

Statement of Intent

2009/10 – 2011/12

Auckland Regional RMO Services Ltd

A wholly owned subsidiary of the Waitemata, Auckland and Counties
Manukau District Health Boards

EXECUTIVE SUMMARY

This Statement of Intent has been prepared by Auckland Regional RMO Services Ltd to meet the requirements of section 39 of the New Zealand Public Health and Disability Act 2000 and section 139 (1) of the Crown Entities Act 2004.

This document is intended to outline for Parliament and the general public the performance that will be delivered during 2009/10 by Auckland Regional RMO Services Ltd and contains non-financial and financial forecast information for 2010/11 and 2011/12. The agreed performance measures are in the context of the government's strategic and service priorities for the public health and disability sector.

Auckland Regional RMO Services Ltd (ARRMOS) is a not-for-profit limited liability Company wholly-owned by the Waitemata District Health Board, Auckland District Health Board and Counties Manukau District Health Board.

ARRMOS provides recruitment, allocation, training, workforce development and administrative support services to Resident Medical Officers (RMOs) and the Auckland Region DHBs in the region. Services provided to stakeholders include:

1. Shareholder DHBs:

- All services related to the recruitment, selection and allocation of RMOs
- Maintenance of a regional RMO database
- Analysis and reporting of regional trends
- Information provision for CTA funding contracts
- Administration services for rostering, leave management, payroll liaison
- Operational level employment agreement interpretation
- Support services for the administration of run reviews
- Provision of Workforce Development support services

2. Regional Training Committee:

- Compilation and analysis of Run Evaluation survey results and trends
- Secretarial and administrative support for recruitment and allocation process

3. RMOs:

- Information and non clinical advice on training and career development opportunities
- Assistance with job applications
- Provision of Certificates of service
- Processing of expense reimbursements and registration matters
- Administrative services for all matters related to employment such as induction, orientation, rostering, leave management, additional payment claims and payroll liaison.

Dave Davies
Board Chair

Garry Smith
Board Member

ARRMOS Vision

Mission Statement:

The business stakeholders place their trust in for leadership and education on all matters relating to RMOs.

Vision:

1. To work together and present to stakeholders as one business.
2. To have stakeholders place their trust in the business.
3. To provide leadership to stakeholders on all matters relating to RMOs.
4. To provide education to stakeholders on all matters relating to RMOs.

Goals

1. To be the benchmark organisation for the RMO environment
2. To have defined relationships with:
 - a. Shareholder DHBs
 - b. NZRDA
 - c. RMOs
 - d. Professional Colleges
 - e. Medical Schools
 - f. Medical Council
 - g. Immigration Service
 - h. DHBNZ
3. To create an environment where Auckland is consistently the region of choice for RMOs whilst respecting our obligations to other DHBs
4. To have the right person in the right place at the right time
5. To collaborate with other service providers
6. To lead the strategy for all future developments relating to the RMO workforce
7. To build consistency of:
 - a. Expertise in RMO Administration
 - b. Excellent customer service
 - c. Adherence to, and development of, regionally agreed processes
 - d. The RMO experience of us
8. To push the boundaries of the business in order to continuously improve the training environment for RMOs.

ARRMOS Values

Value	Attribute	Behaviour
Integrity	<ul style="list-style-type: none"> - Trust - Respect - Honest - Fair - Transparent 	<ul style="list-style-type: none"> - Developing and following clear processes - Ownership of issues - Clear communication / expectations / accountability - Consistent application of policies and procedures
Commitment	<ul style="list-style-type: none"> - Desire to work in public health - Pride in ARRMOS - Focus on RMOs and DHBs 	<ul style="list-style-type: none"> - Participation and engagement - Business development - Delivery on outcomes - Promoting the business
Healthy Environment	<ul style="list-style-type: none"> - Enjoyment of the work environment and the contributions of colleagues - Valuing shared experiences - Balancing work and home life 	<ul style="list-style-type: none"> - pursuit of positive team dynamics - insight into the reasons behind our own and others behaviours - supporting each other across the business - acknowledging performance positively - respect for differences
Professionalism	<ul style="list-style-type: none"> - Cultural sensitivity - Diplomacy - Knowledgeable - Expert 	<ul style="list-style-type: none"> - Work collaboratively with stakeholders - Continuous improvement - Share knowledge - Invest in learning - Right person / right place / right time

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1.0 INTRODUCTION

1.1. *General*

Auckland Regional RMO Services Ltd is categorised as a Crown Agent under section 7 of the Crown Entities Act 2004 (CE Act 2004). The CE Act 2004 (section 49) states that the Board of Auckland Regional RMO Services Ltd must ensure that the Company acts in a manner consistent with its objectives, functions, and this Statement of Intent (SOI).

This SOI is for the period 2009/10 to 2011/12. The SOI describes to Parliament and the communities of the Auckland Region what the Company intends to achieve over the next three years in terms of providing regional support services related to the RMO workforce employed by its shareholders. The SOI incorporates the governance (the Board), and provider (e.g., Administrative Offices and Regional Training Committee) activities of the Company.

Performance measures and targets are included describing how Auckland Regional RMO Services Ltd will endeavour to provide these support services to its shareholders over the next three financial (1 July to 30 June) years.

This SOI is aligned to and consistent with:

- NZPHD Act 2000
- CE Act 2004
- Public Finance Act 1989 (and subsequent amendment acts)
- Auckland Regional RMO Services Ltd Annual Plan (AP)
- Auckland Regional RMO Services Ltd Strategic Plan (SP)
- The New Zealand Health Strategy (2000)
- The New Zealand Disability Strategy (2001)
- He Korowai Oranga (Māori Health Strategy, 2002)
- Te Tāhuhu: Improving Mental Health 2005-2015 (2005)
- The Health of Older People Strategy (2002)
- The Primary Health Care Strategy (2001)
- The Pacific Health and Disability Action Plan (2002).

This SOI includes:

- a statement of forecasted service performance that the Company will seek to achieve during 2009/10, and the two subsequent financial years, with non-financial performance measures and targets for one of the two output classes (i.e., the governance and provider parts of the Company) this information can be referenced in section 5.
- financial forecast for 2009/10 and the two subsequent years this information can be referenced in section 6.

At the end of the year, auditors working on behalf of the Office of the Auditor-General compare the performance planned in the SOI with the actual performance described in the DHB's Annual Report.

1.2. Reporting to the Minister of Health

The Company will ensure all decision-making processes comply with any legislative requirements to consult with or notify the Minister of Health. There is no obligation to routinely report matters to the Minister. Any communications with the Minister will be through the Board Chair on behalf of the Board and shareholding DHBs.

2.0 OUR PEOPLE

This section describes Auckland Regional RMO Services Ltd's "region". It outlines the geographical location and the profile of the RMO workforce, identifies RMO workforce issues for the Auckland region, and describes how this operating environment influences the choices Auckland Regional RMO Services makes.

2.1. *Workforce Information*

Auckland Regional RMO Services Ltd provides support services to a Resident Medical Officer population approximately 1,100 strong across the Auckland region. Health Services in the region are provided by the Waitemata, Auckland and Counties Manukau DHBs who have an equal shareholding in the Company. RMOs are employed by the three DHBs and undertake training on all the main hospital and community sites including North Shore, Waitakere, Auckland City and Middlemore Hospitals as well as the Mason Clinic, Greenlane Clinical Centre, Manukau Super Clinic and a variety of community based institutions. RMOs rotate across all these sites on a two, three, four or six monthly basis depending on which training scheme they belong to. The size of the trainee workforce and the complexity of rotating across so many sites and three employers at regular intervals means that we are unique in the New Zealand environment and must constantly strive to formulate our own solutions to problems which may be international in origin.

In addition to the environment described above the RMO workforce is differs from most other workforces in that it is:

- young with an average age of 34 years
- approximately 55% male and 45% female
- 27% Pakeha
- 2% Maori
- 2% Pacific Island
- 33% Asian
- 12% European
- 1% African
- 22% No data
- relatively well remunerated as compared to other NZ health workforces with salaries being any where between \$53,000 and \$166,000 depending on hours worked and level of experience.
- Undertaking post graduate education of 5-6 years duration in order to gain further registration as vocationally registered medical practitioners either as specialists in the hospital system or independently in the community

The size of the Auckland region means that we are able to provide some of the best and most complex medical training environments in New Zealand and we are attractive employers because of that natural advantage. However, when we have a sustained period of shortages in the trainee workforce such as the one we are currently experiencing the very demanding and busy nature of our institutions means that our RMOs are more willing than their regional peers to seek training opportunities elsewhere. This means that ARRMOS must invest much more heavily than other DHB RMO service providers in permanent & temporary recruitment and most crucially of all workforce development. In this regard we lead the country.

3.0 NATURE AND SCOPE OF ACTIVITIES

The activities of our Company fall into two groups (or “output classes”):

- Governance
- Provision of Services.

3.1. *Company Governance*

The governance structure for the Company is set out in the Companies Act 1993. The Board consists of three members being the Chief Executives of the three shareholder DHBs and they have overall responsibility for the operation of Auckland Regional RMO Services Ltd. The Board can delegate matters to the General Manager of our Company.

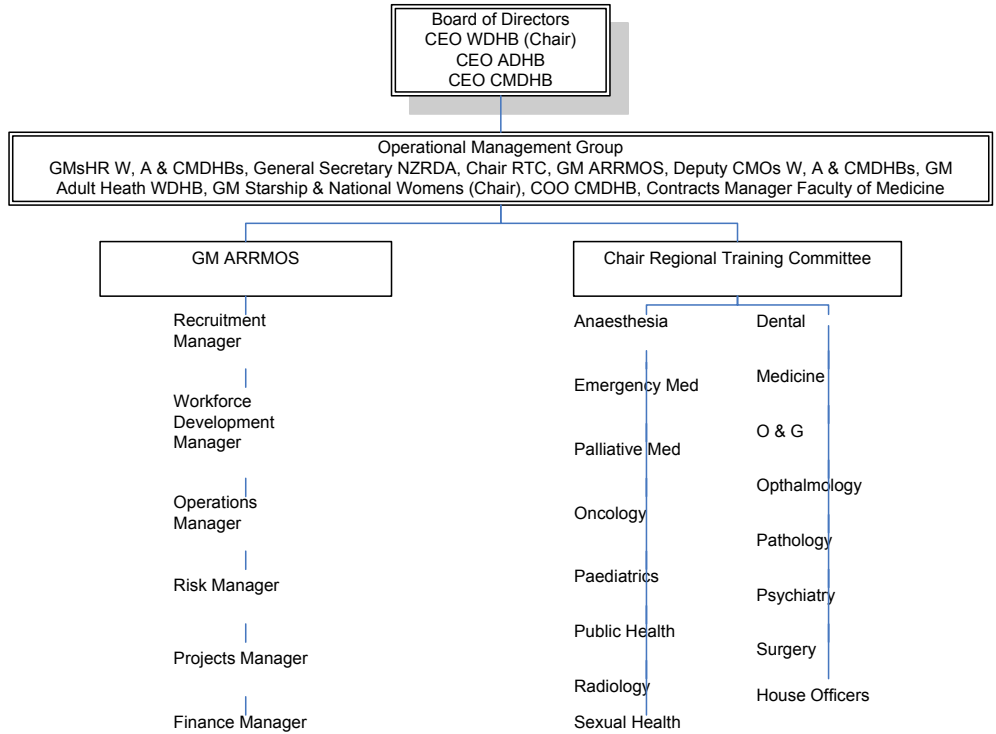
Members of the public are welcome to observe the meetings of the Board. The meetings are held quarterly. Details of the meetings (such as agendas, minutes, membership of the Board, people who attended a meeting) can be made publicly available by contacting the General Manager.

Occasionally the Board may need to have discussions about some subjects where it is better if the public does not attend, and this is allowed for in the Companies Act 1993.

3.1.1. *Managing Organisational Health and Capability*

Organisational structure:

Auckland Regional RMO Services Ltd
 Governance November 2008



Quality and Safety

The management of serious risks to the quality and delivery of services within Auckland Regional RMO Services Ltd is incorporated into the strategic & annual business plan. It is based on the Quality Dimensions and Goals outlined in Improving Quality (IQ): A systems approach for the New Zealand health and disability sector (2003), which is detailed below:



To measure that service meets the needs, values and expectations of our key stakeholders ARRMOS will conduct an annual customer satisfaction survey via an electronic survey tool to maintain consumer focus.

The key to quality is continuous improvement via a proactive approach using analysis, measurement, evaluation and learning. A formalised process for measurement and auditing of key performance indicators has been implemented which underpins the annual business plan.

As part of the continuous improvement and quality management process a review of the RMO Support Unit Manual will be conducted and the RMO Payroll Processes Manual will be implemented.

Data Integrity has been identified as a significant risk to the quality and delivery of services by ARRMOS. CTA Funding and Payroll information is provided to the District Health Boards based on the data contained in the Dr Who Database. To minimise the risk and ensure integrity of the data scheduled audits will occur as part of the key performance indicator measurement process.

The strategic quality plan will be reviewed annually as part of the Strategic and Annual Business planning processes.

Managing Key Aspects of Capability

The management of capability within Auckland Regional RMO Services Ltd is carried out primarily through the strategic & annual business planning cycle scheduled for November 2009 and the annual budget cycle which will

commence in November and carry on through into March 2010. The Company is careful to ensure that planning for enhancements to services does not outstrip capacity of the Company, or its shareholders, to deliver on any additional investment which may be required. Accountability for the successful implementation of this process is delivered through the reporting mechanism of the General Manager to the Operational Management Group.

Key to the ongoing success of the Auckland Regional RMO Services Ltd model is the development of its people. Over the past twelve months intense effort has been put into lifting the skills and capacity of the workforce. To a large extent this has been completed and all functions are now staffed by appropriately qualified individuals, many of whom have tertiary or other appropriate qualifications in their particular field of expertise. The challenge with this team will be to increase its functionality particularly in the area of recruitment where it is difficult to source and retain good staff. All team members have an individual personal development plan progress against goals will be measured.

Areas of development in the coming 12 months focus largely on ensuring that team members are enabled to focus and perform well in their areas of responsibility and expertise. To this end the recruitment, allocation, rostering and daily operations functions will be divided into separate functions within a multidisciplinary team structure based across four different sites. The model will be implemented progressively from the end of the 2008/2009 year and will be embedded within the business by the end of the 2009/2010 year.

Additional areas for improvement are related to improving and maintaining relationships with key partners in the DHBs. Identifying individuals in RMO, management and clinical roles will be crucial to the success of the RMO retention strategies the organisation wishes to introduce to the region during the course of 2009/2010. Implementation of RMO retention strategies must be DHB led with specialist input from ARRMOS and Regional Training Committee staff and as such can only be successful if all parties are enabled to trust each others input. Leadership on RMO matters is also an important function of the ARRMOS OMG and significant effort will be made in 2009/2010 to ensure that this group is enabled to provide leadership and direction to DHBs Service Managers and Clinical Directors on a variety of matters including RMO retention, change management and the development of alternative workforces designed to positively enhance the clinical experiences undertaken by RMOs.

Information Services

The main office of the Company is located on an Auckland District Health Board site. Therefore, ADHB provides the main information technology infrastructure which supports the activities of the company's employees. This includes telephone, fax, e-mail, internet and CPU/VDU, printing and copying capacity. The Company also relies on a number of applications which have been built to support its daily operations. These applications include the RMO database which contains information allocations, qualifications and training history and the database which supports the centralised locum management function. The recruitment function is supported by an application which is common to all three Auckland DHBs. Payroll services are provided by the independent contractor which provides the software that underpins the payroll function at all three DHBs.

Over the course of the next 12 – 24 months it is intended to investigate and implement integration with existing DHB HRIS/HRMS applications wherever it is practicable to do so. The company will initiate such processes wherever it is appropriate to do so, but given its

small size as compared to the shareholder DHBs it is expected that most integration will occur as a result of change to their information services in the DHBs flowing through to the Company.

Workforce Development and Managing Organisational Health

To assist us to deliver on our stated outcomes, over the next three years we will implement our obligations to be a 'good employer' and develop and implement equal employment opportunities for all. This will ensure we position ourselves so we can compete successfully for employees in what is projected to be an extremely challenging labour market over the next 2-3 decades. The people who work for us in the future are likely to be different in their needs, motivations and behaviours than the people in current employment. We intend to ensure our people management practices evolve to be ready for this. Our people are essential to ensure we maintain excellence and a high level of performance and results.

We plan to review our workforce profile, analyse our current situation, identify gaps and issues of concern, take action to address these issues, evaluate the effectiveness of these actions and plan future actions in order to ensure we have eliminated any discrimination and unintended barriers to equal opportunities. This will assist us in ensuring we have productive and talented staff who reflect the wider community. Delivering on our stated outcomes requires excellent leadership, people, culture, relationships and processes to be in place. The success of this objective will be measured by a change in our profile to more closely reflect the wider community and an improvement in staff morale, confidence and relationships in the organisation as well as staff perception of fairness and equity.

Over the next 12 months we will begin this process by developing and reviewing a profile of the organisation's staff and analysing its representativeness. We will consult with staff on issues of concern and ideas for improvements. We will conduct a thorough analysis of our profile, HR statistics, existing policies, practices, documents and systems in all areas of the business to audit equal opportunities in recruitment, appointment, development, promotion and remuneration. This will place us in an excellent position to take the most appropriate action (in the following year) to do everything we can to ensure all groups have fair and equal opportunities.

Productivity and Value for Money

The Operational Management Group ensures that the Company continues to provide value for money to the DHB shareholders by measuring its performance against a number of key indicators on a monthly basis. These indicators include:

- Reporting and managing the growth of total RMO establishment figures for the region with the aim of limiting this growth to < 2% per annum.
- Reporting and managing against vacancy rates by DHB and specialty with the aim of maintaining Registrar vacancies at no more than 5% and House Officer vacancies at no more than 15% on average across the training year by the end of the 2010 training year (10% average vacancy rate).
- Reporting and managing against total spend on additional duties, cross cover and locum spend on a regional basis with the aim of reducing this to levels recorded in 2006 by the end of the 2010 training year.
- Reporting against total spend per hire with the aim of maintain this between \$750 and \$1,250 per hire.
- Reporting against total spend on RMO recruitment with the aim of maintaining this below \$500,000 per annum.

- Reporting and managing against monthly RMO recruitment volumes with the aim of ensuring that the number of applications and appointments exceeds or balances the number of resignations over the course of a training year.
- Reporting and managing against regional RMO workforce satisfaction as measured by run evaluations with the aim of ensuring that all runs average a 3.5 / 5.0 or better result.
- Reporting and managing against the annual budget for the Company with the aim of returning an annual result of zero profit or loss before depreciation.

4.0 DHB & INTERSECTORAL COLLABORATION

- National
Auckland Regional RMO Services Ltd works with all 21 DHBs through District Health Boards New Zealand to provide the deliverables outlined in the 2009 Advanced Choice of Employment (ACE) contract. This contract which Auckland Regional RMO Services Ltd and its predecessor the Northern Clinical Training Network Ltd (NCTN) has held with District Health Boards New Zealand since its inception in 2005 is designed to deliver a fair and transparent match between medical school graduates and the first year House Officer runs provided by each District Health Board. The process is technology driven through the ACE website and is supported by a fulltime coordinator based in the ARRMOS office. Timelines for the annual recruitment cycle and match are agreed annually with the DHBs. Governance for the system is driven by a reference group which is comprised of DHBNZ, ARRMOS, DHB and student representatives.
- Regional
Auckland Regional RMO Support Services Ltd is the RMO trainee workforce recruitment, allocation, administration and workforce development agent for the Waitemata, Auckland and Counties Manukau District Health Boards. This Statement of Intent describes the relationship between the four organisations and the services provided.

The organisation is responsible for project management of the Single Employer Feasibility Study on behalf of the three DHBs. If the feasibility study recommends proceeding to develop a business case / eventual implementation of a single RMO employer and any such recommendation is approved by the DHBs the organisation will be responsible for project management of these processes also.

As part of the current feasibility study the Regional CEOs have agreed to assume that ARRMOS would be the single employer if a decision was made to proceed to implementation. Should such a decision be made employment would not be transferred prior to 1 July 2010 with the later date of November / December 2010 being more likely. The possible impact on ARRMOS financial planning document would not be known until a business case was completed. Assuming a decision to proceed drafting of this document could only take place from July 2009.

In addition, the region is exploring the potential of a Physician Assistant workforce to complement the existing SMO workforce and to relieve pressure on the RMO workforce as the sole alternative supplier of medical service delivery. Scoping work for such a workforce is expected to take 18 months from July 2009 with a further six to 12 months for full implementation should this be the outcome of the scoping project.

- Shared Support Agencies
Auckland Regional RMO Services Ltd contracts with health Alliance Ltd for access to the Auckland Regional DHBs electronic recruitment solution, TALEO.

5.0 FORECAST SERVICE PERFORMANCE: MEASURES AND STANDARDS

One of the functions of this SOI, and in particular, the Performance Measures and Targets, and Statement of Forecast Service Performance, as stated in CE Act (s142), is to show how we measure what we do in 2009/10. These measures, targets and standards for the current year will be subject to an annual audit by auditors appointed by the Office of the Auditor General.

Key performance measures for 2009/10 are set out below.

Key performance measures for 2010/11 and 2011/2012 are likely to be similar to those for 2009/10 as the nature of our business is to operationally deliver on outcomes which do not change markedly from year to year.

NON FINANCIAL MEASURES

The following measures were chosen because they are reflective of the need for ARRMOS to positively impact recruitment and retention rates for the Resident Medical Officer workforce in the Auckland Region on behalf of the shareholder DHBs.

The table below provides a summary of the key performance measures the organisation will be working to during the 2009/2010 financial year.

Outcome	Provide fit for purpose vocationally registered Senior Medical Officers to the three Auckland District Health Boards from the regional Resident Medical Officer training programme in sufficient numbers to meet service demand.			
Impacts	Control growth in RMO FTE numbers to < 2% per annum. Increase clinical FTE through introduction of new scope of practice (e.g. Physician Assistants)	Reduce the current RMO vacancy rate of 10%	Reduce the numbers of RMOs resigning from the Auckland regional training programme (excluding RMOs who resign to become SMOs or who are rotated to an employer outside the region by a professional College).	Ensure that RMOs are allocated to runs which enable them to gain vocational registration in the shortest possible timeframe.
Outputs	Implement the agreed procedure for management of RMO FTE growth across the region. From July 2009 commence a two year project to determine the potential usefulness of Physician Assistants to service delivery for the Auckland DHBs and to implement the introduction of the new scope of practice if the project determines Physician Assistants can provide value in this regard.	Recruit 500 RMOs to the Auckland regional training programme annually. Manage the cost per hire between a range of \$750 - \$1,250	Provide run feedback to the three DHBs following the completion of each run. Interpret results of run feedback and work with the DHBs to improve runs where results consistently score less than 3.5 / 5.0.	Ensure that 90% of House Officers on the Dr Who database are listed as being year 3 or less. Ensure that 90% of Registrars on the Dr Who database are listed as being year 9 or less.
Resources	Operational Management Group	Recruitment Team	Workforce Development Consultant	Operations Team

Strategic Initiatives

1. To ensure that RMOs in the Auckland Region receive the best possible employment experience.
2. To facilitate RMOs achieving Vocational registration in the least possible amount of time.
3. To ensure that the administrative and employment issues for RMOs are minimised.
4. To support a consistent regional approach to vocational training in the Auckland region, maximising the use of shared resources and minimising duplication.
5. To proactively manage recruitment to ensure the provision of high quality training experiences for RMOs.
6. To retain RMOs by implementing regional workforce initiatives in partnership with the DHBs and NZRDA to ensure the ongoing provision of a high quality specialist medical workforce.
7. To ensure all support services meet the identified needs of stakeholders including RMOs.

Objective	Deliverable	Key Performance Indicator
<p><u>Management and Leadership</u></p> <p>1. To provide strong, visible leadership and overall direction to ARRMOS and the DHBs in order to ensure that stakeholders as represented on OMG continue to be aware of and actively support the purpose and undertakings of the Auckland Regional RMO Services Organisation by:</p>	<ul style="list-style-type: none"> • Providing key input to the development of direction and strategy and the annual business plan • Undertake key decision making relating to operational RMO management issues • Set policy in relation to operational RMO management issues • Provide feedback on the performance the regional RMO management service • Provide guidance to the General Manager • Provide a forum for resolving issues escalated by the General Manager • Report back to the Board (via the 	<p>2009/10</p> <p>To develop and recommend to the Board a three year Strategic Plan</p> <p style="text-align: right;">- Dec. / draft - March / final</p> <p>To develop and recommend to the Board an annual Business Plan.</p> <p style="text-align: right;">- Dec. / draft - March / final</p> <p>To develop and recommend to the Board an annual Statement of Intent.</p> <p style="text-align: right;">- Dec. / draft - March /</p>

Objective	Deliverable	Key Performance Indicator	
	<p>General Manager)</p> <ul style="list-style-type: none"> Take responsibility for the implementation of regionally agreed initiatives within the DHB environment including those relating to the Single Employer Feasibility Study and subsequent business case / implementation if approved. 	<p>To develop and recommend to the Board an annual Service Level Agreement between ARRMOS and each of the three DHB shareholders.</p> <p>To ensure that compliance with timelines set out in SLAs will be better than:</p> <ul style="list-style-type: none"> 90% of activities completed within timeframe 95% completed within one additional workday 99% completed within two additional weeks of the timeframe. <p>To implement recommendations made by Audit NZ as part of the annual audit process.</p> <p>To ensure that there are no significant Audit recommendations will be made for the financial year</p> <p>To comply with all Companies Office and statutory requirements.</p> <p>To represent and articulate the Auckland region perspective on national bodies and project teams as required.</p> <p>To project manage the Single Employer Feasibility Study and Physician Assistant Scoping Project and subsequent business case / implementation if approved.</p> <p>To guide continuous improvement of services by developing and recommending to the Board an</p>	<p>final</p> <p>- March / Draft - June / final</p> <p>- June</p> <p>- August</p> <p>- June</p> <p>As required.</p> <p>- June / Draft</p>

Objective	Deliverable	Key Performance Indicator	
		<p>Annual Customer Satisfaction Survey to be undertaken with stakeholders as identified below:</p> <ul style="list-style-type: none"> - RMOs (NZRDA) - DHBs (Management) - DHBs (Professional) - DHBs (Human Resources) - RTC - Professional Colleges - Immigration Service - School of Medicine <p>Report quarterly to the Board on:</p> <ul style="list-style-type: none"> - Strategic Issues - Administrative Issues - Training Issues - ARRMOS Finances (\$0 profit) - RMO Workforce numbers (<2% growth) - RMO Vacancies (5% Registrars and 15% House Officers) - Increase % of RMOs with 3 or more years of service from 25% to 35% - RMO Locum expenditure (stabilises at current level of \$18million across the region) - RMO Reimbursement expenditure (stabilises at \$5.5million) - RMO Run Feedback (return rate increases to 50% from current 25%) <p>To ensure that there is accountability for that agreed targets and KPIs on all the above are being adhered to.</p> <p>To meet monthly in order to ensure that goals and key performance indicators are being adhered to ahead of requirement to report to the Board.</p>	<p>- Sept. / Final</p> <p>- Dec. / Results</p> <p>- March / Action</p> <p>-September</p> <p>- December</p> <p>- March</p> <p>- June</p> <p>Monthly</p>

Objective	Deliverable	Key Performance Indicator	
		<p>2010/11 and beyond</p> <p>To implement any recommendations that the “single employer” feasibility study may make.</p> <p>To review the form and function of the Regional Training Committee, Vocational Training Committee and House Officer Committee with a view to improving the efficiency and effective ness of the:</p> <ul style="list-style-type: none"> Leadership Management Administrative <p>Functions of the Committees</p> <p>To provide resource to conduct a review of clinical volumes and RMO staffing levels across the region with a view to ensuring equitable distribution of runs across the DHBs.</p> <p>To implement a process which allows OMG to take direct responsibility for final approval of all new and additional RMO posts across the region.</p>	<p>June</p> <p>March - June</p> <p>June</p> <p>July</p>

Objective	Deliverable	Key Performance Indicator	
<p><u>Finance</u> To provide strong, visible financial management to ARRMOs in order to ensure that shareholders investment in the Company is managed according to best business practice by:</p>	<ol style="list-style-type: none"> 1. To provide the OMG and Board with accurate and timely information which will enable them to: <ol style="list-style-type: none"> a. Meet all relevant statutory and audit obligations b. Monitor the financial performance of the Company c. Forecast the financial performance of the Company 2. Monitor and raise issues of legal or financial risk / opportunity for action to ensure the ongoing viability of the Company. 3. To work in partnership with the rest of the ARRMOs team and RTC to ensure that the right RMO is in the right place at the right time. 	<p>2009/2010</p> <p>In conjunction with the General Manager develop an annual budget which supports the resource requirements of the annual business plan.</p> <p>Provide OMG with a:</p> <ul style="list-style-type: none"> - statement of financial performance - forecast - within 25 days of month end <p>in order to ensure that the business is being managed within available financial resources and that an annual profit / loss before depreciation of \$0 is returned.</p> <p>Provide OMG with other information as may be required from time to time</p> <p>Provide the Board with:</p> <ul style="list-style-type: none"> - Statement of Funding versus Expenditure - Statement of Financial Performance - Statement of Financial Position - Cash flow Statement - Funding Summary - Pool Summary - Other Pool Summary - Within 25 days of most recent month end <p>in order to ensure that the business is being managed within available financial resources and that an annual profit / loss before depreciation of \$0 is returned.</p> <p>Provide the Board with other information as may be required from time to time.</p> <p>Draft annual report and accounts completed and provided to auditors in August annually.</p> <p>No significant regulatory or audit issues identified for the financial year.</p> <p>Take a lead role in the annual audit process by ensuring that the auditors are provided with all</p>	<p>- Dec. / draft</p> <p>- Mar. / final</p> <p>Monthly</p> <p>As required</p> <p>Quarterly in:</p> <ul style="list-style-type: none"> - September - December - March - June <p>As required</p> <p>June - September</p>

Objective	Deliverable	Key Performance Indicator	
		<p>- Proactively managing applicants throughout the recruitment process</p> <p>To ensure that all RMOs are registered with NZ Medical Council prior to appointment by ensuring that MCNZ guidelines for processing paperwork are adhered to</p> <ul style="list-style-type: none"> • Applications are completed in full in accordance with MCNZ requirements • All applications are sent to MCNZ within a minimum timeframe of 20 working days of an RMO's start date <p>To ensure that all non NZ RMOs have appropriate immigration documentation prior to appointment.</p> <ul style="list-style-type: none"> • Applications are completed in full in accordance with IMNZ requirements • All applications are sent to IMNZ within a minimum timeframe of 30 working days of an RMO arriving in NZ. <p>In partnership with the RTC subcommittees ensure that nationally agreed timelines and processes for the annual allocation and appointment cycle are adhered to:</p> <ul style="list-style-type: none"> - Notification from OMG of positions for training year - Advertising (NZ and International) - Applications / run preference / continuation responses received - Interviews - Offers of employment - Acceptances of employment - Allocations of first runs - Commencement of employment <p>And that these requirements are recorded in the annual Operations Calendar which should be published to the business and stakeholders annually in November .</p> <p>For new permanent employees to ensure that the Dr Who and Taleo databases are kept up to date with 99% accuracy in the following areas:</p> <ul style="list-style-type: none"> - RMO applications / CVs / referees - RMO personal / contact information - RMO registration / indemnity / ACLS / APLS status 	<p>As required</p> <p>As required</p> <p>April</p> <p>April – May May June</p> <p>July July / August August September November / December</p> <p>Daily</p>

Objective	Deliverable	Key Performance Indicator	
		<ul style="list-style-type: none"> - RMO run histories from DHBs outside the region - RMO salary assessment <p>That 4% of all files are audited on a monthly basis to ensure compliance with this target</p> <p>For new temp employees to ensure that the Dr Who, Taleo and temp management system databases are kept up to date in the following areas:</p> <ul style="list-style-type: none"> - RMO applications / CVs / referees - RMO personal / contact information - RMO registration / indemnity / ACLS / APLS status - RMO run histories from DHBs outside the region - RMO salary assessment - Vacant Duty Management <ul style="list-style-type: none"> o Vacant duties identified o Vacant duties filled / unfilled / cancelled etc o Rate o RMO covering o Advisor / Coordinator duty filled by <p>To provide a proactive temp recruitment solution to the Daily Operations team through the Locum Bureau. Including:</p> <ul style="list-style-type: none"> - Building relationships with stakeholders - loading all vacancy data within one week of a run changeover - sourcing locums and maintaining a database of approximately 150 locums - proactively managing locum availability so that 50% of all duties are filled by the Bureau having first contact with the Locum and not vice versa - increasing placement of all logged duties by the central bureau from <50% to 75% <p>To implement ACE in accordance with the requirements of the contract with DHBNZ (Subject to DHBNZ renewing the contract). Including:</p> <ul style="list-style-type: none"> - Road show (four main centres) - Advertising (NZ and International) - Applications - Rankings - Match - Offers of employment 	<p>15th of the Month</p> <p>June</p> <p>April – May April – May June July July August</p>

Objective	Deliverable	Key Performance Indicator	
		<ul style="list-style-type: none"> - Acceptances of employment - Commencement <p>A monthly report to ensure accountability for delivery against KPIs is submitted to the GM for OMG</p> <p>A quarterly report to ensure accountability for delivery against KPIs is submitted to the GM for the Board.</p>	<p>August November</p> <p>Monthly</p> <p>Quarterly</p>
		<p>2010/11 and beyond</p> <p>To develop, communicate and implement a three year strategic recruitment plan which includes commentary on and resources required for:</p> <ul style="list-style-type: none"> - Sourcing Strategies - International recruitment - Domestic recruitment - Temp recruitment - Candidate Management - Marketing - Advertising - Leadership of and collaboration with health and other government sector bodies - E recruitment solution <p>To implement and operationalise the new temp management system to ensure optimal use of the existing workforce.</p> <p>To scope, develop and implement a new and improved website with increased functionality in order to maximise usability and visibility of employment opportunities in the Auckland region.</p> <p>To investigate and implement new sourcing opportunities in all employment markets with a comparable health system.</p> <p>To communicate with RMOs and DHB stakeholders in a regular and proactive manner.</p>	<p>November</p> <p>June</p> <p>June</p> <p>December</p> <p>December</p>
<u>Workforce Development</u>	1. To retain RMOs employed in	2009/2010	

Objective	Deliverable	Key Performance Indicator	
<p>To provide strong, visible Workforce development management to ARRMOs in order to ensure that shareholders investment in the Company is managed according to best business practice by:</p>	<p>the Auckland region by:</p> <p>a) Developing, maintaining and communicating to stakeholders a detailed understanding of key issues of importance to RMOs</p> <p>b) Developing, maintaining and communicating to stakeholders a detailed understanding of key issues of importance for workforce trends.</p> <p>c) Continuously provide information and feedback to the DHBs and NZRDA to enable them to structure training runs across the region that guarantee the progression of RMOs through their chosen career pathways in as short a time as possible.</p> <p>d) Continuously work with the DHBs and NZRDA to ensure that the number and focus of runs in the Auckland region works to provide the region's population with a</p>	<p>To develop, communicate and implement an annual workforce development plan which includes commentary and resources required for:</p> <ul style="list-style-type: none"> - Implementing entry interviews and database - Implementing exit interviews and database - Implementing run feedback system and database - Implementing career development pathways for RMOs - Implementing specific workforce planning initiatives - Implementing specific workforce development initiatives - Linkages with local, regional and national workforce development groups and plans - Work with recruitment to maintain a registrar vacancy rate of 5% and a House Officer vacancy rate of 15% - Work with recruitment to increase the % of RMOs in the Dr Who database with 3 or more years of service from 25% to 35% <p>To ensure that Run Feedback data is sourced and received from RMOs in a timely manner in accordance with the timeframes noted.</p> <p>To ensure that the Survey Monkey database is kept up to date with 99% accuracy in the following categories:</p> <ul style="list-style-type: none"> - RMO Run Feedback data <p>To ensure that Run Feedback reports are communicated to stakeholders (Board, OMG, VTCs and DHBs) on a twice yearly basis.</p> <ul style="list-style-type: none"> • Run feedback reports that identify results of less than or equal to 3.5 / 5 have an improvement action plan agreed with the relevant VTC and DHB • Agreement and implementation of the improvement plan takes place within the following 2 run periods • Results are reviewed within 3 run periods. <p>Work in partnership with DHBs and the VTCs to ensure that specific regional workforce development initiatives and plans are implemented.</p>	<p>November</p> <p>November 2010</p> <p>June 2011</p> <p>Six weeks prior to run end</p> <p>Quarterly</p> <p>- June</p> <p>- December</p> <p>June</p>

Objective	Deliverable	Key Performance Indicator	
	<p>medical workforce that will be able to meet their changing health needs.</p> <p>2. To work in partnership with the rest of the ARRMOS team and RTC to ensure that the right RMO is in the right place at the right time</p> <p>3. To ensure provision of all goals by employing and developing appropriately qualified and experienced employees.</p>	<p>A monthly report to ensure accountability against KPIs is submitted to the GM for OMG.</p> <p>A quarterly report to ensure accountability against KPIs is submitted to the GM for the Board.</p> <p>2010/11 and beyond</p> <p>To develop, communicate and implement a three year strategic workforce development plan which includes commentary and resources required for:</p> <ul style="list-style-type: none"> - Implementing entry interviews and database - Implementing exit interviews and database - Implementing run feedback system and database - Implementing career development pathways for RMOs - Implementing specific workforce planning initiatives - Implementing specific workforce development initiatives - Linkages with local, regional and national workforce development groups and plans <p>In conjunction with the recruitment team investigate and develop an Entry Interview database for all RMOs new to the region. Quarterly reports to stakeholders on trends identified.</p> <ul style="list-style-type: none"> • Ensure 100% of all exiting RMOs receive the opportunity to complete an entry interview • Work to achieve a 50% return rate • Identify and report on common themes • Implement improvement plans as instructed by stakeholders <p>Investigate and develop an Exit Interview database. Quarterly reports to stakeholders on trends identified.</p> <ul style="list-style-type: none"> • Ensure 100% of all exiting RMOs receive the opportunity to complete an exit interview • Work to achieve a 50% return rate • Identify and report on common themes • Implement improvement plans as instructed by stakeholders <p>Continue development and implementation of Career Pathways documents for all PGY1 RMOs. Documents to include:</p>	<p>Monthly</p> <p>Quarterly</p> <p>June</p> <p>September December March June</p> <p>September December March June</p> <p>June</p>

Objective	Deliverable	Key Performance Indicator	
		<ul style="list-style-type: none"> Information on preferred career pathway (specialty) Runs required to achieve this in the shortest possible time Runs completed prior to current date Document updates post annual run preference process in May <p>Create a proposal for implementing Career Pathways documents for remainder of the RMO workforce.</p> <ul style="list-style-type: none"> Information on preferred career pathway (specialty) Runs required to achieve this in the shortest possible time Runs completed prior to current date Document updates post annual run preference process in May <p>Continue work to revitalise the Run Feedback database. End of run reports to stakeholders on trends identified.</p>	<p>June</p> <p>bi monthly</p>
<p><u>Operations Team</u> To provide strong, visible Workforce development management to ARRMOS in order to ensure that shareholders investment in the Company is managed according to best business practice by:</p>	<p>1. To provide an accurate, efficient and timely administration service to RMOS employed in the DHBs with a particular focus on:</p> <ol style="list-style-type: none"> Management of the changeover process in partnership with the ART Team. Roster development, publication and process management Daily vacancy management in 	<p>2009/10</p> <p>NB: Specific timeframes and compliance targets are contained in the RMO Support Unit Manual and are not repeated here for the purposes of brevity. Access to the manual is available by contacting the general manager.</p> <p>Ensure that RMOs are allocated to runs which enable them to gain vocational registration in the shortest possible timeframe.</p> <p>Ensure that 90% of House Officers on the Dr Who database are listed as being year 3 or less.</p> <p>Ensure that 90% of Registrars on the Dr Who database are listed as being year 9 or less.</p> <p>In partnership with the recruitment team and RTC subcommittees ensure that timelines and processes for the annual allocation and appointment cycle are adhered to:</p> <ul style="list-style-type: none"> Notification from OMG of positions for the training year 	

Objective	Deliverable	Key Performance Indicator	
	<p>partnership with the Temp Recruitment Solution Team and other RMOSU.</p> <p>d. Leave management in partnership with the other RMOSU.</p> <p>e. Claim process management (e.g. additional duties, cross cover, locum, on call, call back).</p> <p>f. Orientation and induction process management</p> <p>g. Interface with payroll for issues management</p> <p>2. To ensure that reimbursement of training expenses occurs in an accurate and timely manner</p> <p>3. To ensure that the Dr Who database is up to date at all times thereby enabling stakeholders (including MCNZ and the CTA) to have access to quality information on the RMO workforce.</p> <p>4. To work in partnership with the rest of the ARRMOS team and RTC to ensure that the right RMO is in the right place at the right time</p>	<ul style="list-style-type: none"> • Run preference / continuation letters sent • Applications / run preference / continuation responses received • Administration of interview processes for continuing employees • Allocations of specific runs <p>To ensure that the Dr Who databases are kept up to date in the following areas:</p> <ul style="list-style-type: none"> • RMO positions • RMO personal / contact information • RMO run history • RMO salary maintenance • RMO reimbursements <p>Changeover processes are administered in accordance with the processes outlined in section 4 of the Regional RMO Support Manual</p> <p>Rosters are administered in accordance with the processes outlined in section 5 of the Regional RMO Support Manual</p> <p>Vacancies and Absences are administered in accordance with the processes outlined in sections 6 and 7 of the Regional RMO Support Manual.</p> <p>Leave is administered in accordance with the processes outlined in sections 8 through to 15 of the Regional RMO Support Manual.</p> <p>Claims are processed in accordance with section 16 of the Regional RMO Support Manual.</p> <p>Personal and other HR details are administered in accordance with section 17 of the Regional RMO Support Manual.</p> <p>Salary reviews, run description and roster changes are administered in accordance with section 18 of the Regional RMO Support Manual.</p> <p>RMO performance is administered in accordance with section 19 of the Regional RMO Support Manual.</p>	<p>April May June</p> <p>monthly</p> <p>monthly</p> <p>Daily</p> <p>Daily</p> <p>Daily</p> <p>Daily</p> <p>As required</p> <p>As required</p>

Objective	Deliverable	Key Performance Indicator	
	5. To ensure provision of all goals by employing and developing quality employees.	<p>Resignations are administered in accordance with section 20 of the Regional RMO Support Manual.</p> <p>Payroll issues are administered in accordance with section 21 of the Regional RMO Support Manual.</p> <p>To ensure that training expenses are reimbursed in an accurate and timely manner in accordance with the contractual requirements of the MECA and applicable DHB policies.</p> <ul style="list-style-type: none"> • 90% of claims are processed within 1 week of receipt • 95% of claims are processed within 2 weeks of receipt • 100% of claims are processed within 4 weeks of receipt (disputed claims only) <p>A monthly report is submitted to the GM for OMG</p> <p>A quarterly report is submitted to the GM for the Board</p> <p>2010/11 and beyond</p> <p>In partnership with other ARRMOS employees to review and rewrite as required all sections of the Regional RMO Support manual on an annual basis.</p> <p>As a first step in the implementation of a formal quality management programme develop and trial an audit programme for RMOSU activities including:</p> <ul style="list-style-type: none"> - payroll - roster - leave <p>To continue to work with DHB stakeholders to transfer “outlier” services into the Daily Operations Units with appropriate resources.</p> <p>To develop and implement a regionally consistent RMO orientation process.</p> <p>To ensure that all employees have a personal development plan and that new</p>	<p>Daily</p> <p>Daily</p> <p>Weekly</p> <p>Monthly</p> <p>Quarterly</p> <p>Monthly for completion by June</p> <p>December</p> <p>June</p> <p>October</p> <p>June</p>

Objective	Deliverable	Key Performance Indicator	
		employees have a robust and regionally consistent induction plan	
<p><u>Risk Portfolio</u> To provide strong, visible Workforce development management to ARRMOS in order to ensure that shareholders investment in the Company is managed according to best business practice by:</p>	<ol style="list-style-type: none"> 1. To manage the development of quality risk management services to the organisation whilst ensuring an added value to and strong relationships with all stakeholders. 2. To take a leading role to manage the development and implementation of a quality improvement strategy for the customer organisations ensuring the risk management service provided meets the goals of all stakeholders. 3. To maximise the potential of the DHB HR teams to provide a dynamic responsive, innovative and client focused service and to achieve stakeholders strategic and operational goals. 	<p>2009/2010</p> <p>To develop, communicate and implement an annual Risk/Quality plan which includes commentary on :</p> <ul style="list-style-type: none"> • Risk Management • Continuous improvement • Quality management • Human Resources management • Information management and reporting • Workplace and Health and Safety • Customer Service / Relationship building • Promotes regional cooperation between Quality and HR teams <p>Complete risk assessments with members of the management team on key areas of the business.</p> <ul style="list-style-type: none"> • As part of the annual business planning process • As part of the quality management process <p>Implement annual customer satisfaction survey that measures services meet the needs, values and expectations of key stakeholders</p> <p>Review of existing Operating Manuals</p> <ul style="list-style-type: none"> • RMO Support Unit Manual • RMO Payroll Process Manual <p>Management of existing policies / procedures and forms</p> <p>Monitoring and assisting Learning/ changes made as a result of stakeholder feedback,</p>	<p>November</p> <p>October</p> <p>October</p> <p>December</p> <p>June</p> <p>June</p>

Objective	Deliverable	Key Performance Indicator	
business practice by:	3. To work in partnership with the rest of the ARRMOS team and RTC to ensure all support services meet the identified needs of stakeholders including RMOS.	<p>the coming financial year.</p> <p>In conjunction with ARRMOS business managers prioritise projects for the coming financial year</p> <p>Ensure all projects are managed and delivered according to best practice guidelines including:</p> <ul style="list-style-type: none"> • Project charters and plans • Identifying key stakeholders and focus groups • Working within DHB procurement and IS policies and procedures and involving necessary expertise as required • Develop and present business cases for approval and funding where necessary <p>Ensure availability for immediate assistance and guidance on implementing discrete operational projects is provided to ARRMOS business managers</p> <p>A monthly report is submitted to the GM for OMG</p> <p>A quarterly report is submitted to the GM for the Board</p>	<p>November</p> <p>As required</p> <p>As required</p> <p>Monthly</p> <p>Quarterly</p>

6.0 FINANCIAL PERFORMANCE MEASURES

6.1. Financial Statements

All financial statements are presented using NZ IFRS.

Statement of Financial Performance

	2007/08 Actual \$000s	2008/09 Forecast \$000s	2009/10 Budget \$000s	2010/11 Plan \$000s	2011/2012 Plan \$000s
Income					
ARRMOS operations	1,986	2,858	2,830	2,915	3,002
Interest	19	20	15	15	16
	<u>2,005</u>	<u>2,878</u>	<u>2,845</u>	<u>2,930</u>	<u>3,018</u>
Expenditure					
ARRMOS operations ⁽¹⁾	439	632	687	708	728
Finance costs	0	0	0	0	0
Employee costs ⁽²⁾	1,566	2,245	2,158	2,222	2,290
	<u>2,005</u>	<u>2,877</u>	<u>2,845</u>	<u>2,930</u>	<u>3,018</u>
Operating profit before depreciation and tax	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation	0	0	0	0	0
Tax	0	0	0	0	0
Net profit after depreciation and tax	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>

There has been a decrease in the overall 2009/2010 budget compared to the 2008/2009 budget (and the 2008/2009 forecast) as a result of shareholder budget constraints.

⁽¹⁾ The increase in operations relates to an increase spend in recruitment and IT consulting. . The increase in subsequent years relates to an FFT increase of 3%.

⁽²⁾ There has been a decrease in staffing costs in 2009/2010 due to a reduction in staffing levels of 1.2FTE which took effect in May 2009. The increase in subsequent years relates to an FFT increase of 3%.

Staffing levels	FTE	25.2	31.5	31.5	31.5	31.5
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Staff FTE is expected to remain stable at June 2009 levels.

Please note: Actual financial results achieved for the periods covered are likely to vary from the information presented, and these variations may be material. The information above is provided solely for the purpose of this Statement of intent and may not be appropriate for any other purpose.

Statement of Changes in Equity

	2007/08 Actual \$000s	2008/09 Forecast \$000s	2009/10 Budget \$000s	2010/11 Plan \$000s	2011/2012 Plan \$000s
Equity at beginning of year	1	1	2	2	2
Net Profit for the year	0	1	0	0	0
Total recognised revenues and expenses for the year	0	1	0	0	0
Equity at end of year	1	2	2	2	2

Statement of Financial Position

	2007/08 Actual \$000s	2008/09 Forecast \$000s	2009/10 Budget \$000s	2010/11 Plan \$000s	2011/2012 Plan \$000s
Equity					
Share capital	0	0	0	0	0
Accumulated retained earnings	1	2	2	2	2
TOTAL EQUITY	1	2	2	2	2
Current Assets					
Cash and cash equivalents	2,335	1,200	1,199	1,178	1,229
Trade and other receivables	155	563	715	732	754
	2,490	1,763	1,914	1,910	1,983
Non Current Assets					
Plant and equipment	0	0	0	0	0
Total Assets	2,490	1,763	1,914	1,910	1,983
Current Liabilities					
Trade and other payables	109	178	329	321	389
Staff entitlement	119	133	133	137	142
Funds held as agent	2,261	1,450	1,450	1,450	1,450
	2,489	1,761	1,912	1,908	1,981
Non Current Liabilities					
Lease Liability	0	0	0	0	0
Total Liabilities	2,489	1,761	1,912	1,908	1,981
NET ASSETS	1	2	2	2	2

Please note: Actual financial results achieved for the periods covered are likely to vary from the information presented, and these variations may be material. The information above is provided solely for the purpose of this Statement of intent and may not be appropriate for any other purpose.

Statement of Cash Flows

	2007/08 Actual \$000s	2008/09 Forecast \$000s	2009/10 Budget \$000s	2010/11 Plan \$000s	2011/2012 Plan \$000s
Cash Flows From Operating Activities					
Cash provided from:					
Receipts from DHBs	1,975	2,847	2,822	2,907	2,994
Interest	19	20	15	15	16
Other	7	11	8	8	8
Agency funding receipts & interest	6,912	4,843	6,167	6,352	6,543
Recharges	467	164	1,002	69	159
	9,380	7,885	10,014	9,351	9,720
Cash applied to:					
Employee costs	1,550	2,235	2,158	2,218	2,285
Interest paid	0	0	0	0	0
Other operating costs	429	609	688	733	741
Agency distributions	5,734	6,167	6,167	6,352	6,543
Invoices paid then recharged	363	79	1,002	69	100
Net GST	123	(70)	0	0	0
	8,199	9,020	10,015	9,372	9,669
Net Cashflow From Operating Activities	1,181	(1,135)	(1)	(21)	51
Cash Flows From Investing Activities					
Purchase of plant and equipment	0	0	0	0	0
Net Cashflow From Investing Activities	0	0	0	0	0
Net Increase/(Decrease) in cash and cash equivalents					
Net Cashflow From Operating Activities	1,181	(1,135)	(1)	(21)	51
Net Cashflow From Investing Activities	0	0	0	0	0
	1,181	(1,135)	(1)	(21)	51
Cash and cash equivalents at the beginning of the year	1,154	2,335	1,200	1,199	1,178
Cash and cash equivalents at the end of the year	2,335	1,200	1,199	1,178	1,229
Represented by: Cash and cash equivalents	2,335	1,200	1,199	1,178	1,229

Please note: Actual financial results achieved for the periods covered are likely to vary from the information presented, and these variations may be material. The information above is provided solely for the purpose of this Statement of Intent and may not be appropriate for any other purpose.

Budget: Output Class Summary

	2009/10 Budget \$000s	2010/11 Budget \$000s	2011/12 Budget \$000s
Income			
ARRMOS operations	2,830	2,915	3,002
Interest	15	15	16
	2,845	2,930	3,018
Expenditure by Output Class			
Operational Management Group	791	815	839
Recruitment	645	664	684
Workforce Development	102	105	108
Operations	1,307	1,346	1,387
	2,845	2,930	3,018
Net surplus	0	0	0

Please note: Actual financial results achieved for the periods covered are likely to vary from the information presented, and these variations may be material. The information above is provided solely for the purpose of this Statement of intent and may not be appropriate for any other purpose.

Significant assumptions made in the preparation of the financial statements

- a. FFT for 2010/2011 and 2011/2012 is 3%
- b. The increase in RMO expenses in 2009/2010 is expected to be offset by the level of vacancies leaving a zero increase in the 2009/2010 budget. The increase in RMO expenses 2010/2011 and 2011/2012 is 3%.
(Due to the fact that this increase relates to an agency relationship, it is shown in the Agency Distribution line of the statement of cash flows rather than in the statement of financial performance)
- c. A number of regional projects will be run through ARRMOS on a recharge basis (as an agency relationship) in the 2009/2010 year. These are one off projects that are expected to end before June 2010 and will not be repeated in 2010/2011 or 2011/2012.

Regional Employer Project	\$806,600
Other regional projects	\$195,000
<ul style="list-style-type: none">• Career Pathways• Clinical training roles and responsibilities• Distribution of RMO runs across the region• Position reduction• Bringing in outliers• Task substitution/physicians assistants	

- d. Operational and RMO reimbursement invoices will be paid on receipt. Invoices are to be furnished monthly (used to be quarterly)
- e. All operational expenses (excluding staff payments) will be paid 20th month following invoice

Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue

Revenue is measured at the fair value of consideration received.
Interest income is recognised as income in the period in which it is earned.

Expenditure

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

Income tax

The Company was granted income tax exemption on the basis of being deemed a Public Authority on 9 July 2004, therefore no provision has been made in the financial statements for income tax.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not title is eventually transferred.

This is reflected in the statement of financial position by recording an asset and a liability at amounts equal, at the inception of the lease, to the lower of the fair value of the leased asset or the present value of the minimum lease payments.

The leased asset is depreciated on a straight-line basis over its useful life and the lease payment is apportioned between the interest expense and the reduction of the outstanding liability over the term of the lease.

Operating leases

An operating lease is a lease that does not transfer to the lessee substantially all the risks and rewards incidental to the ownership of an asset.

Payments under an operating lease, are recognised as an expense on a straight line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and deposits held on call with the bank.

Trade and other receivables

Trade and other receivables are stated at their cost less any impairment losses.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Additions

Additions are recognised at its cost.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are shown in the statement of financial performance.

Subsequent costs

Costs incurred subsequent to the initial acquisition are capitalized only when it is probably that future economic benefits will flow to the Company, and the cost of the item can be measured reliably.

Depreciation

Depreciation of plant and equipment is calculated on a straight-line basis so as to allocate the cost of the assets, less their estimated residual values, over their useful lives as follows:

- Fixtures and Fittings 3 years
- Computer Equipment 3 years

Impairment

The residual value of an asset is reviewed, and adjusted if necessary, at each financial year end.

Employee benefits

Short term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Company recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year.

Goods and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables which are stated on a GST inclusive basis.

Net GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

Net GST paid to or received from the IRD, including the GST relating to investing or financing activities, is classified as operating cash flow in the statement of cash flows.

Agency Transactions

The Company acts as an agent with respect to certain transactions between a number of its shareholders and RMOs.

These transactions do not represent revenue or expenditure for Auckland Regional RMO Services and are not recognised as such in the accounts.

Where funds have been received but have not been distributed under the agency arrangement, this is shown as a current liability in the accounts.

6.2. Capital Expenditure

There is no capital expenditure anticipated.

6.3. Disposal of Land

Auckland Regional RMO Services does not own land.