



Vision: quality home health and community support services

New Zealand Home Health Association (Inc)

**Annual Report and Financial Statements
for the year ended 30 June 2012**



Annual Report 2011-12

I am pleased to present the annual report for the New Zealand Home Health Association Inc for the period of 1 July 2011 to 30 June 2012.

The year has been a most challenging one for providers and their staff. In aged community care District Health Boards, facing rising acute care costs, have prioritized funding to meet KPIs around surgical services and waiting times. There is a deepening divide between a small number of funders that are resourcing home based support sufficiently and those that are not. Over the last five years only two funders have kept pace with minimum wage increases. This directly reduces providers' ability to support people in their homes.

Our sector is fortunate to have a core of experience support staff with big hearts, but persistent poor funding reduces the ability for providers to retain those workers and recruit new ones. This was highlighted in 'Caring Counts', the report from the Equal Employment Opportunities Commissioner. She made many recommendations, including pay parity between health care assistants working in DHBs and aged care support workers, a consistent fair travel policy that covers vehicle costs and travel time, and more resourcing for training.

The Association is advocating strongly with Government for a common costing methodology that takes into account models used and acuity of client need. The aim is to ensure the necessary elements are factored in robustly regardless of the funding methodology used by providers.

For most providers the largest 'event' during the year was the service review by the Accident Compensation Corporation. This had a dramatic and, for most providers, largely negative impact. The decision to reduce from 86 to six contract holders forced all but six of home support providers into unfamiliar, less viable sub-contracting arrangements. Private owners had the option of selling, and several did, including Panacea Healthcare and Mclsaacs Care Giving Agency. Others are re-assessing the viability of their home support service delivery. The Association sought and distributed financial and other data that could inform the Request for Proposal documents, and commented on issues such as vulnerable workers and timelines.

One other service review that occurred during this financial year has unfortunately resulted in considerable litigation. Capital and Coast District Health Board brought in a restorative bulk funded model that reduced its expenditure on home support by \$1.6 million, whilst requiring a reduced number of providers to undertake formal assessments, more training

and accept an unlimited cap on client volume.

The Association does not normally make comments once a tender process has started, but in this case we were very concerned that the contract might send providers broke, and/or force a reduction in service levels to clients. We asked to see evidence of the financial modeling and/or analysis of the client mix and range that lay behind that reduced figure. It took an investigation by the Ombudsman to get a response this year. The answer confirms our suspicion that a perceived opportunity to cut costs was a significant driver of the review. Any funding agency has the right to re-tender and change its providers. But we are not dealing with widgets. There are, for example, difficult legal issues around the transfer of workers, and this is now leading to protracted and expensive litigation. The DHB had the choices to undertake a more detailed analysis of service costs and help to facilitate a smoother transition. Instead this has been brutal and unnecessarily costly for all providers involved. We urge other funders to take more care.

A largely tough year, but there have been some positives. The major achievement for the Association this year was the decision by the Government to move towards mandatory compliance by providers with the Home and Community Support Sector Standard, and the completion of a review of that Standard in April this year. The Auditor-General's report in 2011 was a key catalyst in introducing an element of regulation. The Association has advocated for many years for a compulsory minimum Standard. We co-sponsored the review of the Standard which was overhauled to require greater emphasis on the consumer and on outcomes, and to reflect the changing needs of clients and sophistication of service delivery. The Association also worked alongside funding representatives to develop a manageable transition process and to establish more consistency of auditing to that Standard across the sector.

In Christchurch providers continued to respond to the challenges of the 2010/11 earthquakes. One notable initiative was the development of the Community Rehabilitation Enablement and Support Team (CREST). Earthquake damage had put immense pressure on bed space, meaning new ways of supporting patients had to be devised. CREST supports older people to return home sooner after time spent in hospital. General Practitioners (GPs) can also refer people into the CREST service if a person requires rehabilitation to regain independence after illness. Support workers provide assistance for daily tasks and more complex care as required by the client. Oversight by a registered nurse enables people to recover safely at home. Since it began in March 2011, CREST has supported over 1,000 people to return to independence at home.

The programme has also marked a small but important watershed for our workforce. For the first time a small group of home support workers were able to be guaranteed full time work. Unfortunately damage to roads, and disruption of communities has proved too much of a challenge for many of the good Canterbury workers who gave so much to support disabled and elderly clients following the earthquakes. The workforce shortage there is critical.

As well as being engaged in discussions on pricing and contracts, the Association has also been represented on many working groups, around topics such as Integrated care, falls

prevention, dementia pathways, spinal cord injury, a national draft service specification and qualifications development. A group of quality managers within the sector have developed a reportable events matrix which can be used across the sector, and several members have been involved in consultation on Moving and Handling Guidelines, funded by ACC.

We held a membership survey towards the end of last year. Members expressed confidence that the Association's purpose and vision matched their expectations. In terms of issues they wanted the Association to work on, the most important or very important were funding (95%) and quality of services (95%), followed by Service model (90%), staff training (75%), qualifications (70%), client safety (65%) and philosophies of care (65%). They wanted NZHHA to continue its work responding to legislation and consultation, and to put more effort into advocacy, lobbying and promotion of the sector.

During the year we have increased the number of membership support activities. The major event was the Annual conference, held in Wellington in August 2011. This was very well attended from providers and individuals across the wider health services sector. We have also started to use webinars which enable people across the country to attend brief training or updates at low or no cost. In cooperation with Platform NZ we held a webinar on the legal responsibilities relating to working with vulnerable people. We also held a webinar on during the revision of the Home and Community Sector Standard. And we hosted a set of face to face seminars in major centres introducing the revised Home and Community Support Sector Standard in July this year. They were attended by over 200 people. In April we held a leaders forum in Wellington to update senior management on sector issues and information. Our Auckland branch has continued to attract good attendance under the stewardship of Andrea McLeod.

Looking ahead, the challenges continue. The outcome of Government policy about paid family carers (now in development) is likely to offer both challenges and opportunities. Further service reviews are likely – one is underway in Southern DHB and one is heralded in Hawkes Bay DHB. And a major challenge for the Association and its members is to convince health leaders of the value in investing in this service, and in making it a key element of their planning around the integration of services.

Heartfelt thanks go to the members of the Executive committee who have given excellent service to the sector during 2011-12. In August 2011 we farewelled Leanne McLiver and welcomed one new elected member to the Committee – Sheree East. In addition Liz Goldie was co-opted onto the Committee to replace Kathryn Jones early this year. Thanks also to Julie Haggie, our Chief Executive Officer, who continues to build and maintain working relationships and to implement the strategic aims of the Association.

I also want to extend our thanks to individuals across the sector who have given their time and energy sitting on committees and working groups.

This will be my sixth and final year as Chairperson, and I am proud of what the Association

has achieved under my watch. We have a mandated and revised standard, we have seen a significant increase in the uptake of qualifications. In the wider health context our voice is strong and respected. I wish the Association and all members well.



Trish Neal
Chairperson, NZHHA

Acknowledgement of Trish Neal's contribution

In August 2012 Trish Neal stepped down from the Chair of The Association after 6 years in the role. Trish has been involved as a member of the Association since its incorporation in 1993, was elected by the wider membership as Vice President in 2000, and was elected by the Executive Committee to the role of President in 2006.



Trish has been involved in home care since 1977, and grew Panacea to be one of the larger providers of home support in New Zealand, specialising in serious injury support, as well as nursing and short term care. Trish brought that experience to the role of Chair. She has fine business acumen, as well as considerable mana and leadership skills. She has led the Association most ably and has taken a fair and pragmatic approach towards disputes. She has a strong commitment to quality, which led her to push for mandating of the Home and Community Support Sector Standard.

Executive Committee Members for the year 1 July 2011 - 30 June 2012

Trish Neal (Chairperson)
Andrea McLeod (Deputy Chairperson)
Dr Rod Watts
Nicola Turner
Kent Youard
Leanne McLiver (until August 2011)
Sheree East (from August 2011)
Liz Goldie (from December 2011)
Kathryn Jones (until December 2011)

THE NEW ZEALAND HOME HEALTH ASSOCIATION (Inc.)

DRAFT STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 \$	2011 \$
INCOME			
Subscriptions		233,270	254,591
NZHHA Conference		47,755	114,007
Interest		9,172	13,508
Careerforce Skills Strategy		-	36,400
Miscellaneous Income		2,285	1,059
TOTAL INCOME		292,482	419,565
EXPENDITURE			
ACC Meetings – Travel		-	759
Dues and Subscriptions		475	-
Advertising and Promotion		7,293	2,548
Audit Fees		887	1,000
NZHHA Conference		14,690	105,018
Consultancy		43	17,085
Database		706	720
Depreciation		427	835
Careerforce Skills Strategy		-	31,306
Standard Development Project		5,850	4,048
NZHHA Meetings & Travel		7067	15,731
Executive Officer Travel & Expenses		5,894	5,734
Executive Officer Conference & Prof Development		-	300
General Expenses		4,428	-
Office & Administration	2	28,573	28,433
Salaries and Secretarial Support	3	147,790	150,459
Legal Fees		3,348	1,745
TOTAL EXPENDITURE		227,471	365,721
NET SURPLUS/(DEFICIT)		65,011	53,844

THE NEW ZEALAND HOME HEALTH ASSOCIATION (Inc.)

STATEMENT OF MOVEMENT IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
EQUITY AT BEGINNING OF YEAR	175,393	121,549
Net Surplus/(Deficit)	65,011	53,844
EQUITY AT END OF YEAR	<u>240,404</u>	<u>175,393</u>

**THE NEW ZEALAND HOME HEALTH ASSOCIATION (Inc.)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	NOTE	2012 \$	2011 \$
ACCUMULATED FUNDS		<u>240,404</u>	<u>175,393</u>
REPRESENTED BY:			
CURRENT ASSETS			
Westpac Bank – Cheque A/c		64,941	50,349
Westpac Bank - Savings A/c		6,147	6,025
Westpac Bank NZHHA Conference Bank A/c		3,984	13,215
Westpac Bank – Term Deposits	4	203,597	150,000
Accounts Receivable		1,130	2,763
Accrued Interest		2,278	3,202
Prepayments		977	8,953
TOTAL CURRENT ASSETS		<u>283,054</u>	<u>234,507</u>
FIXED ASSETS	5	<u>619</u>	<u>1,110</u>
TOTAL ASSETS		<u>283,673</u>	<u>235,617</u>
CURRENT LIABILITIES			
Accounts Payable		8,906	8,756
Provision for Holiday Pay	3	7,444	4,793
Customer prepayments/Mastercard		5,927	3,389
Subscriptions Received in Advance		5,635	33,983
GST Payable		10,524	9,303
PAYE		3,579	-
Kiwisaver Employer		280	-
Kiwisaver Employee		974	-
TOTAL CURRENT LIABILITIES		<u>43,269</u>	<u>60,224</u>
TOTAL LIABILITIES		<u>43,269</u>	<u>24,322</u>
NET ASSETS		<u><u>240,404</u></u>	<u><u>175,393</u></u>



Chairperson



Chief Executive Officer

THE NEW ZEALAND HOME HEALTH ASSOCIATION (INC.)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1) STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The New Zealand Home Health Association (Inc.) is a non-profit organisation, registered under The Incorporated Societies Act 1908, and given Charitable Trust status by the I.R.D. It is a qualifying entity for the purposes of differential reporting as it is not publicly accountable and is not a large entity. All differential reporting exemptions have been applied. The NZ Home Health Association has registered with the Charities Commission CC10318.

Measurement Base

The measurement base adopted is that of historical cost. Accrual accounting is used to recognise expenses and revenues.

Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of profit and financial position, have been applied:

- a) Accounts Receivable are stated at their estimated net realisable value.
- b) Plant, Property and Equipment are initially recorded at cost.
- c) Depreciation is provided on a diminishing value basis on all plant, property and equipment, using tax depreciation rates.
- d) Grants received are realised to the current or future Income and Expenditure account when the funds are to be utilised for specific purposes.
- e) Goods and Services Tax (GST)
The Statement of Financial Performance has been prepared so that all amounts are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of accounts receivable and accounts payable which include GST invoiced.
- f) Income Tax
The Association is exempt for income tax purposes.
- g) Financial Instruments
Financial Instruments carried on the statement of financial position include cash and bank balances, investments, receivables, creditors and borrowings. The investments are valued at realisable value.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in previous periods.

THE NEW ZEALAND HOME HEALTH ASSOCIATION (INC.)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2) OFFICE & ADMINISTRATION EXPENSES

	2012	2011
	\$	\$
Computer Costs	920	787
Bank Fees	43	93
Insurance	2,208	875
General Office expenses (cleaning)	300	1,405
Photocopying & Stationery	460	1,859
Printing	212	3,036
Newsletter Design	3,978	3,854
Postage	479	369
Rent	12,000	12,000
Telephone & Tolls	4,988	2,705
Website Maintenance	2,985	1,450
TOTAL OFFICE & ADMINISTRATION EXPENSES	28,573	28,433

3) SALARIES AND SECRETARIAL SUPPORT

	2012	2011
	\$	\$
CEO Salary	132,707	143,497
Finance officer wages	4,012	1,848
Kiwisaver Employer Cont	2,827	-
Holiday Pay provision	7,444	4,793
ACC Workplace cover	800	321
TOTAL SALARIES AND SECRETARIAL SUPPORT	147,790	150,459

4) TERM DEPOSITS

Westpac Term Deposit 001, \$100,000, 4.3%p.a., maturing 17/9/12
 Westpac Term Deposit 004, \$52,600, 4.25 p.a., maturing 20/9/12
 Westpac Term Deposit 008, \$50,997, 4.3% p.a., maturing 5/11/12

5) PLANT, PROPERTY AND EQUIPMENT

	2012	2011
	\$	\$
Office Equipment		
Computer Equipment – at cost	6,641	6,641
Less Provision for Depreciation	6,129	5,656
	513	985
Furniture & Fittings – at cost	125	839
Less Provision for Depreciation	19	714
	106	125
TOTAL PLANT, PROPERTY AND EQUIPMENT	619	1,110

6) CAPITAL COMMITMENTS

There are no known capital commitments at year end. (2011: Nil)

7) CONTINGENT LIABILITIES

There are no known contingent liabilities at year end. (2011: Nil)

AUDIT REVIEW REPORT

To the Members of The New Zealand Home Health Association (Inc.)

I have audited and reviewed the financial statements on pages 7 to 12. The financial statements provide information about the past financial performance of the Association and its financial position as at 30 June 2012. This information is stated in accordance with the accounting policies set out on page 10.

Executive Committee's Responsibilities

The Executive Committee is responsible for the preparation of the financial statements that fairly reflect the financial position of the Association as at 30 June 2012 and the results of the operations for the year ended on that date.

Audit Reviewer's Responsibilities

It is my responsibility to express an independent opinion on the financial statements presented by the Executive Committee and report my opinion to you.

Basis of Opinion

An audit review includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Executive Committee in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Association's circumstances, consistently applied, and adequately disclosed.

I planned and performed my review so as to obtain all the information and explanations that I consider necessary. I obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in my capacity as an audit reviewer, and answering accounting questions from time to time, I have no relationship with, or interests in the Association.

Unqualified Opinion

I have obtained all the information and explanations I have required.

In my opinion the financial report on pages 7 to 12 fairly reflects the financial position of the Association as at 30 June 2012 and the results of its operations and cash flows for the period ended on that date.

My audit review was completed on 15 October 2012 and my unqualified opinion is expressed as at that date.

A handwritten signature in cursive script that reads "G A Cross".

G A CROSS, Accountant
Cross Financial Services Ltd
WELLINGTON