

NZ HEALTH PARTNERSHIPS

Hono Oranga Aotearoa

Statement of Performance Expectations 2021-2022



Note to our shareholders

ANNUAL PLAN

In accordance with our NZ Health Partnerships and Each District Health Board Shareholders Agreement, this Statement of Performance Expectations 2021/22 document is also presented as the Annual Plan 2021/22 including the Annual Budget 2021/22 for District Health Boards' written approvals before the commencement of our next financial year on 1 July 2021.

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FOREWORD

Kia ora kotou

Welcome to NZ Health Partnerships' (NZHP) Statement of Performance Expectations for 2021/22 (SPE).

We start the year with a sense excitement and clarity of purpose, which is to continue to deliver to the high standards we have set ourselves in the past 24 months and the commitments we have made to our DHB shareholders; as well as supporting the much broader transformational journey on which the health system has embarked.

2021/22 represents the first year in our Strategic Plan (2021-2025), based around three core pillars:

1. Connect: A more connected health system
2. Analyse: Better data, better systems, for better health outcomes
3. Realise: High performance at home.

While our Strategic Plan was formed during the latter half of 2020, approved by the NZHP Board (November 2020) and by DHB Boards (February and March 2021), its intent to build a more connected health system, with improved collective data and analytics, fully aligns to the ambition of creating a truly national health service for the first time. We believe our Strategic Plan and this SPE provide a strong and pragmatic roadmap for NZHP to follow while Health NZ is being established and NZHP's future role clarified.

While individual programme, project and service plans may need to accommodate significant scope changes, these adjustments will be made in full consultation with customers, Health NZ, the Ministry of Health, governance groups and other key stakeholders.

What won't change is our imperative of continuing to deliver both the Health, Finance and Procurement Information System (FPIM Oracle) and Health System Catalogue programmes on time, on scope and on budget.

Nor will our ambition to build on the more than 80% growth in financial benefits delivered over the past two years and continuing to lift service levels across National Procurement, the FPIM Operational Service, Shared Banking and Collective Insurance. This year the FPIM Operational Service will also welcome and onboard significantly more customers, growing from around 800 end-users today to more than 4,000 by year-end.

Internally, we will maintain our strong financial performance and controls, while continuing to build leadership capability and a high-performance, outcome-focused culture.

While NZHP – as part of the wider health whanau, faces significant change in the coming year – we remain committed to delivering upon our strategic and operational goals for the system at large and ultimately all the people of Aotearoa.

Terry McLaughlin
Chair

Steve Fisher
Chief Executive

NOTE: The financial forecasts contained in the SPE 2021/22 and the Statement of Intent 2021 – 2025 assume a 1.9% increase in the pay envelope for staff in 2021/22 and 2.0% for the outer years. These forecasts were finalised before the Public Service Pay Guidance announced in early-May. The Board will consider this guidance fully before any final decisions are made regarding any salary increases.



OUR STORY

Working smarter, together, we can make a difference.

That's why the country's 20 District Health Boards (DHBs) created NZ Health Partnerships (NZHP) in 2015. By thinking, acting and investing collaboratively, DHBs can achieve greater results and outcomes than they would by operating independently.

Our role is to help New Zealand health get the best value from the products and services it purchases.

We do this through national collaboration; by building smart tools and technology that allow the sector to leverage its combined size and scale; and increasingly through the provision of data, analytics and insights that inform better decisions.

This collaborative imperative not only underpins our work but is a key driver of the Health and Disability System Review.

FUTURE FOCUS

We have matured and grown to become a well-rounded entity that offers a portfolio of programmes and services that meet the health system's needs today, while setting up for success for tomorrow.

To guide our work and ensure it remains aligned to Government's Vision for health and the needs of our customers, we have developed our first four-year Strategic Plan (2021-2025) (Strategic Plan), which is structured around three strategic priorities:

1. Connect – A more connected health system
2. Analyse – Better data, better systems, better health outcomes
3. Realise – High Performance at home.

OUR VISION

Leading a new era of collective thinking, insight and action in health

OUR PURPOSE

We leverage the combined scale of the NZ health system to create value, equity and insights for our customers

OUR MISSION

Through collaboration, technology, data and analytics we help NZ health get the best value from the products and services it purchases



OUR WORK

NZHP collaborates and co-creates initiatives with our customers to benefit the collective.

Our work is driven by a cohesive national, collective approach to shared functions:

- Programmes - Health Finance, Procurement and Information Management System (FPIM Oracle); FPIM Operational Support; Health System Catalogue (HSC)
- Services - National Procurement; Shared Banking; and, Collective Insurance.

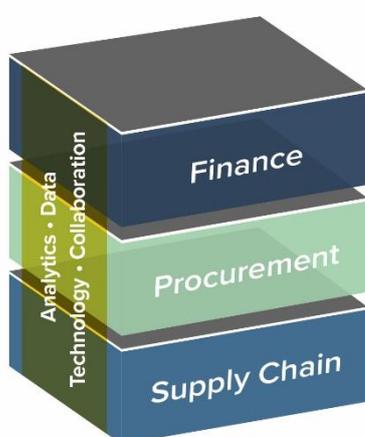
These functions mitigate risk, build system-wide enablers for the future; deliver financial savings; and operational efficiencies, for our customers and their subsidiaries. In turn, this supports the Triple Aim Framework's imperative of securing '*Best Value for public health system resource*'.

FOCUS on FINANCE, PROCUREMENT and SUPPLY CHAIN

We deliver on the Value imperative through collaboration, technology, data and analytics.

That is our mission and it applies across the end-to-end procure-to-pay process, or what we refer to as Finance, Procurement and Supply Chain (FPSC) activities.

FPSC at a collective or national level is our area of expertise and what we will continue to focus on. All of our work directly relates to the FPSC 'integrated stack' of services.



Specialising in this defined market allows us to:

- Focus efforts and resources into fully understanding the dynamics, risks and opportunities across DHBs' FPSC systems nationally
- Define our desired capabilities and inform recruitment and talent development initiatives
- Focus our innovation to build upon foundations such as the Health System Catalogue
- Define our current and future data and analytics scope
- Focus our investment decisions in areas such as Supplier Relationship Management
- Form partnerships and combine our expertise with others in the sector on complementary projects.



OUR STRATEGIC PRIORITIES

The revised New Zealand Health Strategy, and to some degree the Review, provide direction on sector priorities. NZHP's role is two-fold:

1. To build enablers
2. To deliver direct services that support DHBs to deliver on these priorities.

To achieve this, we have a Strategic Plan, which is structured around three Strategic Pillars (Pillars) – Connect, Analyse and Realise.



OUR ENVIRONMENT

HEALTH and DISABILITY SYSTEM REVIEW (Review)

In June 2020, the Minister of Health released the Health and Disability System Review (Review), which makes a series of far-reaching recommendations to futureproof New Zealand's health and disability system.

The recommendations are directed to Government, which will need to make decisions to enable the health system to evolve into one which better delivers health outcomes for all New Zealanders.

The Review recommends a cohesive system that provides clarity on key areas (ie where health and disability functions reside), how decisions are made, and how organisations are held accountable.

NZHP's Strategic Plan supports both the NZ Health Strategy and the Review. Indeed, some of our core programmes, such as the Health Finance, Procurement and Information Management System (FPIM Oracle) and Health System Catalogue are enablers for any future convergence and structural change. We are ready to play a key role in the shared services space of the new Health New Zealand.

STATUTORY and COMPLIANCE REQUIREMENTS

As a Crown entity subsidiary and limited liability company, NZ Health Partnerships is required to comply with a variety of legislation including, but not limited to:

- Commerce Act 1986
- Companies Act 1993
- Crown Entities Act 2004
- Employment Relations Act 2000
- Human Rights Act 1993
- Holidays Act 2003
- Health and Safety at Work Act 2015
- New Zealand Public Health and Disability Act 2000
- Official Information Act 1982
- Ombudsmen Act 1975
- Privacy Act 2020 and related codes ie Health Information Privacy Code 1994
- Protected Disclosures Act 2000
- Public Audit Act 2001
- Public Finance Act 1989
- Public Records Act 2005.

RISK MANAGEMENT

NZHP recognises that good risk management is essential across its business and in support of delivery of its Programmes and Services. Our approach is to assist the organisation in integrating risk management into significant activities and functions.

The effectiveness of our risk management practices and processes is supported by the Chief Executive and integrated into the governance of the company, including decision-making.



LEADERSHIP

OUR BOARD



Our Board has three Independent Directors and four DHB-appointed Directors, one from each region: Northern, Te Manawa Taki (Midlands), Central and Southern. The Independent Directors are jointly appointed by shareholders on the recommendation of our Board and must not be a member, officer, employee or contractor of a DHB. The DHB Directors on the other hand must be either DHB Chairs or Deputy Chairs and are directly appointed by DHBs in their region.

The Chair is an Independent Director who is appointed by unanimous resolution of the NZHP Board.

Chair <i>Terry McLaughlin</i>	<p>Terry was appointed as Board Chair in May 2019. He is also the Chief Executive of Pacific Radiology. Terry is an experienced finance executive with particular strengths in audit and evaluation of contracts and performance (value for money).</p>
DHB Director, Te Manawa Taki (Midlands Region) <i>Dr Jim Mather</i>	<p>Jim is the Chair, Lakes DHB. He is of Ngāti Awa, Ngāi Tūhoe and English descent. Jim was previously the Chief Executive of Te Wānanga o Aotearoa; following tenure as Chief Executive of Māori Television and, prior to that, the Chief Executive of the Pacific Business Trust.</p>
DHB Director, Central Region <i>Sir Paul Collins</i>	<p>Paul is the Chair, Wairarapa DHB, and a member of the FPIM Governance Board. He is Chair of the private investment company, Active Equity Holdings Limited. Paul is also a Director of the Hurricanes Limited, Ecopoint Limited, Shott Beverages Limited, Central Region’s Technical Advisory Services Limited, and a member of the Malaghan Institute of Medical Research Trust Board.</p>
DHB Director, Southern Region <i>Ron Luxton</i>	<p>Ron is the Chair, South Canterbury DHB. He is also Chairman of the Aoraki MRI Charitable Trust, Director of South Canterbury Eye Clinic Ltd, Patron of the New Zealand Lions Clubs Child Mobility Foundation, and Trustee, International Board of Lions Clubs International Foundation.</p>
DHB Director Northern Region <i>Tama Davis</i>	<p>Tama is the Deputy Chair, Auckland DHB. He is of Ngāti Whātua, Waikato and Ngāti Tūwharetoa descent. Tama is also Whanau Director at Whai Māia, the social developmental arm of Ngāti Whātua Ōrākei and Director of Ahikāroa.</p>
Independent Director <i>Candace Kinser</i>	<p>Candace has been a board director, senior executive and corporate advisor. Candace has been a director for over 15 years with 18 different companies including listed, private, government and family-owned organisations.</p>
Independent Director <i>Dr Penny O’Hara</i>	<p>Penny has been a board director, senior executive and business advisor with expertise in technology, strategy, data analytics, international business development, political issues and business leadership. Penny is a member of Global Women New Zealand.</p>

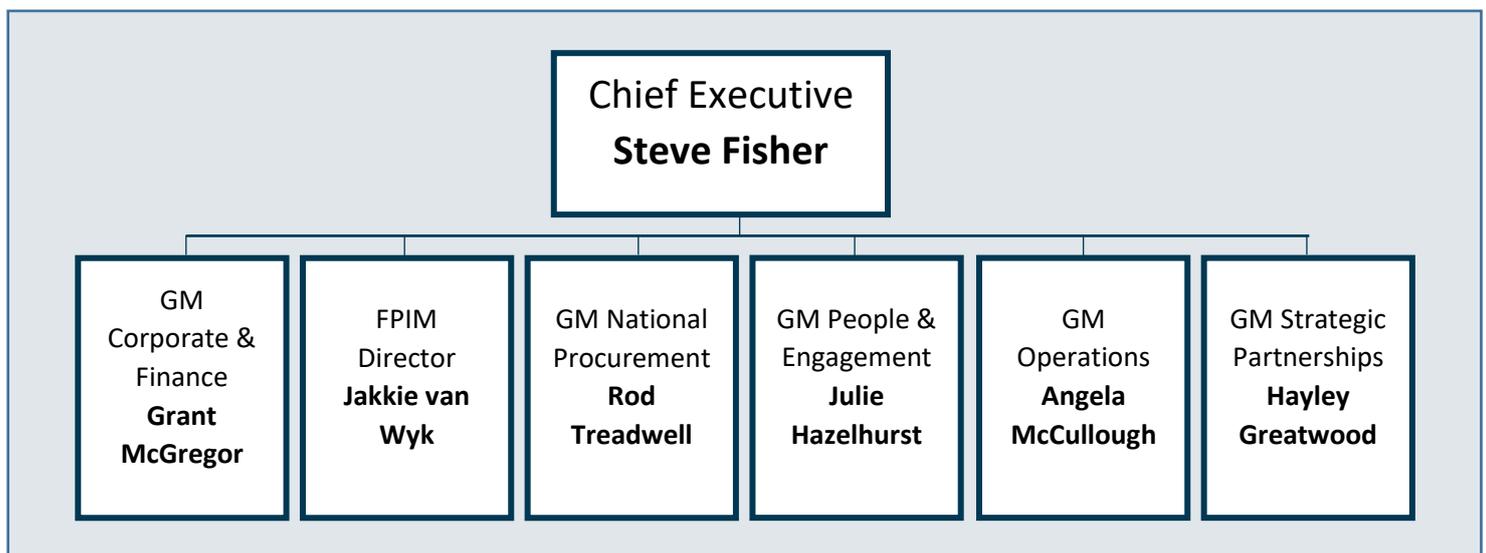


OUR EXECUTIVE LEADERSHIP TEAM



Our Executive Leadership Team (ELT) – led by our Chief Executive, Steve Fisher – is made up of dedicated specialists who bring a wealth of knowledge drawn from procurement and data fields, finance, strategy, human resources, and communications across the private and public sectors, including health. They pride themselves on exhibiting ‘leadership in action’ behaviours, as aligned to our company values.

Steve provides overall strategic and operational and leadership to NZHP. His previous roles at the company include Senior Responsible Owner of FPIM, driving our Strategy and Organisational Performance, as well as leading our People and Engagement teams.



PROGRAMMES

OUTPUT CLASS 1

HEALTH FINANCE, PROCUREMENT AND INFORMATION MANAGEMENT SYSTEM (FPIM) and the HEALTH SYSTEM CATALOGUE

FPIM Senior Responsible Owner: Shayne Hunter | Deputy Director-General Data and Digital, Ministry of Health

FPIM Oracle Programme

The FPIM Oracle Programme aims to address risks from end-of-life systems experienced by at least 10 DHBs which together look after the health and wellbeing of 80% of New Zealanders.

The IT infrastructure has been built and the Oracle software application upgraded to the very latest version. Four DHBs are now on the new system, with six to follow.

Health System Catalogue Programme (HSC)

The 21-month HSC programme aims to realise the procurement benefits of PHARMAC negotiated national contracts for medical devices, as well as savings through other national procurement initiatives.

The HSC supports the common goal of enabling the best possible health outcomes for New Zealand from limited funding resources, and will allow contract owners to refine and implement strategies for spend management, specifically for medical devices.

This programme of work will deliver a single national procurement catalogue, national data standards, a central data repository of actual spend on medical devices, known as the spend data repository, and a framework for procurement compliance.

HSC will also provide data to support DHBs to realise further procurement benefits outside of nationally negotiated contracts. These two enablers will deliver potential savings of \$37.0m per annum in the initial phase of the programme, with significant potential for greater saving over time.

In September 2020, the HSC Business Case was approved by the Ministers of Health and Finance. It was also endorsed by all DHBs. In October 2020, the programme was mobilised and is now in its foundation phase.

NZHP continues as the Ministry's delivery partner for FPIM Oracle Programme, FPIM Operational Service and HSC.

In addition, we also provide management support including financial, legal, governance, human resources, communications, and administration functions.





FOCUS FOR 2021/22

We will continue to progress the programmes as the delivery partner for the Ministry. This includes completing the FPIM Oracle migration for Wave 2 DHBs, and HSC mobilisation and build, refinement of the operating model for all DHBs, as well as providing interim data to enable procurement benefits.

FPIM Oracle Programme:

PERFORMANCE MEASURES AND TARGETS	TYPE	DATE	STRATEGIC IMPACT AREA
Mitigate DHBs' IT risk, deliver the National Technology Solution platform and FPIM software application: <ol style="list-style-type: none"> 1. Complete the implementation of National Technology Solution for Wave 2 customers. 	Financial Quality Timeliness	June 2022	Connect
Complete the planning for the Oracle E- Business Suite upgrade to 12.2.10/11: <ol style="list-style-type: none"> 2. Update the Cloud strategy and agree next steps with the FPIM Governance Board. 	Financial Quality Timeliness	June 2022	Connect Analyse

Health System Catalogue Programme:

PERFORMANCE MEASURES AND TARGETS	TYPE	DATE	STRATEGIC IMPACT AREA
Build the HSC: <ol style="list-style-type: none"> 3. Select the technical solutions, build and integrate the HSC and the Spend Data Repository (SDR) enablers. This includes complete RFP (tools and vendors). 	Financial Quality Timeliness	June 2022	Analyse
Finalise HSC Operating Model: <ol style="list-style-type: none"> 4. Finalise sector-wide HSC Operating Model. 	Quality Timeliness	June 2022	Analyse



FPIM Operational Service

FPIM Senior Responsible Owner: Shayne Hunter | Deputy Director-General Data and Digital, Ministry of Health

Our FPIM Operational Service provides day-to-day business support function to FPIM customers to deliver enhancements, bug fixes, issue resolution and accreditation training. This team also provides master data services to support finance, procurement and supply chain operations.



FOCUS FOR 2021/22

Over the next 18 months, the service is working in partnership with customers to agree a roadmap for FPIM to identify new functionality and additional modules. In simple terms – enhancing the system. This joint NZHP and customer group will collectively agree the priorities.

We will also develop an Analytics and Insights Strategy for the future service, to support better procurement and supply chain decisions across the sector.

PERFORMANCE MEASURES AND TARGETS	TYPE	DATE	STRATEGIC IMPACT AREA
Ensure continuity of service: 5. Continue to deliver services within the agreed operational SLAs.	Quality Timeliness	Ongoing	Connect
Complete Wave 2 onboarding: 6. Complete the onboarding of Wave 2 customers.	Quality Timeliness	June 2022	Connect
Drive and deliver improvements: 7. Drive operational improvements agreed at the Strategic Customers' Forum.	Quality Timeliness	Ongoing	Connect Analyse
Complete strategy: 8. Complete the Analytics and Insights Strategy for the future service.	Quality Timeliness	June 2022	Analyse



SERVICES

OUTPUT CLASS 2

NATIONAL PROCUREMENT

CE Sponsor: Peter Bramley | Canterbury District Health Board

National Procurement drives value delivery through category management, sourcing, contract optimisation and contract management in indirect and clinical products and services.

Our service is supported by the Procurement Operations Advisory Group and the Joint Procurement Authority, which provide governance over the multi-year National Procurement Plan.

We partner with national agencies such as New Zealand Government Procurement and Property (NZGPP) and PHARMAC to build procurement capability and facilitate policy and advisory projects.

We provide contract and vendor management on behalf of the six DHBs within the Food Services Agreement (FSA): Auckland, Waitematā, Counties Manukau, Hauora Tairāwhiti, Nelson Marlborough and Southern. Under the FSA, Compass Group NZ provides patient meals, meals-on-wheels, cafeteria services, ward supplies and optional services.

We also provide support to accelerate transition of medical devices to PHARMAC and maintain supply arrangements with each supplier, during the transition. The team carries out the cleansing, mapping, and consolidation of monthly DHB spend data into DataHub to support upstream procurement processes.

During New Zealand's COVID-19 emergency response, on behalf of the Ministry of Health (the Ministry), our team conducted pandemic emergency rapid sourcing and supply chain activities to support continuity of supply of critical medical goods and equipment for the health system and other essential services such as Community Labs and Intensive Care Units nationally. The team continues to support the health system's COVID-19 efforts.



FOCUS FOR 2021/22

We will deliver on the projects in the revised National Procurement Plan (2021 – 2023), including a range of Indirect Products and Services (IPS) projects, clinical opportunity assessments, tenders, contract management activity and contract optimisation for PHARMAC categories.

We will take a diverse approach with IPS opportunity assessments and potential projects. For example, in the category of facility services we will consider trade maintenance of buildings and equipment as well as security, along with Heating Ventilation and Air Conditioning (HVAC).

We will prioritise the development of procurement capability throughout the health system ie initiating national projects to develop sustainability and Supplier Relationship Management frameworks.



We will progress opportunities to improve elements of the FSA for our six DHB customers.

On behalf of the Ministry, for the COVID-19 emergency response, we will continue to work on projects including mask design, laboratory, Intensive Care Unit (ICU) and respiratory product supply and management, and oxygen supply enhancement.

PERFORMANCE MEASURES AND TARGETS	TYPE	DATE	STRATEGIC IMPACT AREA
<p>Deliver National Procurement benefits:</p> <p>9. Deliver \$15.0m of National Procurement service benefits to DHB customers and subsidiaries, within the National Procurement Plan (2021-2023).</p>	<p>Financial Quality Timeliness</p>	<p>June 2022</p>	<p>Connect Analyse Realise</p>
<p>Greater procurement connectivity, collaboration and integration for the sector:</p> <p>10. We will work in full consultation with customers, Health NZ, the Ministry of Health, governance groups and other key stakeholders towards a medium-to-long-term strategic procurement plan and governance structure that makes best use of capability throughout the sector and reflects broader outcomes including sustainability.</p>	<p>Financial Quality Timeliness</p>	<p>June 2022</p>	<p>Connect Realise</p>



SHARED BANKING

CE Sponsor: *Nigel Trainor | South Canterbury District Health Board

Our Shared Banking team manages the relationship with the sector's banking partner, BNZ. We manage on a daily basis the liquidity of the BNZ Cash Offset Arrangement, which pools the current account cash and overdraft balances of all DHBs and associated subsidiaries. This mechanism avoids the need for any DHB or subsidiary to arrange its own overdraft facility, saving line fees and administration time.

Other responsibilities to help manage sector liquidity include updating consolidated short-term and long-term cash forecasts, liaising between the Ministry and DHBs around management of monthly low points and enhancing deposit returns where possible.



Our key focus is to continue to add value to our DHB customers and their subsidiaries through our mature shared banking service. We will ensure sector liquidity by managing the BNZ Cash Offset Arrangement for all forecast DHB and subsidiary overdraft requirements.

PERFORMANCE MEASURES AND TARGETS	TYPE	DATE	STRATEGIC IMPACT AREA
<p>Deliver Shared Banking returns:</p> <p>11. Achieve a BNZ effective interest rate of 0.10% over the Reserve Bank's Official Cash Rate</p> <p>12. Realise \$5.0m benefits to our DHB customers and their subsidiaries.</p>	Financial	June 2022	Connect Realise
<p>Support DHBs to avoid BNZ limit breaches by managing BNZ Cash Offset Arrangements:</p> <p>13. Provide the DHBs' consolidated long-term cash forecast positions to the Ministry monthly, along with confirmation of any DHB advance funding requirements.</p>	Quality Timeliness	Monthly	Connect Realise

*CFO Southern DHB, from May 2021



COLLECTIVE INSURANCE

CE Sponsor: *Nigel Trainor | South Canterbury District Health Board

Working together means the sector can offer insurers a single portfolio of well-managed, resilient properties worth over \$22b, geographically spread across New Zealand and which has robust risk identification and management processes in place.

Risk is shared and as a result cover is gained at a lower premium compared to each DHB insuring on an individual basis. In addition, procurement and administration costs are lowered by dealing with one broker for the Collective.



FOCUS FOR 2021/22

We will continue to represent the health system on the Project Governance and Customer Advisory Groups of the Ministry of Business Innovation and Employment's All-of-Government Alternative Risk Finance Project, which seeks to use Treasury New Zealand funding to self-insure risk, and where DHBs may be one of the early adopters.

A tender process for an insurance broker will be run from April to September 2022 if MBIE's All-of-Government Alternative Risk Finance Project Alternative Risk Finance Project does not proceed.

PERFORMANCE MEASURES AND TARGETS	TYPE	DATE	STRATEGIC IMPACT AREA
<p>Deliver Collective Insurance returns:</p> <p>14. Deliver a Collective Insurance service return of \$7.0m benefits to DHB customers and subsidiaries, for the Collective Insurance 2021/22 placement.</p>	Financial	September 2021	Realise
<p>Contribute to the All-of-Government Alternative Risk Financing Project:</p> <p>15. Provide expertise and regular reporting, as the DHBs' representative, of the All-of-Government Alternative Risk Finance Project for DHB customers and subsidiaries</p>	Quality Timeliness	June 2022	Connect Realise

*CFO Southern DHB, from May 2021



ORGANISATIONAL EXCELLENCE

NZHP's programmes and services are supported by a lean, but strong, leadership team providing core company support functions including governance, finance, risk management, legal, policy, audit and compliance, as well as strategy, business performance, human resources, and communications and engagement.

Our support functions enable our wider business to deliver results to our customers, the 20 DHBs. The Corporate and Finance, Operations, and People and Engagement teams work across the organisation to:

- Support the company's decision-making processes, including Legal input across relevant areas
- Develop and manage policies and strategic plans
- Set, monitor and report against performance goals and annual budgets
- Ensure cohesion across programme and service activities
- Drive operational improvements
- Meet the recruitment needs for the business, as well as attract and retain talent required to execute our Strategic Plan
- Position NZHP as an employer of choice and one that can deliver value to an employees' career progression and learning pathway
- Build and maintain a high-performing, engaged NZHP team
- Drive and enable customer engagement, by placing the customer at the heart of all that we do.

Collectively, all of our teams lead and support the company's focus on putting our customers at the heart of all that we do, ensuring the health system receives the best value from NZHP.



FOCUS FOR 2021/22

Alongside the business-as-usual activities providing essential core support functions to our business, this year will focus on ensuring we have the right tools, environment, people and processes in place to deliver on our Strategic Plan, outlined in our Statement of Intent (2021-2025). This includes:

- Developing a mid-term evolution roadmap for business operations, including automation and process improvements and performance metrics and reporting
- Delivering the next stages of our Digital Workplace Programme
- Maturing our:
 - Workforce planning approaches to support our Strategic Plan (2021-2025) goals
 - Internal business operations to support value delivery
- Continuing our focus on leadership and capability to build an effective and fit-for-purpose leadership capability, both at an individual and an organisational level



- Driving effective engagement with customers and stakeholders, through strategic communications and engagement
- Establishing a cohesive, fit-for-purpose customer feedback programme to identify and respond to opportunities.

PERFORMANCE MEASURES AND TARGETS	TYPE	DATE	STRATEGIC IMPACT AREA
Engaged and high-performance workforce: 16. Employee net promoter score meets or exceeds global best practice score using the Peakon Engagement Survey Tool.	Quality Timeliness	June 2022	Realise
Customer and key stakeholder engagement: 17. Provide evidence of increasing customer satisfaction or net promoter score across Service categories.	Quality Timeliness	June 2022	Realise
Living within our means: 18. Service and management operating costs within agreed budget.	Financial	June 2022	Realise



BENEFITS

NZHP supports our DHB customers and their subsidiaries through providing value-add shared services.

In collaboration with the DHBs and subsidiaries, activities are identified, assessed, prioritised, developed and implemented with the purpose of providing opportunities for DHBs to generate financial and non-financial benefits, thereby contributing to the health and wellbeing of New Zealanders.

The NZHP Benefits Management and Process Framework involves an end-to-end process over the full lifecycle of a procurement investment. It articulates how the identification and understanding of benefits provide evidence that a proposal will be effective and represents value for the customer.

A successful investment can result in both gains and losses, and both need to be measured. Benefits that result from a procurement or service activity are generally the result of an improved commercial arrangement, product substitution, efficiency improvement, or a combination thereof.

Realised vs predicted benefits

Benefits are reported on a predicted basis, as realised benefits will often not be known at the time a contract is entered into and benefits are entered in a benefits register. Predicted benefits (usually calculated on the basis of an actual per unit saving amount multiplied by forecast volumes over the term of the contract) are reported. DHBs drive the process of managing and realising benefits through effective tracking, recording and reporting.



FOCUS FOR 2021/22

In 2021/22, we forecast to deliver benefits for the following NZHP's shared services:

Service	Targets \$000s
National Procurement	15,000
Collective Insurance	7,000
Shared Banking	5,000
Total	27,000

Definition and Classifications

Benefit

A benefit is defined as a measurable gain from an investment which is perceived to be advantageous by a customer or stakeholder.

Annualised benefits

The annualised amount is the value of benefit that will be delivered over the lesser of 12 months or the contract term (if the contract period is less than 12 months)

Budgetary benefits

Benefits that have a direct financial outcome ie cost reduction, rebates, product substitution (optimisation) and revenue via the procurement activity undertaken.

Non-budgetary benefits

Benefits that provide an indirect benefit to customers via the procurement activity undertaken, Non-budgetary benefits include cost avoidance, process improvement, qualitative or quantitative gains.

Cumulative benefits

Those benefits that are carried forward from previous years, because tracking and reporting cumulative benefits assists in ensuring multi-year procurement activities achieve their originally predicted benefits and targets.



MONITORING and REPORTING

The NZHP Performance Management Framework is designed to make sure that people are well managed and supported, and able to do their jobs to the best of their ability. By doing this, we can deliver the best possible programmes and services, achieve greater value for our customers and stakeholders, and make the most use of public money.

Our Performance Management Framework aligns our Statement of Performance Expectations goals, measures and targets to our planned activities. The financial and non-financial measures and targets in this document shall be monitored and reported on a quarterly basis, and culminate in an annual report. Our performance will be assessed against the following five ratings categories, and against the following three performance and Strategic Impact Area perspectives:

Table 1: Performance assessment ratings

PERFORMANCE RATING	DESCRIPTION
100% or greater	Achieved
85%-99%	Achieved substantially
60%-84%	Progressed
<60%	Not achieved
-	Activity abandoned

Table 2: Performance perspectives

PERSPECTIVE	DESCRIPTION
QUALITY	This will measure the quality of the delivery of programmes and services. Measures may be related to post-implementation reviews, quality assurance reviews, peer reviews, and stakeholder and shareholder engagement.
FINANCIAL	This will report performance against the projected costs and benefits for financial measures.
TIMELINESS	The programmes and services will have progress measured against agreed milestones to determine if they are delivered on schedule.

Table 3: Strategic Impact Area perspectives

PERSPECTIVE	DESCRIPTION
CONNECT	A more connected health system
ANALYSE	Better data, better systems, better health outcomes
REALISE	High performance at home



FINANCIAL STATEMENTS

FINANCIAL FORECAST

Statement of Responsibility

The NZ Health Partnerships (NZHP) Board is responsible for:

- a) The preparation of the Financial Statements and the judgements herein,
- b) Establishing and maintaining a system of internal controls to provide reasonable assurance about the integrity and reliability of financial and non-financial reporting.

Purpose of Prospective Financial Statements

These Financial Statements have been prepared in accordance with and meet the requirements of the Crown Entities Act (CEA), which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The prospective financial statements are prepared for external users who are unable to require, or contract for, the preparation of special reports to meet their specific information needs, and to enable users to evaluate the entity's financial prospects and to assess actual financial results prepared in future reporting periods against the prospective financial statements.

Actual results are likely to vary from the information presented, and the variations may be material.

The forecast financial statements for the year ending 30 June 2022 are included, and whilst they do not assume a material impact on the financial performance as a result of COVID-19, the ongoing nature of the response could have a material impact upon the objectives, resourcing and financial performance of both NZHP and our shareholders.

NZHP does not operate to make a financial return, with its primary objective to provide programmes and services to its shareholder DHBs and thus enable them to attain increased savings, investment income, productivity and purchasing power.

Revenue is planned to be equal to total expenses, with the exception of depreciation for the FPIM Application funded by way of B Class Shares, and depreciation on NZHP assets funded by way of retained earnings from prior years.

NZHP only charges net expenses to our shareholder DHBs and is effectively operating as a not for profit organisation, with the shareholding DHBs carrying the budgetary risk. It is expected that NZHP will remain fully funded in outer year forecasts.

When NZHP is required to provide new or expanded programmes and services, its budgets will be adjusted accordingly with an objective of being cost neutral.



PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE BY OUTPUT CLASS

For the Year ending 30 June 2022

	2019/20 Actual \$000's	2020/21 Forecast \$000's	2021/22 Budget \$000's
Output Class 1 – Programmes			
Revenue	15,249	23,212	23,021
Expenses	15,601	27,214	27,002
Surplus / (Deficit)	(352)	(4,002)	(3,981)
Output Class 2 – Services			
Revenue	18,632	16,774	14,893
Expenses	17,588	16,850	15,430
Surplus / (Deficit)	1,044	(76)	(537)
Total Surplus / (Deficit)	692	(4,078)	(4,518)

Programmes include the FPIM Oracle Programme, FPIM Operational Service and Health System Catalogue (HSC), on behalf of the Ministry, taking direction from the FPIM Governance Board.

Services include National Procurement, Banking and Insurance, NZHP Governance together with Corporate, Finance and Legal.

Deficits shown represent unfunded depreciation. Programmes represents the FPIM Application that was funded via B Class Shares, Services represents assets funded via prior years retained earnings.

The accompanying Prospective Financial Statement notes form part of these Prospective Financial Statements



PROSPECTIVE COMPREHENSIVE REVENUE AND EXPENSES

For the Year ending 30 June 2022

	2019/20 Actual \$000's	2020/21 Forecast \$000's	2021/22 Budget \$000's
Revenue			
Revenue from DHB	23,075	30,483	30,553
Interest - NZ Health Partnerships	181	160	120
Interest - Shared Banking	9,375	7,405	5,700
Other Revenue	1,250	1,938	1,541
Total Comprehensive Revenue	33,881	39,986	37,914
Expenditure			
Personnel Costs	7,458	9,649	10,816
Interest - NZ Health Partnerships	371	255	5
Interest - Shared Banking	9,448	7,360	5,700
Other	12,139	20,595	19,770
Total Comprehensive Expenditure	29,416	37,859	36,291
Operating Surplus / (Deficit)	4,465	2,127	1,623
Depreciation, Amortisation & Impairment	3,773	6,205	6,141
Surplus / (Deficit)	692	(4,078)	(4,518)

Deficits shown represent unfunded depreciation, either for the FPIM Application that was funded via B Class Shares, or depreciation on assets funded via prior years retained earnings.

The accompanying Prospective Financial Statement notes form part of these Prospective Financial Statements.



PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS AND EQUITY

For the year ending 30 June 2022

	2019/20 Actual \$000's	2020/21 Forecast \$000's	2021/22 Budget \$000's
ASSETS			
Current Assets:			
Cash and cash equivalents	191,812	84,989	19,274
Receivables	6,558	4,205	6,245
Investments – DHB shared banking Facility	175,400	65,100	25,000
Prepayments	1,707	2,090	3,589
DHB Shared Banking Facility	49,135	223,400	280,000
Total Current Assets	424,612	379,784	334,108
Non-Current Assets:			
Receivables	1,744	1,040	295
Prepayment	0	3,589	0
Property, plant, and equipment	1,532	2,416	2,287
Intangible assets	32,460	34,634	34,695
Total Non-Current Assets	35,736	41,679	37,277
Total Assets	460,348	421,463	371,385
LIABILITIES			
Current Liabilities:			
Payables	25,293	10,156	11,365
DHB Shared Banking Facility	381,019	354,900	318,000
Finance Lease Liability	1,093	1,015	583
Employee entitlements	997	1,150	1,250
Deferred Revenue	8,396	5,063	5,409
Total Current Liabilities	416,798	372,284	336,607
Non-Current Liabilities:			
Payables	1,773	1,652	324
Finance Lease Liability	742	583	0
Employee entitlements	76	78	79
Deferred Revenue	11,353	21,338	13,365
Total Non-Current Liabilities	13,944	23,651	13,768
Total Liabilities	430,742	395,935	350,375
Net Assets	29,606	25,528	21,010



EQUITY			
Contributed Capital	74,916	74,916	74,916
Accumulated Surplus / (Deficit)	(45,310)	(49,388)	(53,906)
Total Equity	29,606	25,528	21,010

The accompanying Prospective Financial Statement notes form part of these Prospective Financial Statements.

Prospective Movements in Equity

For the year ending 30 June 2022

	2019/20 Actual \$000's	2020/21 Forecast \$000's	2021/22 Budget \$000's
Balance a 1 July	28,914	29,606	25,528
Comprehensive Revenue and Expenses for the year	692	(4,078)	(4,518)
Owner Transactions			
Contributed Capital	0	0	0
Balance at 30 June	29,606	25,528	21,010

Deficits shown represent unfunded depreciation, either for the FPIM Application that was funded via B Class Shares, or depreciation on assets funded via prior years retained earnings.

The accompanying Prospective Financial Statement notes form part of these Prospective Financial Statements.



PROSPECTIVE STATEMENT OF CASH FLOWS

For the year ending 30 June 2022

	2019/20 Actual \$000's	2020/21 Forecast \$000's	2021/22 Budget \$000's
Cash flows from Operating Activities:			
Receipts from DHBs	40,970	37,135	22,926
Receipts from other revenue	1,240	1,938	1,541
Interest received	9,527	7,565	5,820
Payments to suppliers	(14,781)	(16,344)	(19,890)
Payments to employees	(7,218)	(9,494)	(10,714)
Interest paid	(10,790)	(7,615)	(5,705)
Net DHB Sweep account movements with DHBs	191,079	(200,384)	(93,500)
Net Ministry COVID-19 fund movement	19,372	(19,372)	0
Goods and services tax (net)	(2,646)	(1,380)	(400)
Net Cash Flow from Operating Activities	226,753	(207,951)	(99,922)
Cash flows from Investing Activities:			
Funds from Deposit	1,201,800	1,158,100	865,100
Purchase of property, plant, and equipment	(144)	(1,106)	(300)
Purchase of intangible assets	(8,338)	(7,811)	(5,587)
Funds to Deposit	(1,377,200)	(1,047,800)	(825,000)
Net Cash Flow from Investing Activities	(183,882)	101,383	34,213
Cash flows from Financing Activities:			
Contributed Equity	0	0	0
Funding of Capital Projects from DHBs	0	0	0
Proceeds from borrowings	0	0	0
Payment of Finance Leases	(763)	(255)	(5)
Net Cash Flow from Financing Activities	(763)	(255)	(5)
Net (decrease)/increase in cash and cash equivalents	42,108	(106,823)	(65,714)
Cash and cash equivalents at the beginning of the year	149,704	191,812	84,989
Cash and cash equivalents at the end of the year	191,812	84,989	19,274

The accompanying Prospective Financial Statement notes form part of these Prospective Financial Statements.



PROSPECTIVE FINANCIAL STATEMENT NOTES

STATEMENT of ACCOUNTING POLICIES

Reporting Entity

NZ Health Partnerships Limited (NZHP) is a Crown entity as defined by the Crown Entities Act 2004 (CEA) and is domiciled and operates in New Zealand. The CEA is the primary legislation governing NZHP operations. NZHP is a multi-parent Crown subsidiary, owned by the 20 DHBs, which all have equal Class A shareholding and voting rights.

NZHP does not operate to make a financial return with a primary objective to operate as a co-operative undertaking to enable 20 DHBs to collectively maximise shared services opportunities for the national good.

NZHP operates on a cost recovery basis with support from the Ministry of Health and all 20 DHB shareholders, that fund all of our operational and capital expenditure. NZHP has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

Basis of Preparation

Accounting policies have been applied consistently throughout the year. These Financial Statements have been prepared on a going concern basis, on the assumption that NZHP continues in operation following the wider health sector reforms.

The information disclosed is indicative only and may not be appropriate for any other purpose.

Actual results are likely to vary from the information presented, and the variations may be material.

Statement of Compliance

These Financial Statements have been prepared in accordance with and meet the requirements of the Crown Entities Act (CEA), which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These Prospective financial statements comply with PBE FRS 42 PROSPECTIVE FINANCIAL STATEMENTS. The Financial Statements have been prepared in accordance with and comply with Public Benefit Entity Standards (PBE) for a Tier 1 entity.

CRITICAL ACCOUNTING ESTIMATES and ASSUMPTIONS

The financial forecasts have been prepared based on actual events, transactions and financial results up to 28 February 2021, that have been forecasted through to 30 June 2021.

Further assumptions have been made about future events, that are reasonably expected to occur. It is therefore, reasonable to assume that these forecasts may change significantly should there be a change in services, programmes, or the environment in which they are being provided.

Estimates and assumptions are continually evaluated and are based upon historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.



No allowance has been made for potential delays to programmes or services as a result of DHBs being impacted by COVID-19, it would be expected that any such impact will be a DHB risk that will require further recovery of NZHP incurred costs.

It is not expected that this published material will be updated for additional changes or unexpected future events.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

NZHP has exercised critical judgements in applying accounting policies for:

- Capitalisation of the FPIM Oracle Programme
- Capitalisation of the Health System Catalogue Programme (HSC)
- Impairment of the FPIM Oracle Programme assets
- Impairment of the HSC Programme asset
- Treatment of contractual settlement with third party provider of Infrastructure as a Service (IaaS)
- Estimation of the useful life applied to the FPIM and the HSC assets in determining the amortisation and depreciation charges.

Presentation Currency and Rounding

The Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Changes in Accounting Policies

There have been no changes in the NZHP accounting policies since the date of the last audited financial statements.

Summary of Significant Accounting Policies

The following are particular accounting policies which materially affect the measurement of results and financial position.

SIGNIFICANT ACCOUNTANT POLICIES

Revenue

NZHP is funded through revenue received from the DHBs, which is restricted in use for the purpose of NZHP meeting the objectives as specified in the Statement of Intent 2022 – 2025. The breakdown of revenue of different output classes is on page 25. Revenue is measured at the fair value of consideration received or receivable. Revenue Service contracts are recognised over the term of the contract period, resulting in revenue being recognised and reported in the financial period to which it relates.

Interest revenue

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Expenditure



Personnel costs

NZHP has no obligation to contribute to any defined benefit superannuation schemes.

Obligations for contributions to Kiwi Saver are accounted for as a defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Finance costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Shared Banking Operations

NZHP operates as the provider of the Shared Banking Service for the sector, where funds earn interest based on being held on call, or placed on term deposit.

The Statement of Comprehensive Revenue and Expenditure discloses the gross amount of interest earned on all funds managed within the Shared Banking Service, and the gross amount of interest expenditure paid from that interest earned to the participants of the Shared Banking Service. Funds transacted through Shared Banking are disclosed in the Statement of Financial Position as the gross amount owing to or from the respective participants in the Shared Banking Service as at 30 June together with the gross amount of term deposits placed on behalf of the sector.

The amounts shown in the Statement of Cash Flow are the gross amounts of interest received and paid in relation to the Shared Banking operations, together with the gross amount of term deposits made and matured during the year ended 30 June.

Goods and Services Tax

All items in the Financial Statements are presented exclusive of GST (Goods and Services Tax) except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue (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 the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Income Tax

No provision has been made for income tax with NZHP being a public authority and consequently, exempt from the payment of income tax.

Cost Allocation

NZHP has determined the cost of outputs using the cost allocation system outlined below. Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Depreciation is charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the



production of each output. Other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

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/deficit as a reduction of rental expense over the lease term.

Finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee, regardless of whether title may or may not eventually be transferred. At the commencement of the lease term, the lessee will recognise a leased asset and the associated lease obligation as a liability in the statement of financial position. The assets and liabilities shall be recognised at amounts equal to the fair value of the leased asset or, if lower the present value of the minimum lease payments.

Minimum lease payments are apportioned between a finance charge and a reduction of the outstanding finance lease liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

A finance lease gives rise to a depreciation expense as well as a finance expense which will be charged to the statement of comprehensive revenue and expense for each accounting period.

Depreciation will be consistent with that for depreciable assets that are owned. Where there is no reasonable certainty that NZHP will obtain ownership by the end of the lease term, the asset will be depreciated over the shorter of the lease term or the asset's useful life.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

Asset Type Useful Life Rate

Asset Type	Useful Life	Rate
Leasehold improvements	5 – 14 years	7% - 20%
Furniture and Office Equipment	1.5 – 9.5 years	10.5% - 67%
Information technology (including phones)	2.5 – 5 years	20% - 40%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful life of the improvement, whichever is shorter.



Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated:

Intangible asset Useful Life Amortisation rate

Intangible Asset	Useful Life	Rate
FPIM Application	15 years	6.7%
Oracle Application Licences	8 years	12.5
Health System Catalogue	10 years	10%
Acquired computer software	2.5 – 5 years	20% - 40%

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. All investments are held in New Zealand. These include the DHB Shared Banking sweep account and NZHP operational account.

Receivables

Receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The fair value of service credits included within the receivables balance have been determined using cash flow discounted at a market rate of 6.44%.

Investments

Bank term deposits

Investments in bank term deposits are initially measured at the amount invested. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes:

1. Leasehold improvements
2. Furniture, and office equipment
3. Information technology.



Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to NZHP and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are reported in the surplus or deficit.

Impairment of property, plant and equipment

Cash generating assets

NZHP does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash generating assets

Property, plant and equipment held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement approach, a restoration cost approach, or a service units' approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of the information.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Intangible assets

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.



Costs associated with development and maintenance of NZHP's website is recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

The FPIM Capital Programme is a national initiative funded by DHBs and facilitated by NZHP to deliver health sector wide benefits. NZHP holds an intangible asset recognised at the capital cost of development relating to this programme.

The Health System Catalogue (HSC) is a national initiative funded by DHBs and facilitated by NZHP to deliver health sector wide benefits. NZHP holds an intangible asset recognised at the capital cost of development relating to this programme.

Work in progress

Assets that are created by the programmes are held in Work in Progress. These are both tangible such as IT hardware and intangible, such as software, standard operating procedures and intellectual property.

The costs that are directly associated with the development of Capital Programmes are recognised as tangible or intangible assets when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Direct costs include project development employees, contractors, consultants and apportionment of the relevant overheads.

Indirect costs are recognised as expenses when incurred and include depreciation, software licenses and software maintenance costs.

Impairment of Intangible assets

NZHP is required to consider impairment of the Capital Programme assets on an annual basis under the applicable accounting standards, specifically PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and conducts an impairment review annually.

Payables

Short-term payables are recorded at their face value. Long-term payables which include treatment of contractual settlement with third party provider of Infrastructure as a Service at fair value. The fair value of Service Provider fees has been determined using contractual cash flows discounted using a market-based rate of 6.44%.

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 at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to but not yet taken at balance date.

A liability and an expense is recognised 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.



Long-term employee entitlements

NZHP has employment agreements containing long service leave entitlements. Employees are eligible for five days long-service leave upon the completion of five years continuous service. Long-service leave cannot be accumulated and must be taken within twelve months of becoming entitled.

Deferred revenue

Deferred revenue is recognised where it has been received in advance of the financial period to which it relates.

NZHP holds deferred revenue in relation to:

- FPIM finance lease obligation from leave DHBs who elected to leave the FPIM Oracle Programme
- Imputed Finance Charge on receivables from DHBs to meet obligation for IBM service provider fees
- FPIM Oracle Programme implementation services, revenue received from DHBs for the provision of future implementation services towards the work required to upgrade their existing Oracle Application to the FPIM Application asset held by NZHP
- FPIM hardware services, revenue from DHBs for the provision of access to the FPIM hardware hosting the FPIM application held by NZHP
- HSC implementation services, revenue received from DHBs for the provision of future implementation services towards the work required to integrate their existing application systems with the HSC to be held by NZHP
- HSC hardware services revenue from DHBs for the provision of access to the HSC application held by NZHP.

Equity

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

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless NZHP has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Financial instrument risks

NZHP's activities expose it to credit risk, fair value interest risk, cash flow risk and liquidity risk. NZHP policy does not allow any transactions that are speculative in nature to be entered into. It has policies and procedures to ensure risks are low.



DIRECTORY

Level 1, Building 7

Central Park

660-670 Great South Road

Penrose, Auckland

New Zealand

Contact address

PO Box 11-410

Ellerslie

Auckland 1061

New Zealand

Web: www.nzhealthpartnerships.co.nz

Phone: +64 9 487 4900