

Review Period: Quarter 4 Monitoring Report: 1 April 2018 – 30 June 2018

Performance Measure	Target Set 2017/18 Financial Year	Historical Trend Line					Achieved FY 2017/18				
		FY13	FY14	FY15	FY16	FY17	Budget \$		Actual \$		
Provision of a safe and effective blood service for all New Zealanders through supply and delivery of: <ul style="list-style-type: none"> ▪ Fresh Blood Components ▪ Fractionated Blood Products ▪ Other Products and Related Services 	Revenue of \$118.45m	\$104.9m	\$104.0m	\$109.0m	\$115.6m	\$114.43m	Q1	\$592k	Q1	\$1,782k	+\$1,190k
	Expenses of \$120.30m	\$107.0m	\$103.1m	\$104.3m	\$117.9m	\$114.50m	Q2	-\$929k	Q2	\$549k	+\$1,478k
	Deficit of -\$1.85m	-\$2.1m	\$0.9m	\$4.7m	-\$2.3m	-\$0.07m	Q3	-\$411k	Q3	-\$327k	+\$84k
							Q4	-\$1,107k	Q4	-\$2,571	-\$1,464k
							FY18	-\$1,855k	FY18	-\$567k	+\$1,288k

Quarter 4: Revenue for quarter 4 at \$30.35m maintained the year's momentum being 1.8% up on budget and 7.7% ahead of last year's Q4 revenue level. The June quarter's operational earnings result while assisted by higher product margin was impacted by higher expenditures resulting in an operational budget deficit of **-\$2.96m**. The overall reported result for the quarter was a deficit of **-\$2.57m** a result \$1.46m unfavourable to budget as detailed in the side table.

The Q4 result while reporting an adverse operational performance had been anticipated when referenced to the Q3 forecast deficit of **-\$1,191k**. Key points of note influencing the Q4 result are detailed below;

- Gross margin at \$10.05m was favourable to budget by 4.64% (+\$446k) achieved off better than budget revenue levels,
- Inventory adjustments were unfavourable in the quarter at **-\$1.32m** (adverse to budget by -\$1.15m) of which a \$1.69m adverse adjustment arose from the plasma fractionation production pooling in April at CSL's Melbourne facilities. This was partially offset by a favourable year-end inventory revaluation adjustment of +\$373k.
- Production recoveries at \$15.02m for the quarter were favourable to budget by +\$430k a result of the demand uplift impact on production mix and the steady increase in source plasma volumes required for fractionated product manufacture.
- Overall expenditure in the quarter totalled \$26.39m which was 6.3% ahead of the budget (\$24.82m) the result in part due to higher activity in the quarter and was above the Quarter 3 spend of \$24.54m. Consumables spend was higher (-\$298k to budget) and at year end \$634k of Labour related accruals arose covering expected back pay on awards under negotiations and payroll related entitlements including long service leave provisioning adjustments arising at year-end.
- The NZ dollar weakened over the quarter resulting in a favourable movement when 'marked to market' of +\$536k on forward currency contracts held by NZBS.

**** Forecast Full Year Result:** The last full year forecast in Q3 was for a **-\$1.19m deficit** so it was pleasing to see an improved result reported for the 2017/18 financial year

Summary of June Quarter - Q4 - 2017/18 Financial Performance				
Heading	Actual	Budget	Variance	
(xx) = Unfavourable	\$000's	\$000's	\$000's	%
Gross Revenues	30,349	29,825	524	1.8%
Product Margin	10,048	9,602	446	4.6%
Total Expenditure within P&L	(26,386)	(24,819)	(1,568)	(6.3%)
Inventory Adjustments	(1,321)	(167)	(1,154)	690.8%
Production Recoveries	15,023	14,593	430	2.9%
Product Expiry	(597)	(417)	(180)	(43.2%)
Other Income & Interest Earned	292	222	70	(31.4%)
Foreign Exchange - Realised	(15)	123	(138)	-
Operational Earnings	(2,956)	(862)	(2,094)	242.9%
<i>Non Operating Costs</i>				
- Premises Rental Accrued	(150)	(150)	0	0.0%
- Unrealised Forex Movement	536	(94)	630	667.4%
Reported Surplus for Quarter	(2,571)	(1,107)	(1,464)	132.3%

Quarter 3: Revenue for quarter 3 at \$29.73m maintained the first half demand momentum to be 2.9% up on budget and 5.6% ahead of last year's Q3 revenue level. The March quarter's operational earnings result reflected those higher revenues with an operational surplus of \$590k compared with an operational budget deficit of **-\$169k**. The overall reported result was a deficit of **-\$327k** a result \$85k favourable to budget as detailed in the side table.

The Q3 result was seen as a satisfactory operational performance with points of note influencing the result detailed below;

- Gross margin at \$9.75m was favourable to budget by 4.6% (\$426k) achieved off better than budget revenue levels,
- Inventory adjustments were favourable in the quarter at \$1.38m mostly stemming from the February plasma fractionation production at CSL's Melbourne facilities,
- Production recoveries at \$14.55m for the quarter were favourable to budget by \$571k a result of the demand uplift impact on production mix and the steady increase in source plasma volumes required for fractionated product manufacture combined with the rebuilding of the plasma buffer to a minimum 27 tonne holding,
- Overall expenditure in the quarter totalled \$25.22m which was 5.6% ahead of the budget (\$23.88m) and slightly above the Quarter 2 spend of \$24.68m.
- The NZ dollar strengthened over the quarter resulting in an unfavourable movement when 'marked to market' of **-\$466k** on forward currency contracts held by NZBS.

**** Forecast Full Year Result:** The latest full year forecast for the 2017/18 financial year is for a **deficit of -\$1.19m** compared to a **budgeted deficit of -\$1.86m**. This forecast reflects the uplift in demand experienced to date and the expectation this level of DHB activity will likely continue over the balance of the financial year. At the operational level a **deficit of -\$1.25m (last fc -\$1.21m)** is being forecast (+\$40k favourable to budget) with expected favourable movement over the year on held forward currency contract positions helping reduce the operational deficit to the current forecast reported deficit of **-\$1.19m**.

Summary of March Quarter - Q3 - 2017/18 Financial Performance					Full Year
Heading	Actual	Budget	Variance		Forecast
(xx) = Unfavourable	\$000's	\$000's	\$000's	%	\$000's
Gross Revenues	29,730	28,906	824	2.9%	121,025
Product Margin	9,746	9,321	426	4.6%	39,150
Total Expenditure within P&L	(24,544)	(23,420)	(1,124)	(4.8%)	(97,425)
Inventory Adjustments	1,383	(17)	1,399	(8391.4%)	273
Production Recoveries	14,546	13,976	571	4.1%	58,334
Product Expiry	(679)	(459)	(221)	(48.1%)	(2,250)
Other Income & Interest Earned	144	326	(182)	55.7%	602
Foreign Exchange - Realised	(6)	103	(109)	-	(131)
Operational Earnings	590	(169)	759	(448.3%)	(1,247)
<i>Non Operating Costs</i>					
- Premises Rental Accrued	(150)	(150)	(0)	(0.0%)	(601)
- Unrealised Forex Movement	(766)	(92)	(674)	(735.2%)	657
Reported Surplus for Quarter	(327)	(411)	85	(20.6%)	(1,191)

Quarter 2: Revenue for quarter 2 saw the continuation of solid revenue levels being 2.6% up on budget and 6.5% ahead of last year's revenue level. The December quarter's operational earnings result reflected those higher revenues with an operational surplus of \$426k compared with an operational budget deficit of **-\$823k**. The overall reported result was a surplus of \$549k a result \$1.48m favourable to budget as set out in the side table.

This was considered a good operational performance with points of note influencing the result detailed below;

- Gross margin at \$9.80m was favourable to budget by 2.6% (\$252k) achieved off better than budget revenue levels,
- Inventory manufacturing adjustments were favourable in the quarter at \$361k which included 3 toll fractionation manufacturing runs at CSL Behring's facilities,
- Production recoveries at \$14.73m for the quarter were favourable to budget by \$321k a result of the demand uplift on production mix and the steady increase in source plasma volumes required for fractionated product manufacture combined with the restoration of the plasma buffer,
- Overall expenditure in the quarter totalled \$24.68m which was slightly under the budgeted levels of \$24.73m.
- A favourable movement in the 'mark to market' position of forward currency contracts, being \$229k favourable to budget.

**** Forecast Full Year Result:** The latest full year forecast for the 2017/18 financial year is for a **deficit of -\$133k** compared to a **budgeted deficit of -\$1.86m**. This forecast reflects the uplift in demand experienced in the first half of the financial year and the expectation this level of DHB activity will likely continue over the balance of the financial year. At the operational level a **deficit of -\$1.21m** is forecast (+\$78 k favourable to budget) with expected favourable forward currency contract positions reducing the operational deficit to the reported **-\$133k**.

Summary of September Quarter - Q2 - 2018/19 Financial Performance					Full Year
Heading	Actual	Budget	Variance		Forecast
(xx) = Unfavourable	\$000's	\$000's	\$000's	%	%
Gross Revenues	30,505	29,736	770	2.6%	119,892
Product Margin	9,795	9,543	252	2.6%	38,652
Total Expenditure within P&L	(24,051)	(24,276)	225	0.9%	(96,966)
Inventory Adjustments	361	(167)	528	(315.6%)	614
Production Recoveries	14,730	14,409	321	2.2%	57,692
Product Expiry	(626)	(455)	(171)	(37.5%)	(2,175)
Other Income & Interest Earned	210	223	(13)	5.7%	735
Foreign Exchange - Realised	6	(99)	105	-	39
Operational Earnings	426	(823)	1,249	(151.7%)	(1,209)
Non Operating Costs	123	(106)	229	-	1,076
Price Rebate to DHBs	-	-	-	-	-
Reported Surplus for Quarter	549	(929)	1,478	(159.1%)	(133)

Quarter 1: Revenue for quarter 1 represented a solid start to the new financial year being 3.3% above budget and 6.3% up on last year's revenue level. The September quarter's operational earnings result was an operational surplus of \$695k compared with an operational budget of \$567k. The overall reported result was a surplus of \$1.78m assisted by a favourable 'mark to market' unrealised exchange gain of \$1.24m based off forward AUD currency contracts held by NZBS.

This was considered a good operational performance with points of note influencing the result detailed below;

- Gross margin at \$9.87m was favourable to budget by 1.6% (\$160k) albeit off higher than budget revenues,
- Inventory adjustments were unfavourable in the quarter at **-\$289k** which included 2 toll fractionation manufacturing runs,
- Production recoveries at \$14.67m for the quarter were adverse to budget by **-\$388k** a reflection of the change occurring in production mix with a reduction in fresh product volumes only partially offset by an increase in the lower value source plasma volumes required for fractionated product manufacture,
- Lower levels of general expenditure in the quarter totalled \$23.38m which was 4.5% favourable to budget (+\$1.09m) and helped offset the above unfavourable variances impacting the reported result.
- The NZ dollar weakened against the Australian dollar over the quarter resulting in a favourable movement in the 'mark to market' position of forward currency contracts held of +\$1.24m which was \$1.06m favourable to budget.

**** Forecast Full Year Result:** The initial forecast for the 2017/18 financial year is for a **deficit of -\$1.56m** which compares to a **budgeted deficit of -\$1.86m**. This forecast is based on the expectation of NZBS operating in a largely flat demand environment over the 2017/18 financial year as DHBs are expected to continue their proactive management of their blood management programmes. This expected environment is challenging for NZBS, as the sector's manufacturer, to operationally fully compensate and at the same time maintain the expected quality and service standards. The forecast **operational deficit of -\$2.21m** reflects that challenge albeit being tempered by expected favourable forward currency contract positions reducing the **forecast deficit to -\$1.56m**.

Summary of September Quarter - Q1 - 2017/18 Financial Performance					Full Year
Heading	Actual	Budget	Variance		Forecast
(xx) = Unfavourable	\$000's	\$000's	\$000's	%	%
Gross Revenues	30,973	29,979	994	3.3%	117,027
Product Margin	9,869	9,709	160	1.6%	37,773
Total Expenditure within P&L	(23,382)	(24,472)	1,090	4.5%	(96,048)
Inventory Adjustments	(289)	547	(835)	(152.8%)	612
Production Recoveries	14,665	15,052	(388)	(2.6%)	56,737
Product Expiry	(495)	(460)	(34)	(7.5%)	(1,800)
Other Income & Interest Earned	466	252	215	(85.2%)	726
Foreign Exchange - Realised	(139)	(60)	(79)	-	(207)
Operational Earnings	695	567	128	22.6%	(2,207)
Non Operating Costs	1,087	25	1,062	-	645
Price Rebate to DHBs	-	-	-	-	-
Reported Surplus for Quarter	1,782	592	1,190	200.9%	(1,562)

Externally focussed Service Performance Measures relating to achievement of NZBS's two externally focussed strategic goals						
Performance Measures	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18
	Actual	Actual	Actual	Actual	Target	Achieved
1. External output measures related to Key Products and Services which contribute to achievement of NZBS Enduring Outcome and Strategic Goal 1						
1.1 Product and Service availability						
Key products and services are available at all times (24 x 7). Measure is instances when this is not achieved and which could potentially have a negative consequence for patients.	1	0	0	0	0	Q1: Achieved Q2: Achieved Q3: Achieved Q4: Achieved
2. External output measures related to Demand Management and the relationship with DHBs which contribute to achievement of Strategic Goal 4						
2.1 Planning and Communication with District Health Boards (DHBs)						
NZBS will demonstrate a productive and supportive relationship with the DHBs, including proactively engaging with them through the Lead DHB CEO to agree pricing for the next financial year, ensuring that this information is provided in sufficient time to inform preparation of DHB Annual Plans. NOTE: Exact measure has changed over recent years.	ACHIEVED As per feedback received from the Lead DHB CEO stating; <i>"NZBS has fully met the requirements of its 'Planning and Communications with DHBs' performance measure."</i>	ACHIEVED Feedback received from the Lead DHB CEO that stated: "I can confirm from a DHB point of view NZBS has fully met the requirements of its "Planning and Communications with DHBs" performance measure in the 2014/15 financial year".	ACHIEVED Lead DHB CEO confirmed an open communication process with DHBs over price setting and utilisation patterns to inform the new financial year. To quote: <i>"I believe you have developed an open partnership with me which will hopefully see a greater strategic partnership developed"</i>	ACHIEVED NZBS assesses its communication obligations to the DHBs and relationship management were met over the course of the 2016/17 financial year However the Lead CEO changed twice during the year with an extended period of no Lead CEO. In these circumstances formal feedback could not realistically be expected	TARGET NZBS to receive favourable feedback from the Lead DHB CEO on maintaining a greater strategic partnership and the timely and relevant provision of information, including any issue resolution over the course of the 2017/18 financial year.	ACHIEVED NZBS has received the following feedback from the Lead DHB CEO on meeting this target. <i>NZBS has engaged in a positive and proactive relationship with the DHBs throughout the year, via the nominated lead DHB CEO. NZBS via its CEO has remained accessible, available and attentive to the challenges faced by both NZBS and the DHBs. The pricing discussion was well researched and informed leading to a mutually acceptable outcome for both parties.</i>

Performance Measures	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18
	Actual	Actual	Actual	Actual	Target	Achieved
2.2 NZBS Reports for DHBs						SUBSTANTIALLY ACHIEVED
Monthly demand management reports outlining purchase volumes by key product line are provided to DHBs to assist them to manage local usage and costs.	ACHIEVED Reports are provided to each DHB by the 12th working day of the following month.	ACHIEVED All reports provided to each DHB within an average 4 working days over 2014/15.	ACHIEVED All reports provided to each DHB within an average 4 working days over 2015/16.	ACHIEVED All reports provided to each DHB within an average the stated timeframe over 2016/17.	TARGET Reports are provided to each DHB by the 10th working day of the following month.	Q1, Q2*, Q3, Q4: All monthly demand reports provided to each DHB within the stated timeframe.
* The September 2017 reports were delayed due to problems with extracting data following the implementation of eTraceline, the new national blood banking management system on 2 September 2017. Over the 2017/18 financial year the average despatch time for this reporting was 5 working days.						
2.3 Clinical Oversight Programme						
All Blood Banks located in main DHB hospitals (other than the 6 DHBs where NZBS is responsible for Blood Bank provision) will receive at least 1 NZBS Clinical Oversight visit (and audit report) per year in order to enable them to meet the requirements of ISO15189 for IANZ Accreditation.	ACHIEVED - 100%	NOT ACHIEVED – 96%	ACHIEVED - 100%	ACHIEVED - 100%	TARGET - 100% To achieve a minimum one clinical oversight visit and report per year to all non NZBS managed blood banks located in main DHB hospitals.	ACHIEVED – 100%
2.4 Haemovigilance Reporting						
2.4.1 To promote risk awareness and best practice in transfusion, NZBS will publish an annual Haemovigilance report for each calendar year and will share this information with all DHBs to assist them to reduce the incidence of adverse transfusion related events.	ACHIEVED 2012 Haemovigilance Report distributed to all DHBs in December 2013 and available on NZBS web-site.	ACHIEVED 2013 Haemovigilance report published in November 2014 and provided to all DHBs and is posted on NZBS website	ACHIEVED 2014 Haemovigilance report completed and released to DHBs in October 2015.	ACHIEVED 2015 Haemovigilance report completed and released to DHBs in October 2016.	TARGET 2016 Annual Haemovigilance Report published and distributed to all DHBs by Quarter 2 of 2017.	ACHIEVED 2016 Haemovigilance Report completed and released to all DHBs during Quarter 2 of the 2017/18 financial year.
Haemovigilance - Patient safety (measured in calendar years)	2012	2013	2014	2015	2016 TARGET	2016
2.4.2 Number of transfusion related adverse events occurring as a result of an NZBS “system failure” reported to the National Haemovigilance Programme, with a severity score greater than 1 and imputability score classified as likely/probable or certain.	ACHIEVED 0	ACHIEVED 0	ACHIEVED 0	ACHIEVED 0	0	ACHIEVED 0

Internally focussed Service Performance Measures relating to achievement of NZBS's five internally focussed strategic goals						
These are considered "proxy output measures" in the context of NZBS activities and are key contributors to NZBS's success in achieving its enduring outcome and the external output measures identified in the Strategic Goals Section (Section 4) of the Statement of Intent						
Performance Measures	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18
	Actual	Actual	Actual	Actual	Target	Achieved
3. Internal measures related to Products and Service Quality which contribute to achievement of Strategic Goal 2						
3.1 Donation Testing						ACHIEVED
Each donation will be tested prior to use in accordance with the NZBS Manufacturing Standards (as approved by Medsafe). <ul style="list-style-type: none">No product is released for issue to a patient until it has passed all safety tests and associated records are maintained.	100% tested	100% tested	100% tested	100% tested	100% tested	Q1: 100% tested Q2: 100% tested Q3: 100% tested Q4: 100% tested
3.2 Regulatory Compliance - Medsafe						ACHIEVED
NZBS will ensure it maintains Medsafe licences for its 6 hub sites 100% of the time, to provide an assurance of GMP compliance.	100% GMP Licensing compliance	100% GMP Licensing compliance	100% GMP Licensing compliance	100% GMP Licensing compliance	100% GMP Licensing compliance	100% GMP Licensing compliance
3.3 Regulatory Compliance – IANZ (International Accreditation New Zealand)						ACHIEVED
NZBS will ensure it maintains IANZ accreditation 100% of the time at all of its diagnostic laboratories.	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accredited	100% IANZ accreditation maintained
3.4 Regulatory Compliance – ASHI (American Society of Histocompatibility and Immunogenetics)						Achieved
NZBS will maintain ASHI accreditation 100% of the time at the national Tissue Typing laboratory.	100% ASHI accredited Biennial on-site audit completed	100% ASHI accreditation maintained	100% ASHI accreditation maintained via biennial on-Site audit for Tissue Typing laboratory	100% ASHI accredited maintained	100% ASHI accredited Biennial on-site audit to be conducted	100% ASHI accreditation maintained via biennial on-Site audit for Tissue Typing laboratory

Performance Measures	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18
	Actual	Actual	Actual	Actual	Target	Achieved
4. Internal measures related to Donors which contribute to achievement of Strategic Goal 3						
4.1 Donor Population						
NZBS maintains a donor population capable of meeting the on-going demand for blood and blood products.	These reported donor numbers represent the donor population required to meet demand noting that within any given financial year there is constant flexing to ensure demand alignment that in turn minimises expiry.					Q1: 109,202 Q2: 108,818 Q3: 108,308 Q4: 107,210
<ul style="list-style-type: none"> Active whole blood & apheresis donor panels. 	112,744	109,518	110,746	109,751	102,715	
Comment: The donor population, split between Whole Blood, Plasmapheresis and Plateletpheresis donor panels are managed to meet the forecast demand profile and forecast fractionated product source plasma requirements.						
4.2 Donor Satisfaction (Old Measure)						
Measure of Overall Satisfaction with the Quality of Service using the Common Measurement Tool questionnaire.					DISCONTINUED MEASURE (See new Measure below)	
<ul style="list-style-type: none"> Greater than 90% of donors surveyed state that they are either "Satisfied" or "Very Satisfied" with the overall quality of service. 	NOT ACHIEVED 88.3%	NOT ACHIEVED 87.9%	NOT ACHIEVED 88.4%	NOT ACHIEVED 87.9%		
4.2 Donor Satisfaction (new measure)					Target	Achieved
Measure of overall satisfaction with the quality of service	NEW MEASURE IN 2016/17 FINANCIAL YEAR			ACHIEVED 91.35%	Greater than 90% satisfaction with the service	Two surveys completed in the 2017/18 financial year producing an average 92.78% donor satisfaction rating.
<ul style="list-style-type: none"> 90% of donors give an 8 or higher score out of 10 of their experience/satisfaction with the service. 						
Note: This is ascertained by internal NZBS donor surveys conducted 6 monthly over the financial year. The first survey was conducted in June 2017. The surveys over the 2017/18 financial year were undertaken in November 2017 (91.98%) and May 2018 (93.58%). The reported donor satisfaction figure is the average of the two surveys conducted over the financial year.						

Performance Measures	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18
	Actual	Actual	Actual	Actual	Target	Not Achieved
4.3 Targeted donor recruitment strategies (old measure)						
4.3.1 Increase percentage of Māori donors on the active donor panel from the level achieved in the prior year.	ACHIEVED 7.7%	ACHIEVED 9.3%	ACHIEVED 9.8%	NOT ACHIEVED 9.55%	DISCONTINUED MEASURE	
4.3.2 Increase the percentage of youth donors between the ages of 19 – 25 years on the active donor panel from the 2012/13 level of 18.4% of all donors. ²	ACHIEVED 18.8%	NOT ACHIEVED 18.8%	NOT ACHIEVED 18.8%	NOT ACHIEVED 17.54%	DISCONTINUED MEASURE	
² Attraction of youth donors assists in future proofing the service – encouraging new donors to replace those who are retiring.						
Comment: Donor population movement impacts these key performance indicators and for that reason new measures will apply in 2017/18 that set real targets for performance not a shifting % of the donor panel always dependent on demand profile.						
4.3 Targeted donor recruitment strategies (New Measure)	Actual	Actual	Actual	Actual	Target	Not Achieved
4.3.1 Recruit 2,900 new and reinstated Maori donors to the active donor panel (each year measure)	NEW MEASURE IN 2017/18 FINANCIAL YEAR				2,900	2,731 targeted donors recruited (94%)
4.3.2 Recruit 11,000 new and reinstated youth donors between the ages of 16 – 25 on the active donor panel – attracting youth donors assists in future proofing the service by encouraging new donors to replace those retiring.	NEW MEASURE IN 2017/18 FINANCIAL YEAR				11,000	10,211 targeted donors recruited (93%)
NOTE: For clarity, the definition of a new donor is a donor who has made a valid donation for the very first time in New Zealand. The definition of a reinstated donor is a person who has made at least two donations of which one blood donation was made within the last 12 months and the interval between that donation and the prior donation is more than 24 months excluding autologous and therapeutic donations. The first year reporting of these new KPI fell just short of target. For the Maori donor target there was no discernible reason other than acknowledging the need to maintain in future a specific campaign focus throughout the year acknowledging the main focus in 2017/18 had been on plasma collection to secure the required quantities of source plasma for fractionation. For the youth target there were fewer actual collections days than had been planned due to pressure on the availability of rooms at the universities. Similarly a number of schools rescheduled their originally planned days to later in the financial year adversely impacting the original planned collection timetable.						

Performance Measures	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18
	Actual	Actual	Actual	Actual	Forecast	ACHIEVED
4.4 Raw Material (Collections) Inputs						
4.4.1 Total Whole Blood donations.	120,858	120,099	119,967	111,146	110,365 Q1: 28,817 Q2: 27,396 Q3: 26,696 Q4: 27,476	111,588 Q1: 28,175 Q2: 27,943 Q3: 27,523 Q4: 27,947
4.4.2 Total Plateletpheresis donations.	3,942	3,436	3,145	2,852	2,965 Q1: 773 Q2: 736 Q3: 717 Q4: 739	2,637 Q1: 663 Q2: 677 Q3: 661 Q4: 636
4.4.3 Total Plasmapheresis donations.	32,514	41,438	52,026	53,081	51,800 Q1: 13,533 Q2: 12,853 Q3: 12,527 Q4: 12,887	58,441 Q1: 13,664 Q2: 15,061 Q3: 14,922 Q4: 14,794
4.4.4 Total donations.	157,314	164,973	175,138	167,079	165,130 Q1: 43,124 Q2: 40,985 Q3: 39,920 Q4: 41,101	172,666 Q1: 42,502 Q2: 43,681 Q3: 43,106 Q4: 43,377

Comment: Collection inputs targets are not fixed. The collection inputs have been flexed over the financial year to meet demand indications. The level of donations reflect the demand profile noting levelling out in red cell demand (sourced from whole blood) and the continuing focus on lifting plasmapheresis collection (+10.1%) to meet source plasma requirements for fractionated product manufacturing.

5. Internal measures related to People which contribute to achievement of Strategic Goal 5

Performance Measures	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18
	Actual	Actual	Actual	Actual	Target	ACHIEVED
5.1 Annual Employee turnover - Moving annual total basis for reporting.	10.4%	8.1%	9.9%	10.6%	≤ 12.0%	Q1: 8.66% Q2: 9.55% Q3: 9.85% Q4: 12.5%
5.2 Employee Engagement Index Score undertaken as part of the broader Culture and Engagement survey.	68.5%	No survey Note: the referenced survey results were released in June 2014	No survey	ACHIEVED 71.4% The survey was conducted in October 2016	No Survey	No Survey undertaken in 2017/18 financial year

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

6.1 Auckland Facility Project Successful completion of key project milestones in accordance with Board approved project plan.	New measure in 2015/16	DEFERRED Project deferred to enable certain work to be completed such work having the potential to materially impact on the nature and scope of the planned project	No performance measure set for 2016/17.	Business case and associated project plan for the redevelopment of the Auckland site facilities to be approved by the Board no later than 30 June 2018.	ACHIEVED A comprehensive Redevelopment plan Scoping paper was presented to the May 2018 Board meeting. The Board approved the planned redevelopment subject to Ministry of Health sanction.
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7. Internal measures related to Financial Sustainability which contribute to achievement of Strategic Goal 7

					Target	ACHIEVED
Achievement of budget Forecast deficit of \$1.855m. No Rebate Planned	ACHIEVED Actual surplus of \$0.86m Price rebate of \$2.0m paid to DHBs	ACHIEVED Actual surplus of \$4.7m Price rebate of \$3.55m paid to DHBs.	NOT ACHIEVED Actual Deficit of (\$2.34m) No DHB price rebate paid to DHBs.	ACHIEVED Actual Deficit of (\$73K) No DHB price rebate paid to DHBs.	Achievement of Budget set as a Deficit of (\$1.855m) No price rebate planned to DHBs.	Q1: \$1.78m YTD Q2: \$2.33m YTD Q3: \$2.00m YTD Q4: -\$567k deficit - Full Year result No DHB price rebate declared to DHBs.

Specific Commentary Relating to the Quarter under Review

Headline Achievements / Activities in June 2018 Quarter:

- NZBS will mark its 20th anniversary on 1 July 2018 with a number of planned activities befitting the occasion by celebrating the achievements of the service and its staff over the past two decades while at the same time positioning ourselves to look forward to the next 20 years.
- NZBS completed a comprehensive internal review of all Executive expenditure covering the 12 month period to 30 June 2017. The review work was undertaken by the Finance team and reported to the May 2018 Board meeting. The review found no instances of non-compliance either with policy, approval processes or lack of appropriate supporting documentation.
- NZBS commissioned KPMG to undertake an independent review of the NZBS cybersecurity environment. The work was completed in quarter 4 and reported to the Board at its May Board meeting. KPMG found the maturity and effectiveness of the NZBS cybersecurity controls in place were comparable to similar organisations that had a good baseline of security protection in place. Nonetheless a number of additional recommendations came out of the review which will be actioned by NZBS in a planned manner.
- NZBS hosted the international MAK blood management systems user group conference in Auckland in early May. This is a twice a year conference normally held in Europe or North America. The conference was attended by representatives from blood services all over the world, attendees coming from Australia, America, Canada, Hungary, Ireland, Scotland, Sanquin (Netherlands), Wales Singapore, Brazil and Austria. Hosting the conference afforded NZBS a number of side benefits with opportunities for useful side meetings with MAK executive and also afforded the opportunity to showcase Auckland / NZ as a tourist destination with a number of attendees staying on to explore the wonder of New Zealand further.
- NZBS has refreshed its Maori responsiveness strategy – Toto Koiora (Life Blood). This refresh incorporated strategies for the next 5 years with the responsiveness strategy providing a strategic framework identifying areas where NZBS can progress its approach to produce benefits for Maori. The strategy aligns with the Ministry of Health's He Korowai Oranga acknowledging Whanau Ora as the strategic tool in working with Maori and Maori providers to assist in improving Maori health outcomes.
- A comprehensive scoping paper for the redevelopment of the strategic Auckland hub site at 71 Great South Road was presented to the May Board meeting with the Board providing its approval subject to receiving Ministry of Health endorsement of the proposed redevelopment plan. This represents a major capital expenditure undertaking with a planned budget of \$15.70 million all of which will be self-funded by NZBS. The redevelopment has been long planned for this NZBS facility. The redevelopment is considered a cost effective solution for a well located 20 year old facility when compared to a greenfield development. The redevelopment will be undertaken in stages over a 3 to 4 year timeline with stage 1 being the relocation of National Office which needs to commence no later than November 2018 to ensure the current National Office lease termination date can be complied with.

Overall Commentary on Full Year Performance:

The 2017/18 year witnessed an overall growth in volume of 4.2% compared with last year's decline of 2.6%. Volume growth while modest was recorded for blood products after a number of years of decline. In addition immunoglobulin product saw strong volume growth of 10.25% compared with last year's -0.4% volume decline for this major product category. NZBS is reporting a **deficit of -\$567** for the 2017/18 financial year compared with a **budgeted deficit of -\$1.86m**. At the operational level the result was in line with budget an indication that despite the lift in revenues the operating environment throughout the year was generally challenging. The reported result continues to be influenced by 'mark to market' unrealised foreign exchange movements, as required under international financial reporting standards. In the 2017/18 financial year the mark to market saw a favourable movement in opening to closing positions of +\$1.46m that assisted in cushioning the operational earnings deficit.

The 2017/18 Statement of Performance saw NZBS deliver on all but one of its stated KPIs. The exception was the targeted donor recruitment KPI targets where NZBS achieved 94% of target for new and reinstated Maori donors and 93% of target for the increase in youth donors between the ages of 16 to 25 years.

FINANCIAL PERFORMANCE WORKSHEETS with FTE Numbers – Quarter 4: 3 Months to 30 June 2018

Ministry of Health Template - Financial Performance Information							Current Full Year Forecast		
Heading	June 2018 Quarter			Actual 2017/18 YTD Result			Current Forecast	Full Year Budget	Var. to Budget
	Actual	Budget	Var.	Actual	Budget	Var.			
Revenue									
Blood Products	23,953	23,712	241	97,619	94,545	3,075	98,114	94,545	3,569
Services	6,104	5,890	213	22,825	22,877	(52)	22,738	22,877	(139)
Other Income	221	149	72	809	732	77	808	732	76
Interest Income	71	73	(2)	304	291	13	304	291	13
Total revenue	30,349	29,825	524	121,557	118,446	3,112	121,964	118,445	3,519
Expenditure									
Cost of Goods Sold	20,009	20,001	9	80,987	79,248	1,739	81,335	79,248	2,087
Production & Service Costs	12,714	12,252	463	49,493	48,093	1,400	49,446	48,092	1,354
Inventory Adjustments	1,321	167	1,154	(134)	(196)	61	(64)	(197)	133
Production Recoveries	(15,023)	(14,593)	(430)	(58,964)	(58,030)	(934)	(58,939)	(58,030)	(909)
Expiry & Obsolescence	597	417	180	2,396	1,791	606	2,311	1,791	520
Indirect Overheads	11,882	10,615	1,267	42,012	41,290	722	41,929	41,891	38
Depreciation	1,018	1,177	(159)	3,834	4,447	(613)	3,900	4,447	(547)
Interest & Capital Charge	772	775	(3)	3,025	3,157	(132)	3,023	3,157	(134)
Forex Fluctuations - Realised	15	(123)	138	155	(67)	221	152	(66)	218
Forex Fluctuations - Unrealised	(536)	94	(630)	(1,280)	(33)	(1,247)	(942)	(634)	(308)
Premises Accrued Rent	150	150	(0)	601	601	-	601	601	-
Price Rebate to DHBs	-	-	-	-	-	-	-	-	-
Total Net Expenditure	32,920	30,932	1,988	122,124	120,301	1,824	122,751	120,300	2,451
Quarterly Surplus / (Deficit)	(2,571)	(1,107)	(1,464)	(567)	(1,855)	1,288	(787)	(1,855)	1,068
FTE Levels	533.16	537.65	(4.49)	533.16	537.65	(4.49)	540.25	533.89	6.36

Ministry of Health Template									
Heading	June 2018 Quarter			Actual 2017/18 YTD Result			Current Forecast	Full Yr Budget	Var. to Budget
	Actual	Budget	Var.	Actual	Budget	Var.			
Revenue	30,349	29,825	524	121,557	118,446	3,112	121,964	118,445	3,519
Expenditure	32,920	30,932	1,988	122,124	120,301	1,824	122,751	120,300	2,451
Surplus / Deficit	(2,571)	(1,107)	(1,464)	(567)	(1,855)	1,288	(787)	(1,855)	(1,068)
Expenditure Analysis									
Cost of Goods sold	20,009	20,001	9	80,987	79,248	1,739	81,335	79,248	2,087
Expenditures	26,998	25,113	1,886	100,915	98,711	2,205	100,760	98,711	2,049
Production Recoveries	(15,023)	(14,593)	(430)	(58,964)	(58,030)	(934)	(58,939)	(58,030)	(909)
Inventory Adjustments	1,321	167	1,154	(134)	(196)	61	(64)	(197)	133
Non Operating Items	(385)	245	(630)	(679)	568	(1,247)	(341)	568	(909)
Rebate of Surplus to DHBs	0	0	0	0	0	0	0	0	0
Total Expenditure per Above	32,920	30,932	1,988	122,124	120,301	1,824	122,751	120,300	2,451

Heading	2017/18 BUDGET (\$000's)				
	QTR 1	QTR 2	QTR 3	QTR 4	Total
Revenue	29,978	29,736	28,907	29,824	118,445
Expenditure	29,386	30,665	29,318	30,931	120,300
Surplus / Deficit	592	(929)	(411)	(1,107)	(1,855)
Expenditure Analysis					
Cost of Goods sold	20,018	19,971	19,259	20,000	79,248
Expenditure	24,992	24,830	23,776	25,113	98,711
Production Recoveries	(15,052)	(14,409)	(13,976)	(14,593)	(58,030)
Inventory Adjustments	(547)	167	17	166	(197)
Non Operating Items	(25)	106	242	245	568
Total Expenditure per Above	29,386	30,665	29,318	30,931	120,300
Quarter End Cumulative Total		60,051	89,369	120,300	

Closing Equity Position	
Actual - 30/06/2017	\$000's
Closing Equity	39,399

Forecast - 30/06/2018	\$000's
Closing Equity	38,832

FTE Position at Quarter's end		
Period	Actual FTE Level	Rolling FTE Estab.
Quarter 1	520.07	535.65
Quarter 2	522.73	535.65
Quarter 3	532.59	537.61
Quarter 4	534.32	537.65