to more easily monitor growth activities, such as ensuring learning and development plans are in place for all staff.

We introduced an online expense management system, streamlining the financial processes for low value transactions.

We also implemented an online recruitment tool to support our approach to sourcing and managing employee candidates. This has enabled us to shift from utilising an external recruitment agency for all roles to running this process ourselves. This has delivered significant cost savings and also enabled more input and greater visibility for hiring managers.

TAS has an active health and safety committee of employee representatives who meet monthly. The committee has taken a leadership role with the move to our new premises in Wellington. All desks are now equipped with disaster safety packs and water to help us get through a civil disaster. Our new building is refurbished to a high quality, earthquake strengthened state to ensure safety.

Average cost to recruit reduced to $1,600 vs $8,000 per role in 2015/16

## STRATEGIC OBJECTIVE

LEARNING & GROWTH

# Growing our people

**Continually building the capability of our people to lift our performance is an important aspect of our business. Our key focus has been on developing leadership across the organisation and improving internal communications to build our people's engagement with TAS and the outcomes we are striving to achieve.**

### Learning and Development

Two successful TAS Days were held, giving all staff the opportunity to come together, focus on personal development, and work 'on' the business rather than 'in' it. This chance to briefly step away from day to day operations has helped to enhance collaboration and enabled our staff to input into and understand the future direction of TAS.

Our senior leaders have continued in their leadership development journey through regular workshops and coaching. This has now been extended to all people leaders and Tier 3 staff, with renewed vigour for monthly peer meetings and quarterly professional development workshops, which have focused on leadership basics.

### Staff Engagement

TAS annually undertakes the 'IBM New Zealand Workplaces Survey' to formally monitor and gather feedback from our people. For the 2016/17 year 90% of staff responded to the survey which showed an overall improvement of 3% staff engagement on the previous year. Our engagement index of 68.4% also rates higher than the state services benchmark of 62.5%.*

This is a result of changes we made in response to the previous years' survey. These included improving understanding of our strategic direction through workshops, better communication and embedding our organisation goals into our performance review system. We also created more opportunities for staff wellbeing, professional development and celebrating success.

**80%** of all staff from across the country attended our two TAS days

**68.4%** staff engagement performance index vs 62.5% state sector*

* State sector benchmark performance index 2015

## CASE STUDY


*Photo: Supplied by Plunket*

# Supporting our youngest Kiwis

**Well Child Tamariki Ora (WCTO) is a programme of health assessments and support services for all New Zealand children and their families from birth to five years, funded by the Ministry of Health. As a vital gateway to primary and specialist health care, education and social services, Well Child supports parents and caregivers to care for their child's health so our youngest Kiwis can reach their potential.**

Midwifery care during pregnancy and care during the early weeks of a baby's life is transitioned to the WCTO provider. The WCTO schedule is delivered with families by a range of health professionals including WCTO trained nurses and health workers. These practitioners may be employed by Plunket, a Māori or Pacific WCTO provider, a General Practice team or a Public Health service.

"TAS' role is to support and project manage the quality improvement cycles across the lower North Island Well Child programmes," explains Craig Moore, Project Adviser – Quality Improvement at TAS, the organisation charged with helping to facilitate the programme for the Central Region District Health Boards. "Our key focus is to support the innovators and improvers to quickly test their good ideas using proven quality improvement methods to improve access to and the services provided by the Well Child Tamariki Ora system," he says. "For example, we recently helped Plunket partner with the 'Bee Healthy' Dental Service in the Hutt Valley by bringing the dental therapist to the Plunket clinic for toddlers and their parents to visit for check-ups. This meant parents only had to bring their child to one appointment rather than two. The day was a real success," Craig says. Similar days are planned for the future.

Recently, Craig and his colleague, Stephanie Calder, have helped three District Health Boards develop and test their services for new breastfeeding mums. Breast milk provides the best start to life and helps protect babies from developing things like eczema and allergies later in life. "We used a quality improvement tool, called a driver diagram, to help consumers, midwives, lactation consultants and Well Child nurses to identify all the parts of the system. We then helped test their ideas: what flyers, bookmarks and information resources they use and trying different ways of training nurses in general breastfeeding support."

"One of the benefits of TAS' role in the programme is that we have staff who understand the Well Child contract inside out, we have developed collaborative relationships with DHBs and we have the know-how on running change programmes," Craig explains. "We are now spreading this knowledge amongst others in TAS and the Well Child sector by facilitating the NHS' School for Change Agents using Skype."

Wendy Allen, a Plunket Clinical Leader in Hawke's Bay, works closely with Craig and agrees with these sentiments. She says "having Craig as an independent and objective facilitator with a good understanding of the WCTO schedule and with a quality focus has supported effective collaboration across agencies. Craig's unbiased approach broke down barriers that had historically inhibited change and growth in improving child health outcomes through a collaborative approach in this geographical area."

## FACTS & STATISTICS

- There are 16 WCTO contract holders in the Central Region
- 8,709 babies in the Central Region are enrolled in a WCTO provider
- Around 95% of babies receive a WCTO service
- Each year, Central Region Well Child Providers deliver almost 53,000 core contacts. That's 203 children between Wairoa, Raetihi and Wellington every work day!

# Looking Ahead

**'TAS 2020: Our Future Focus' outlines a refined vision and new sense of direction for TAS over the coming three years.**

The strategic framework and road map outlined in this plan builds on where the organisation is today, reflects what we know are the needs of our sector and where our capabilities lie for the future.

*Photo: 'Transforming'*

Delivering four key areas of value to the sector. Whole of system analysis of health performance will play a significant role, informing our customers to make better policy, operational and investment decisions.

**AREAS OF FOCUS**

| | |
|---|---|
| Greater health system analysis and insights | Improved service efficiency and effectiveness |
| Growth in sector people capability | Foster partnerships and collaboration |

Building a closer connection with stakeholders and customers and expanding our network of relationships to better deliver on their needs.

**AREAS OF FOCUS**

| | |
|---|---|
| Strengthen our relationship networks | Broaden stakeholder reach and channels for engagement |


## Our 2020 Vision

Supporting our partners to deliver the best health outcomes for all New Zealanders

Building enterprise wide approaches and consistent standards is key to ensuring a high quality service and achieving our vision.

**AREAS OF FOCUS**

| | |
|---|---|
| Transform the data analytics infrastructure | Innovate enterprise wide business processes |
| Develop strategic partnerships to support service delivery | |

Continually building the capability of our people to lift our performance and achieve our 2020 goals.

**AREAS OF FOCUS**

| | |
|---|---|
| Develop internal and external leadership capabilities | Evolve our professional services culture |
| Invest in expertise | |

## CASE STUDY


# Getting on the Front foot

Front+ Centre

**When TAS moved to newly built office premises in central Wellington in April, we also opened a purpose built meeting and collaboration space called Front+Centre.**

Blending top-notch service in a relaxed environment the venue features seven different rooms with capacity ranging from eight to 85 people. Break out areas, hot desks and drop in offices are combined with fast Wi-Fi and state of the art video and audio conferencing facilities.

"Designed specifically to meet the needs of our health sector stakeholders, we're proud of our unique meeting and collaboration venue where people can come together to shape the ideas and projects that will bring them to the forefront of their fields. By encouraging the collaboration of multiple health sector agencies we believe we can support their delivery of quality, sustainable and effective services to the New Zealand population," explains Graham Smith, TAS Chief Executive.

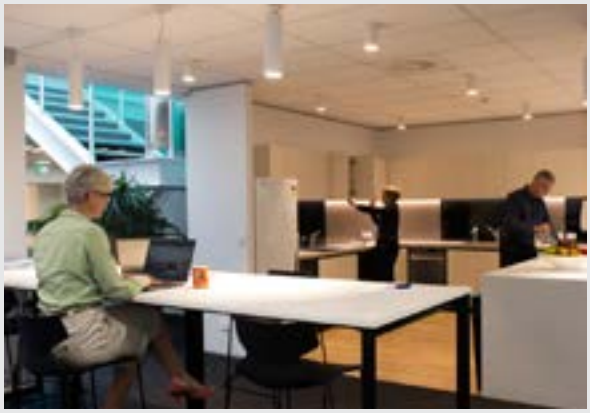
It was important to distinguish Front+Centre from other TAS services which is why a separate identity was established for the venue. The brand was developed specifically to provide a subtle connection to the TAS brand, while being strong enough in its own right to stand alone in the broader Wellington meeting venue market. The name plays on the venue's purpose and location as the venue is situated in the heart of Wellington – right in the middle of the action.

"The venue is available for our staff, DHBs and our health sector stakeholders, as well as the wider Wellington professionals' market, who are looking for a meeting venue." As there are currently no other purpose built health sector specific collaboration spaces in Wellington this is Front+Centre's key point of difference. This health sector focus means customers can network with other health professionals and use the hot desk and drop in office facilities when attending meetings in Wellington. "We want Front+Centre to feel like an office away from home where our stakeholders can base themselves when in Wellington and network with other professionals" says Graham.

A frequent user of the new venue, Chief Executive of the Hutt Valley DHB Dr Ashley Bloomfield, says "the new Front+Centre venue is a great facility for our regular regional and national meetings. The meeting rooms are well set up and the common area has plenty of places to sit and catch up on work."

"The onsite parking is a bonus on the days when public transport or biking are not an option! And, being Wellington, there are plenty of choices for great coffee nearby," Ashley says.

TAS has received a great deal of positive feedback so far, and hopes the momentum of Front+Centre will continue to build as the venue gains traction within the health sector and the wider professional market.



# FINANCIAL STATEMENTS

## Statement of comprehensive revenue and expense for the year ended 30 June 2017

| | Notes | 2017 $000 | 2016 $000 |
|---|---|---|---|
| **Revenue** | | | |
| DHB revenue | | 25,876 | 28,464 |
| Interest revenue | | 19 | 107 |
| Other revenue | 2 | 8,716 | 8,194 |
| **Total revenue** | | **34,611** | **36,765** |
| | | | |
| **Expenditure** | | | |
| Personnel costs | 3 | 20,570 | 20,818 |
| Depreciation and amortisation expense | | 284 | 244 |
| Other expenses | 4 | 12,598 | 15,450 |
| **Total expenditure** | | **33,452** | **36,512** |
| | | | |
| **Net surplus** | | **1,159** | **253** |
| Other comprehensive revenue | | - | - |
| **Total comprehensive revenue** | | **1,159** | **253** |

## Statement of changes in equity for the year ended 30 June 2017

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Balance at 1 July** | **1,768** | **1,515** |
| Total comprehensive income and expense for the year | 1,159 | 253 |
| **Balance at 30 June** | **2,927** | **1,768** |

## Statement of financial position as at 30 June 2017

| | Notes | 2017 $000 | 2016 $000 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 5 | 8,131 | 9,258 |
| Receivables | 6 | 4,846 | 2,972 |
| Prepayments | | - | 146 |
| GST receivable | | - | 143 |
| **Total current assets** | | **12,977** | **12,519** |
| | | | |
| **Non-current assets** | | | |
| Property, plant & equipment | | 823 | 324 |
| Intangible assets | | 276 | 329 |
| **Total non-current assets** | | **1,099** | **653** |
| **Total assets** | | **14,076** | **13,172** |
| | | | |
| **Current liabilities** | | | |
| Payables | 7 | 3,499 | 3,779 |
| Funds received in advance | | 5,713 | 6,017 |
| GST Payable | | 150 | - |
| Employee entitlements | 8 | 1,072 | 893 |
| **Total current liabilities** | | **10,434** | **10,689** |
| | | | |
| **Non-current liabilities** | | | |
| Working capital reserve | | 715 | 715 |
| **Total non-current liabilities** | | **715** | **715** |
| **Total liabilities** | | **11,149** | **11,404** |
| **Net assets** | | **2,927** | **1,768** |
| | | | |
| **Equity** | | | |
| Share capital | | - | - |
| General funds | | 2,927 | 1,768 |
| **Total equity** | | **2,927** | **1,768** |

## Statement of cash flows for the year ended 30 June 2017

| | Notes | 2017 $000 | 2016 $000 |
|---|---|---|---|
| **Operating Activities** | | | |
| Receipts from customers | | 32,414 | 42,027 |
| Interest received | | 19 | 107 |
| Payments to employees | | (20,277) | (20,741) |
| Payments to suppliers | | (12,839) | (18,273) |
| Goods and services tax (net) | | 293 | 139 |
| **Net Cash Flow from Operating Activities** | **9** | **(389)** | **3,259** |
| **Investing Activities** | | | |
| Purchase of property, plant, equipment | | (738) | (482) |
| **Net Cash from Investing Activities** | | **(738)** | **(482)** |
| **Net (decrease)/increase in cash and cash equivalents** | | **(1,127)** | **2,777** |
| Cash and cash equivalents at the beginning of the year | | 9,258 | 6,481 |
| **Cash and cash equivalents at the end of the year** | | **8,131** | **9,258** |
| Represented by: | | | |
| Short-term deposits | | - | - |
| **Cash and cash equivalents** | | **8,131** | **9,258** |

For and on behalf of the Board:

**Dr Jan White**
Chair
27 September 2017

**Murray Bain**
Director
27 September 2017

## 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. The relevant legislation governing TAS operations is the Crown Entities Act 2004. 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 2017, and were approved by the Board on 27 September 2017.

#### BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis. All 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.

## 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 face 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.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

***Presentation of employee entitlements***

Annual leave is classified as a current liability.

**Equity**

Equity is measured as the difference between total assets and total liabilities.

**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 Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, 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 in 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

| | 2017 $000 | 2016 $000 |
|---|---|---|
| MOH revenue | 8,255 | 7,669 |
| Other revenue | 461 | 525 |
| **Total other revenue** | **8,716** | **8,194** |

## 3. Personnel costs

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Salaries and wages | 20,134 | 20,549 |
| Defined contribution plan employer contributions | 374 | 329 |
| Increase/(decrease) in employee entitlements | 62 | (60) |
| **Total personnel costs** | **20,570** | **20,818** |

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

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Fees to auditor | | |
| - Fees to KPMG for audit of financial statements | 40 | 40 |
| Office lease | 568 | 419 |
| Travel and transport | 1,300 | 1,361 |
| Consultancy | 2,763 | 3,269 |
| Information Communications Technology - RHIP* | 2,575 | 4,660 |
| Information Communications Technology - Non-RHIP | 3,586 | 3,643 |
| Legal Fees | 424 | 530 |
| Facility Reimbursements | - | 246 |
| Other | 1,342 | 1,282 |
| **Total expenses** | **12,598** | **15,450** |

* RHIP – Regional Health Informatics Programme

## 5. Cash and cash equivalents

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Cash at bank and on hand | 8,131 | 9,258 |
| **Total cash and cash equivalents** | **8,131** | **9,258** |

## 6. Receivables

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Receivables (gross) | 4,731 | 2,539 |
| Accrued debtors | 115 | 438 |
| Less: provision for impairment | - | (5) |
| **Total receivables** | **4,846** | **2,972** |
| Total receivables comprises: | | |
| Receivables from exchange transactions | 4,846 | 2,972 |
| Receivables from non-exchange transactions | - | - |

The ageing profile of receivables at year end is detailed below:

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Not past due | 2,512 | 1,897 |
| Past due 31 - 60 days | 493 | 257 |
| Past due over 60 days | 1,841 | 818 |
| **Total** | **4,846** | **2,972** |

All receivables greater than 30 days in age are considered to be past due.

There is a $nil impairment provision for receivables (2016: $5k).

## 7. Payables

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Creditors** | **2,226** | **1,929** |
| Accrued expenses | 1,273 | 1,850 |
| **Total payables** | **3,499** | **3,779** |
| Total payables comprises: | | |
| Payables from exchange transactions | 3,299 | 3,645 |
| Payables from non-exchange transactions | 200 | 134 |

## 8. Employee entitlements

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Current portion** | | |
| Accrued salaries | 269 | 172 |
| Annual leave | 667 | 604 |
| Other short term benefits | 136 | 117 |
| **Total employment entitlements** | **1,072** | **893** |

## 9. Reconciliation of net surplus/deficit with net cash flow from operating activities

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Net surplus** | **1,159** | **253** |
| | | |
| **Add back non-cash items** | | |
| Depreciation and amortisation expense | 301 | 232 |
| **Total non-cash items** | **301** | **232** |
| **Add/(less) movements in statement of financial position items** | | |
| Decrease/(increase) in receivables | (1,874) | 3,003 |
| (Increase)/decrease in prepayments | 146 | (60) |
| (Decrease)/increase in payables | 13 | (2,751) |
| Increase/(decrease) in employee entitlements | 179 | 77 |
| (Decrease)/increase in funds received in advance | (304) | 2,505 |
| (Increase)/decrease in WIP | (9) | - |
| **Net movements in working capital items** | **(1,849)** | **2,774** |
| | | |
| **Net cash flow from operating activities** | **(389)** | **3,259** |

## 10. Commitments

### *Capital Commitments*

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Within 12 months | - | 391 |
| Greater than 12 months | - | - |
| **Total Capital Commitments** | **-** | **391** |

The 2016 capital commitments related to leasehold improvements to the new premises in Tory Street which TAS occupied in April 2017.

### *Operating Leases as Lessee*

The future aggregated minimum lease payments to be paid under non-cancellable operating leases are as follows:

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Not later than one year | 924 | 578 |
| Later than one year and not later than five years | 3,696 | 3,282 |
| Later than five years | 3,679 | 3,864 |
| **Total non-cancellable operating leases** | **8,299** | **7,724** |

TAS has signed a leases for a new premises in Wellington, Christchurch and Auckland. The Wellington and Christchurch leases, including rights of renewal, expire in nine years from commencement. The Auckland lease, including rights of renewal will expire in 12 years from commencement.

## 11. Contingencies

TAS has no contingent liabilities or contingent assets (2016: Nil).

## 12. 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.

### Interest Rate Risk

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 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 interest rate risk.

***Currency risk***

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. TAS has no exposure to currency 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 $000 | Contractual cash flows $000 | Less than 6 months $000 | 6-12 months $000 | Later than 1 year $000 |
|---|---|---|---|---|---|
| **2016** | | | | | |
| Payables* | 3,621 | 3,621 | 3,621 | - | - |
| **Total** | **3,621** | **3,621** | **3,621** | **-** | **-** |
| **2017** | | | | | |
| Payables* | 3,299 | 3,299 | 3,299 | - | - |
| **Total** | **3,299** | **3,299** | **3,299** | **-** | **-** |

* Excluding funds received in advance and taxes payable

## 13. Related Party Transactions

TAS is a multi-parent subsidiary of a group of Central Region DHBs.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect TAS would have adopted in dealing with the part at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entitles) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The following transactions are not at arm's length:

| | Revenue | | Accounts Receivable | | Expenses | | Accounts Payable | |
|---|---|---|---|---|---|---|---|---|
| | Year to June 2017 $000 | Year to June 2016 $000 | As at June 2017 $000 | As at June 2016 $000 | Year to June 2017 $000 | Year to June 2016 $000 | As at June 2017 $000 | As at June 2016 $000 |
| Auckland DHB | 31 | - | 36 | - | 98 | 75 | - | - |
| Bay of Plenty DHB | 621 | 632 | 59 | - | 32 | 84 | - | 29 |
| Canterbury DHB | 1,254 | 1,347 | - | 123 | 395 | 501 | 3 | - |
| Capital & Coast DHB | 3,406 | 5,192 | 1,019 | 823 | 161 | 262 | 27 | 17 |
| Counties Manukau DHB | 42 | - | 47 | - | 107 | 77 | - | 15 |
| Hawke's Bay DHB | 2,500 | 3,780 | 148 | 30 | 24 | 79 | - | 10 |
| Hutt Valley DHB | 1,985 | 3,189 | 640 | 159 | 88 | 143 | 1 | 26 |
| Lakes DHB | 324 | 289 | 51 | - | 40 | 10 | 2 | - |
| MidCentral DHB | 4,088 | 4,490 | 1,038 | 125 | 23 | 53 | - | 10 |
| Nelson Marlborough DHB | 513 | 451 | - | 48 | 23 | 53 | - | 10 |
| Northern Regional Alliance* | 4,140 | 5,031 | - | - | 304 | 236 | 4 | 3 |
| Northland DHB | 109 | - | 56 | - | 3 | 53 | - | 10 |
| Tairawhiti DHB | 144 | 147 | - | - | - | 24 | - | 14 |
| Taranaki DHB | 355 | 314 | - | 30 | 566 | 672 | - | 5 |
| South Canterbury DHB | 164 | 177 | - | - | 10 | 24 | - | - |
| South Island Alliance Programme Office** | 576 | - | - | - | - | - | - | - |
| Southern DHB | 962 | 988 | - | - | 65 | 150 | - | 86 |
| Waikato DHB | 1,018 | 1,006 | - | - | 33 | 75 | - | 86 |
| Wairarapa DHB | 1,315 | 1,925 | 316 | 29 | 10 | 24 | - | 5 |
| Waitemata DHB | 65 | - | 4 | - | 33 | 75 | - | 15 |
| West Coast DHB | 161 | 111 | 11 | - | - | - | - | - |
| Whanganui DHB | 2,090 | 2,450 | 402 | 216 | 10 | 24 | - | 5 |

*Revenue is billed to Northern Regional Alliance on behalf of Auckland DHB, Counties Manukau DHB, Northland DHB and Waitemata DHB.

**Revenue is billed to South Island Alliance Programme Office on behalf of Canterbury DHB, South Canterbury DHB, Nelson Marlborough DHB and Southern DHB and West Coast DHB.

***Key management personnel compensation***

| | 2017 $000 | 2016 $000 |
|---|---|---|
| **Leadership team** | | |
| Remuneration | $1,727 | $1,655 |
| **Full-time equivalent members** | **8.0** | **8.0** |

## 14. Board member remuneration

The total value of remuneration paid or payable to each Board member during the year ended 30 June 2017 was:

| | 2017 $000 | 2016 $000 |
|---|---|---|
| Dr Jan White (Chairperson) | 30 | 30 |
| Murray Bain | 15 | 15 |
| Deryck Shaw | 15 | 15 |
| Murray Georgel | - | 15 |
| Wendy McPhail | 15 | 15 |
| **Total Board member remuneration** | **75** | **90** |

Kathryn Cook is the fifth board member and does not receive any remuneration as she is the representative of the A Class shareholders and is a paid employee of MidCentral DHB.

There have been no payments made to committee members appointed by the Board who are not Board members during the financial year.

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 is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

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 the balance date.

# INDEPENDENT AUDITOR'S REPORT

KPMG

To the shareholders of Central Region's Technical Advisory Services

**Report on the financial statements**

## Opinion

In our opinion, the accompanying financial statements of Central Region's Technical Advisory Services (the company) on pages 30 to 38:

i. present fairly in all material respects the company's financial position as at 30 June 2017 and its financial performance and cash flows for the year ended on that date; and

ii. comply with Public Benefit Entity Standards (Not For Profit).

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2017;
- 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 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

## Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity'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 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 report, or any of the opinions we have formed.

KPMG

## 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 (Not For Profit));
- 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:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx.

This description forms part of our independent auditor's report.

KPMG

KPMG
Wellington

27 September 2017

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