

Financial Statements

Statement of Accounting Policies

Reporting Entity

Wairarapa DHB is a Crown entity in terms of the Public Finance Act 1989.

The group consists of Wairarapa DHB, its subsidiary Biomedical Services New Zealand Limited (100% owned) and joint venture the Central Region Technical Advisory Service Limited (TAS) which is one sixth owned.

The financial statements and group financial statements of Wairarapa DHB have been prepared in accordance with the requirements of the Public Health and Disability Act 2000 and the Public Finance Act 1989.

In addition, funds administered on behalf of patients have been reported as a note to the financial statements.

Measurement Base

The financial statements have been prepared on an historical cost basis.

Accounting Policies

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

1. Basis of Consolidation – Purchase Method

The consolidated financial statements include the parent DHB and its subsidiary. The subsidiary is accounted for using the purchase method which involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis.

All significant inter-entity transactions are eliminated on consolidation.

2. Budget Figures

The budget figures are those approved by the Board and published in its Annual Plan. The budget figures have been prepared in accordance with generally accepted account practice and are consistent with the accounting policies adopted by the Board for the preparation of these financial statements.

3. Goods and Services Tax

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables, which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

4. Taxation

Wairarapa DHB is a public authority under the New Zealand Public Health and Disability Act 2000 and is exempt from income tax under Section CB3 of the Income Tax Act 1994.

The wholly owned subsidiary company, Biomedical Services New Zealand Limited, is subject to income tax. Income tax expense is charged in the group statement of financial performance in respect of its current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax bases are only recognized where there is virtual certainty of realisation.

5. Trust and Bequest Funds

Donations and bequests to Wairarapa DHB are recognised as revenue when control over assets is obtained. A liability, rather than revenue, is recognised where fulfilment of any restrictions attached to those assets is not probable. Those donations and

bequests with restrictive conditions are appropriated from retained earnings to the trust funds component of equity. When expenditure is subsequently incurred in respect of these funds it is recognised in the statement of financial performance and an equivalent amount is transferred from the trust funds component of equity to retained earnings.

6. Accounts Receivable

Accounts receivable are stated at expected realisable value after providing for doubtful and uncollectible debts.

7. Inventories

Inventories are valued at the lower of cost, determined on a weighted average basis, and net realisable value after allowing for slow moving and obsolete items.

8. Investments

Investments, including those in subsidiary and associated companies, are stated at the lower of cost and net realisable value. Any decreases are recognised in the statement of financial performance.

9. Fixed Assets

Fixed Assets Vested from the Hospital and Health Service

Under section 95(3) of the New Zealand Public Health and Disability Act 2000, the assets of Wairarapa Health Limited (a hospital and health service) were vested in Wairarapa DHB on 1 January 2001. Accordingly, assets were transferred to Wairarapa DHB at their net book values as recorded in the books of the Hospital and Health Service. In effecting this transfer, the Board has recognised the cost (or in the case of land and buildings - the valuation) and accumulated depreciation amounts from the records of the Hospital and Health Service. The vested assets will continue to be depreciated over their remaining useful lives.

Fixed assets acquired since the establishment of the Wairarapa DHB

Assets, other than land and buildings, acquired by the Board since its establishment, and other than those vested from the Hospital and Health Service, are recorded at cost less accumulated depreciation. Cost includes all appropriate costs of acquisition and installation, including materials, labour, direct overheads, financing and transport costs.

Revaluation of Land and Buildings

Land and buildings have been revalued in the year ending 30 June 2003, and will be every three years following, to their fair value as determined by an independent registered valuer by reference to their highest and best use. Additions between revaluations are recorded at cost. The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the asset revaluation reserve, the debit balance is expensed in the statement of financial performance.

Disposal of Fixed Assets

When a fixed asset is disposed of, any gain or loss is recognised in the statement of financial performance and is calculated as the difference between the sale price and the carrying value of the fixed asset.

Properties Intended for Sale

Properties intended for sale are valued at the lower of cost or net realisable value.

10. Depreciation

Depreciation is provided on a straight line basis on all fixed assets other than freehold land, at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings and fit out	2 to 50 years	(2%–50%)
Plant and equipment	2.5 to 15 years	(6.5%–40%)
Motor vehicles	5 to 12.5 years	(8%–20%)
Leased assets	2.5 to 15 years	(6.5%–40%)

Capital work in progress is not depreciated. The total cost of a project is transferred to freehold buildings/building fit-out and/or plant and equipment on its completion and then depreciated.

11. Employee Entitlements

Provision is made in respect of the Wairarapa DHB's liability for annual leave, long service leave, retirement gratuities, parental leave and conference leave. Annual leave, parental leave and conference leave have been calculated on an actual entitlement basis at current rates of pay whilst the other provisions have been calculated on an actuarial basis.

12. Leases

Finance Leases

Leases which effectively transfer to Wairarapa DHB substantially all the risks and benefits incident to ownership of the leased items are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period Wairarapa DHB is expected to benefit from their use.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

13. Financial Instruments

Wairarapa DHB seeks to minimise exposure arising from its treasury activity. The District Health Board is not authorised by its treasury policy to enter any transactions that are speculative in nature.

Wairarapa DHB (and group) is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, investments, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenue and expenses in relation to financial instruments are recognised in the statement of financial performance.

Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

14. Statement of Cash flows

Cash means cash balances on hand, held in bank accounts, bank overdrafts, demand deposits and other highly liquid investments in which Wairarapa DHB invests as part of its day-to-day cash management.

Operating activities include all transactions that are not investing or financing activities. Cash inflows include all receipts from the sale of goods and services and other sources of revenue which supports the Board's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities and advances and any other non-current assets.

Financing activities comprise the change in equity and debt capital structure of Wairarapa DHB.

15. Foreign Currency Translations

Transactions denominated in foreign currencies (other than forward exchange contracts) are translated at the rate of exchange ruling at the transaction date. Short term transactions covered by forward exchange contracts are measured and reported at the forward rates specified in the contracts.

At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange differences arising from the transactions are recognised in the statement of financial performance.

16. Cost of Service Statements

The cost of service statements, as reported in the statement of objectives and service performance, report the net cost of services for the outputs of Wairarapa DHB and are represented by the cost of providing the output less all the revenue that can be allocated to these activities.

17. Cost Allocation

Wairarapa DHB has arrived at the net cost of service for each significant activity using the cost allocation system outlined below.

Cost Allocation Policy

Direct costs are charged directly to major board activities. Indirect costs are charged to major board activities based on cost drivers and related activity/usage information.

Criteria for direct and indirect costs:

Direct costs are those costs directly attributable to a board activity.

Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific Board activity.

Cost drivers for allocation of indirect costs

The cost of internal services not directly charged to board activities is allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area. For the year ended 30 June 2003, indirect costs accounted for 38% of Wairarapa DHB's total costs.

18. Changes in Accounting Policies

There have been no changes from the accounting policies adopted in the last audited financial statements. All policies have been applied on a basis consistent with the previous period.

Consolidated Statement of Financial Performance

For the year ended 30 June 2003

Note	Group	Group		Parent	
	Budget 2003 \$000	Actual 2003 \$000	Actual 2002 \$000	Actual 2003 \$000	Actual 2002 \$000
Revenue	49,498	51,033	45,143	50,345	44,457
Expenses	49,299	51,085	46,252	50,441	45,606
Capital Charge	19 636	616	640	616	640
Operating Surplus/(Deficit) before Taxation	1 (437)	(668)	(1,749)	(712)	(1,789)
Tax Expense	2 8	14	17	0	0
Operating Surplus/(Deficit) after Taxation	(445)	(682)	(1,766)	(712)	(1,789)
Net Surplus / (Deficit)	(445)	(682)	(1,766)	(712)	(1,789)

Consolidated Statement of Movements in Equity

For the year ended 30 June 2003

	Group	Group		Parent	
	Budget 2003 \$000	Actual 2003 \$000	Actual 2002 \$000	Actual 2003 \$000	Actual 2002 \$000
Net Surplus / Deficit for the Year	(445)	(682)	(1,766)	(712)	(1,789)
Other Recognised Revenue and Expenses					
Increase in Revaluation Reserve	0	3,445	0	3,445	0
Total Recognised Revenue and Expenses	(445)	2,763	(1,766)	2,733	(1,789)
Contribution from Owners	0	1,500	500	1,500	500
Movements in Equity for the Period	(445)	4,263	(1,266)	4,233	(1,289)
Equity at Start of the Period	6,009	6,065	7,331	5,950	7,239
Equity at End of the Period	5,564	10,328	6,065	10,183	5,950

The accompanying accounting policies and notes form part of these financial statements

Consolidated Statement of Financial Position

As at 30 June 2003

	Note	Group	Group		Parent	
		Budget 2003 \$000	Actual 2003 \$000	Actual 2002 \$000	Actual 2003 \$000	Actual 2002 \$000
EQUITY						
General Funds	3a	7,370	12,320	7,375	12,320	7,375
Retained Earnings/(Accumulated Deficit)	3b	(2,014)	(2,213)	(1,524)	(2,358)	(1,639)
Trust Funds	4	208	221	214	221	214
Total Equity		5,564	10,328	6,065	10,183	5,950
Represented by:						
ASSETS						
Current Assets						
Cash		108	138	490	0	399
Receivables and Prepayments	5	4,807	5,068	4,561	4,982	4,491
Inventories	6	420	499	472	499	472
Properties Intended for Sale		0	125	203	125	203
Total Current Assets		5,335	5,830	5,726	5,606	5,565
Non Current Assets:						
Trust Funds	7	208	221	214	221	214
Fixed Assets	8	16,996	17,617	14,494	17,494	14,342
Investments	9	0	0	0	103	103
Total Non-Current Assets		17,204	17,838	14,708	17,818	14,659
Total Assets		22,539	23,668	20,434	23,424	20,224
LIABILITIES						
Current Liabilities:						
Bank Overdraft	11	968	159	0	159	0
Payables and Accruals	12	6,110	4,299	5,608	4,218	5,542
Employee Entitlements	13	2,479	2,479	2,273	2,463	2,246
Current Portion of Term Loans	14	32	32	94	32	94
Total Current Liabilities		9,589	6,969	7,975	6,872	7,882
NON-CURRENT LIABILITIES:						
Employee Entitlements	13	386	371	362	369	360
Term Loans	14	7,000	6,000	6,032	6,000	6,032
Total Non-Current Liabilities		7,386	6,371	6,394	6,369	6,392
TOTAL LIABILITIES		16,975	13,340	14,369	13,241	14,274
NET ASSETS		5,564	10,328	6,065	10,183	5,950

For and on behalf of the Board:

_____ Board Member

_____ Board Member

Date _____

Date _____

The accompanying accounting policies and notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2003

	Note	Group	Group	Parent	
		Budget	Actual	Actual	
		2003	2003	2003	2002
		\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from Ministry of Health and Patients		48,827	50,301	44,052	43,363
Interest Received		42	93	82	81
		48,869	50,394	44,134	43,444
Cash was distributed to:					
Payments to Suppliers		24,092	27,170	22,071	21,741
Payments to Employees		22,259	23,077	21,177	20,888
Capital Charge		644	616	640	640
Interest Paid		518	500	287	287
Goods and Services Tax (net)		46	243	(105)	(126)
		47,559	51,606	44,070	43,430
Net Cash Inflow/(Outflow) from Operating Activities	15	1,310	(1,212)	64	(1,303)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds from Sale of Fixed Assets		750	222	140	140
Cash was applied to:					
Purchase of Fixed Assets		(3,568)	920	1,449	1,353
Net Cash Inflow / (Outflow) from Investment Activities		(2,818)	(698)	(1,309)	(1,213)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Proceeds from Crown Financing Agency		1,000	0	6,000	6,000
Capital Introduced		0	1,500	500	500
		1,000	1,500	6,500	6,500
Cash was applied to:					
Repayments of loans		93	94	5,669	5,669
Restricted Fund Movement		0	7	6	6
Net Cash Inflow/(Outflow) from Financing Activities		907	1,399	825	1,399
Net Increase in Cash Held		(601)	(511)	(420)	(374)
Add Opening Cash		(259)	490	910	773
CLOSING CASH BALANCE		(860)	21	490	(159)
Made up of: Cash		108	85	447	399
Bank Overdraft		(968)	(159)	0	0
Short Term Deposits		0	53	43	0
CLOSING CASH BALANCE		(860)	21	490	(159)

The accompanying accounting policies and notes form part of these financial statements.

Consolidated Statement of Contingent Liabilities

As at 30 June 2003

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Legal Proceedings and Disputes by Third Parties	205	233	205	233

Consolidated Statement of Commitments

As at 30 June 2003

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Capital Commitments	193	54	193	54
Non-Cancellable Operating Lease Commitments:				
Less than One Year:	1,031	1,319	1,009	1,303
One to Two Years	865	1,036	830	1,028
Two to Five Years	374	1,525	351	1,502
Five Years	0	10	0	9
Total Operating Lease Commitments	2,270	3,890	2,190	3,842
Non-cancellable Contracts for the Provision of Services				
Not Later Than One Year				
Non Funder	1,602	1,402	1,602	1,402
Funder	3,083	1,652	3,083	1,652
Later Than One Year and Not Later Than Two Years				
Non Funder	449	976	449	976
Funder	687	534	687	534
Later Than Two Years and Not Later Than Five Years				
Non Funder	74	417	74	417
Funder	368	0	368	0
Over Five Years				
Non Funder	0	0	0	0
Funder	0	0	0	0
Total Non-Cancellable Contracts	6,263	4,981	6,263	4,981
TOTAL COMMITMENTS	8,726	8,925	8,646	8,877

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2003

1. Net Operating Surplus / (Deficit) Before Taxation

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
After Charging:				
Audit Fees	50	45	43	38
Deprecation Total	1,495	1,484	1,438	1,440
Made up of:				
Buildings	792	804	792	804
Plant and Equipment	622	594	576	555
Motor Vehicles	81	86	70	81
Net Gain on Sale of Fixed Assets	(112)	(97)	(115)	(97)
Impairment Losses on Fixed Assets	0	59	0	59
Board Member's Fees	230	207	228	202
Interest Expense	440	347	440	347
Finance Charge on Leased Assets	1	12	1	12
Rental and Operating Lease Costs	1,610	1,060	1,586	1,039
Bad Debts Written Off	13	11	13	11
Changes in Provision for Bad Debts	48	(4)	48	(4)
After Crediting:				
Donations	37	54	37	54
Interest Income	94	82	91	81

2. Tax Expense

In accordance with the New Zealand Public Health and Disability Act 2000, the parent (Wairarapa DHB) is a public authority and is exempt from income tax. The following taxation relates to the subsidiary company Biomedical New Zealand Limited.

	Group	
	2003 \$000	2002 \$000
Profit / (Loss) before Taxation	42	39
Prima Facie Taxation of 33% on Subsidiary	14	13
Plus / (Less) Taxation Effect On:		
Prior Period Adjustment	0	4
Permanent Differences	0	0
Timing Differences Not Recognised	0	0
Taxation Charge	14	17

Biomedical Services New Zealand Limited has not recognised deferred tax asset accumulative timing differences of \$124,170 (June 2002: \$121,291) as these are not expected to reverse in the foreseeable future. The tax effect of the

timing differences not recognised is \$40,976 (June 2002: \$40,026). At balance date there were imputation credits of \$14,830 available to shareholders.

3. Equity

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
(a) General Funds				
Opening Balance	7,375	6,875	7,375	6,875
Movement in Revaluation Reserve	3,445	0	3,445	0
Issued During the Year	1,500	500	1,500	500
Balance At 30 June	12,320	7,375	12,320	7,375
(b) Retained Earnings				
Retained Earnings at 1 July 2002	(1,524)	248	(1,639)	156
Operating Surplus / (Deficit)	(682)	(1,766)	(712)	(1,789)
Transfers from Trust Funds (note 4)	8	8	8	8
Transfer to Trust Funds (note 4)	(15)	(14)	(15)	(14)
RETAINED EARNINGS AT 30 JUNE	(2,213)	(1,524)	(2,358)	(1,639)

4. Trust Funds

Trust assets are funds donated or bequeathed for a specific purpose. The use of these assets must comply with the specific terms of the sources from which the funds were derived.

Revenue and expenditure in respect of these trusts is recognised in the statement of financial performance. An amount equal to the expenditure is transferred from the Trust Fund component of equity to retained earnings. An amount equivalent to the revenue is transferred from retained earnings to the Trust Fund.

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Opening Balance	214	208	214	208
Transfer From Retained Earnings in Respect of:				
Funds Received	5	4	5	4
Interest Received	10	10	10	10
Total Receipts	15	14	15	14
Transfer to retained earnings in respect of:				
Funds Spent	8	8	8	8
BALANCE AT 30 JUNE	221	214	221	214

Trust funds were classified as non-current liabilities within the Statement of Intent but have been classified as equity for this report.

The following funds are held as investments of Wairarapa DHB.

	2003 \$000	2002 \$000
Brownette Bequest	19	18
Cameron Bequest	2	1
Greytown Hospital Patient Comfort Fund	94	90
Macintosh Bequest	3	3
Mason Bequest	6	6
Masterton Hospital Patient Comfort Fund	32	30
Ross Bequest	17	17
Toogood Bequest	5	5
Tyacke Bequest	20	19
Funds Donated to Specific Departments	23	25
TOTAL	221	214

5. Receivables and Prepayments

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Trade Debtors	1,134	1,001	1,046	919
Provision for Doubtful Debts	(87)	(40)	(87)	(40)
Accrued Income	3,779	3,388	3,779	3,388
Prepayments	238	140	236	140
Sundry	4	72	1	72
Receivables and Prepayments Excluding Owing by Subsidiary	5,068	4,561	4,975	4,479
Amount Owing by Subsidiary	0	0	7	12
RECEIVABLES AND PREPAYMENTS INCLUDING OWING BY SUBSIDIARY	5,068	4,561	4,982	4,491

6. Inventories

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Pharmaceuticals	70	64	70	64
Surgical and Medical Supplies	135	126	135	126
Theatre Supplies	232	217	232	217
Other Supplies	62	65	62	65
TOTAL INVENTORY	499	472	499	472

No inventories are pledged as security for liabilities but some inventories are subject to Retention of Title clauses under the Personal Property Securities Act 1999. The value of stocks subject to such clauses cannot be quantified due to the inherent difficulties in identifying the specific inventories affected at year end.

7. Investments

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Money Market and other Trading Banks	221	214	221	214

These investments are all held as trust funds.

8. Fixed Assets

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Land				
At Valuation	690	644	690	644
Land– Net Book Value	690	644	690	644
Buildings				
At Valuation	13,664	0	13,664	0
At Cost	24	15,549	24	15,549
Accumulated Depreciation	15	4,968	15	4,968
Buildings – Net Book Value	13,673	10,581	13,673	10,581
Plant and Equipment				
At Cost	9,492	8,925	9,042	8,480
Accumulated Depreciation	6,868	6,390	6,517	6,062
Plant and Equipment – Net Book Value	2,624	2,535	2,525	2,418
Motor Vehicles:				
At Cost	225	244	183	244
Accumulated Depreciation	136	142	118	142
Motor Vehicles – Net Book Value	89	102	65	102
Capital Work in Progress				
At Cost	302	336	302	336
Capitalised Finance Leases				
Motor Vehicles:				
At Cost	570	570	570	528
Accumulated Depreciation	331	274	331	267
Motor Vehicle – Net Book Value	239	296	239	261
Total Fixed Assets				
At Cost and Valuation	24,967	26,268	24,475	25,781
Accumulated Depreciation	7,350	11,774	6,981	11,439
TOTAL CARRYING AMOUNT OF FIXED ASSETS	17,617	14,494	17,494	14,342

Land and Buildings

Revalued freehold land and buildings are stated at fair value as determined by CB Richard Ellis (Registered Valuers), as at 30 June 2003.

Restrictions

Wairarapa DHB does not have full title to Crown land it occupies but transfer is arranged if and when land is sold. Some of the District Health Board's land is subject to Waitangi Tribunal claims. The disposal of certain properties may be subject to the provisions of s40 of the Public Works Act 1981.

Titles to land transferred from the Crown to Wairarapa DHB are subject to a memorial in terms of the Treaty of Waitangi Act 1975 (as amended by Treaty of Waitangi (State Enterprises) Act 1988). The effect on the value of assets resulting from potential claims under the Treaty of Waitangi Act 1975 cannot be quantified.

Proceeds from the sale of Board assets are used to purchase new assets as specified under Clause 43, Schedule 3 New Zealand Public Health and Disability Act 2000.

Properties intended for sale are valued at the lower of cost and net realisable value.

9. Investment in Subsidiaries

	Parent	
	2003 \$000	2002 \$000
Share in subsidiaries (non current)	103	103
Advances to subsidiaries (current)	0	0
TOTAL INVESTMENTS	103	103

Biomedical Services New Zealand Limited is 100% owned by Wairarapa DHB. The principal activity of the subsidiary is the testing and maintenance of biomedical equipment. The latest audited financial statements were used as the basis for consolidation.

10. Investment in Joint Venture

Wairarapa DHB has a 16.7% share holding in Central Region's Technical Advisory Services limited (TAS). TAS was incorporated on 6 June 2001. TAS has a total share capital of \$600 of which Wairarapa DHB's share is \$100. At 30 June 2003 all share capital remains uncalled.

The balance date of TAS is 30 June.

11. Bank Overdraft

The bank overdraft is secured by a negative pledge which requires the Board to comply with certain covenants such as limitations on borrowings, interest cover and working capital ratio. The Board and group complied with all covenants for the 2003 financial year. The facility available totals \$2,500,000. The current interest rate on the group's bank overdraft is 9.85% per annum (2002 - 11.10%).

12. Payables and Accruals

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Trade Creditors and Accruals	3,825	4,696	3,747	4,624
Capital Charge Due to the Crown	159	137	159	137
GST / FBT Payable	315	346	302	343
Directors Fees Payable	0	3	0	3
Income Received in Advance	0	426	0	426
Amount Owing to Subsidiaries	0	0	10	9
TOTAL PAYABLES AND ACCRUALS	4,299	5,608	4,218	5,542

13. Employee Entitlements

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Accrued Pay	588	516	591	507
Annual Leave	1,396	1,346	1,377	1,329
Retirement Leave	298	271	296	269
Long Service Leave	254	241	254	241
Maternity Grant	8	1	8	1
Course and Conference Leave	306	259	306	259
Total Employee Entitlements	2,850	2,635	2,832	2,606
Made up of:				
Current	2,479	2,273	2,463	2,246
Non-current	371	362	369	360
TOTAL EMPLOYEE ENTITLEMENTS	2,850	2,635	2,832	2,606

14. Term Loans (Secured)

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Crown Funding Agency	6,000	6,000	6,000	6,000
Finance Leases	32	126	32	126
TOTAL	6,032	6,126	6,032	6,126
Made up of:				
Current Portion	32	94	32	94
Non-current Portion	6,000	6,032	6,000	6,032
Repayable as follows:				
Less Than One Year	32	94	32	94
One To Two Years	6,000	32	6,000	32
Two to Five Years	0	6,000	0	6,000
TOTAL	6,032	6,126	6,032	6,126
Interest Rates Summary:				
Crown Financing Agency	7.09%	7.09%	7.09%	7.09%
Finance leases:				
Minimum	0.00%	7.49%	0.00%	7.49%
Maximum	9.74%	9.74%	9.74%	9.74%

A \$6 million term loan was raised with the Crown Financing Agency on 12 April 2002. The Crown Financing Agency term liabilities are secured by a negative pledge. Without the Crown Financing Agency's prior written consent Wairarapa District Health Board cannot perform the following actions in the following areas:

- Security interest: Create any security interest over its assets except in certain defined circumstances.
- Loans and Guarantees: Lend money to another person or give a guarantee.
- Change of Business: Make a substantial change in the nature of business.
- Disposals: Dispose of all or substantial part of its assets except in certain defined circumstances.
- Provide Services: Provide services to or accept services from a person other than for proper value and on reasonable commercial terms.

Term liabilities owed to the Wairarapa Community Health Trust and UDC Finance Limited are secured by the assets purchased.

Analysis of Finance Lease Liabilities

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Payable no Later than One Year	32	94	32	94
Later than One, not Later Than Two Years	0	32	0	32
Later than two, not later than five years	0	0	0	0
TOTAL	32	126	32	126
Representing lease liabilities:				
Current	32	94	32	94
Non-current	0	32	0	32

15. Reconciliation of Net Surplus/(Deficit) After Taxation with Cash flow from Operating Activities

	Group		Parent	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Net Surplus/(Deficit) After Tax	(682)	(1,766)	(712)	(1,789)
Depreciation	1,495	1,543	1,439	1,499
Increase/(Decrease) Employee Entitlements	9	(37)	9	(38)
Net Loss/(Gain) on Sale of Fixed Assets	(112)	(97)	(115)	(97)
Total non-Cash Items	1,392	1,409	1,333	1,364
Movements in Working Capital Items				
(Increase)/Decrease in Receivables and Prepayments	(599)	(1,028)	(589)	(1,030)
(Increase)/Decrease in Inventories	(24)	(53)	(24)	(53)
Increase/(Decrease) in Payables and Accruals	(1,305)	1,413	(1,311)	1,433
Increase/(Decrease) in Taxation	6	89	0	89
Working Capital Movement – Net	(1,922)	421	(1,924)	439
Net cash (Outflow)/inflow from Operating Activities	(1,212)	64	(1,303)	14

16. Related Party Disclosure

Wairarapa DHB is a wholly owned entity of the Crown. The Government significantly influences the role of the Board as well as being its major source of revenue.

The group enters into numerous transactions with government departments and other Crown agencies on an arm's length basis. Where those parties are acting in the course of their normal dealings with the group, these transactions are not considered to be related party transactions.

Related Party Transactions and Balances

(a) Funding

Wairarapa DHB received \$50 million from the Ministry of Health to provide health services to the Wairarapa area in the year ended 30 June 2003.

The amount outstanding at year end was \$4 million.

(b) Inter- group Transactions and Balances

Biomedical Services New Zealand Limited

Wairarapa DHB purchased from Biomedical Services New Zealand Limited biomedical servicing of patient related equipment. The purchases account for less than 1% of total purchases by Wairarapa DHB.

These transactions were carried out under the terms of the Letter of Agreement between Wairarapa DHB and Biomedical Services New Zealand Limited dated 24 June 1996, effective from 1 February 1996.

	2003 \$000	2002 \$000
Purchases	94	88
Management Fee	30	30
Insurance Cover	4	7

The following balances as at 30 June 2003 resulted from the above transactions and are payable on normal trading terms:

	2003 \$000	2002 \$000
Accounts Payable	10	9
Accounts Receivable	7	12

Doug Matheson (Chairperson, Wairarapa DHB) and David Meates (Chief Executive, Wairarapa DHB) are Directors of Biomedical Services New Zealand Ltd. Joel George was a Director of Biomedical Services New Zealand Ltd until 4 March 2003. Maureen Breukers was a Director of Biomedical Services New Zealand Ltd from 4 March 2003 to 1 August 2003.

(c) Key Management and Board Members

There were no transactions between the Board members and senior management with Wairarapa DHB in any capacity other than that for which they are employed, except for those Board members listed below:

Cheryl-Ann Broughton-Kurei	Executive Director, Whaiora Whanui Trust Incorporated
Doctor Liz Falkner	General Practitioner, The Doctors (Masterton)
Vivien Napier	Board Member, Te Mauri a Iwi (Family Start)

All transactions were carried out on an arm's length basis and amounted to \$1,247,000.

(d) Other Related Parties

Payments to the Central Region Technical Advisory Service Limited in the year ending 30 June 2003 totalled \$56,941.

17. Financial Instruments

The group has a series of policies providing risk management for interest rates, operating and capital expenditures denominated in a foreign currency. Wairarapa DHB is a party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable, trade creditors and loans.

The group is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions that are speculative in nature to be entered into.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from investments. The Board members do not consider there is any significant exposure to interest rate risk on its investments.

The interest rates on the group's borrowings are disclosed in Notes 11 and 14. There was no interest rate swap agreement in place as at 30 June 2003. (There was no interest rate swap in place at June 2002). Interest rates on investments and credit funds range from 1.75% to 5.25%.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency forward exchange contracts (and option agreements) can be used to manage foreign currency exposure. There were no foreign currency forward exchange contracts in place as at 30 June 2003 (June 2002 nil).

Credit Risk

Credit risk is the risk that a third party will default on its obligations to Wairarapa DHB or the group, causing the Wairarapa DHB or group to incur a loss.

Financial instruments that potentially subject Wairarapa DHB to risk consist principally of cash and short-term investments, trade receivables and various off-balance sheet instruments.

Wairarapa DHB invests in short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution. Accordingly Wairarapa District Health Board does not require any collateral or security to support financial instruments with organisations it deals with.

The Board receives 92% (June 2002 92%) of its revenue from the Crown through the Ministry of Health. Accordingly, the Board does not consider there is any risk arising from the concentration of credit with respect to accounts receivable.

Fair Value

The fair value of financial instruments is approximated by the carrying amount disclosed in the statement of financial position.

18. Patient Funds

Wairarapa DHB administers certain funds on behalf of patients. These funds are held in a separate bank account and any interest earned is allocated to the individual patient balances. Therefore, the transactions during the year and the balance at 30 June are not recognised in the statements of financial performance, financial position or cash flows of Wairarapa DHB.

	2003	2002
	\$	\$
OpeningBalance	664	649
Monies Received	0	0
Interest Earned	13	15
Payments Made	0	0
CLOSING BALANCE	677	664

19. Capital Charge

Wairarapa DHB pays a capital charge quarterly to the crown based on the greater of its actual or budgeted closing equity balance for the month. The capital charge rate for the year ended 30 June 2003 was 11% (June 2002 11%).

20. Board Members' Remuneration

Board members' remuneration, including reimbursements, received or receivable for the year ended 30 June 2003:

	2003 \$000	2002 \$000
Doug Matheson - Chairperson	36	37
Doctor Rob Tuckett	19	20
Janice Wenn	18	17
Robyn DGLISH	19	18
Cheryl-Ann Broughton-Kurei	18	10
Martin Easthope	24	13
Doctor Liz Falkner	18	10
Linda Nelson	20	11
Janine Vollebregt	19	11
Vivienne Napier	19	11
Lyn Patterson	18	9
Alan Stewart	0	11
Dave Morgan	0	8
Colleen Pringle	0	8
Des Ratima	0	8
TOTAL	228	202

21. Employee Remuneration

The number of employees and former employees who received remuneration and other benefits of \$100,000 or more per annum during the year.

Total Annual Remuneration and Other Benefits \$	Number of Employees 2003	Number of Employees 2002
100,000–110,000	3	4
110,001–120,000	3	0
120,001–130,000	5	1
130,001–140,000	1	0
140,001–150,000	4	3
150,001–160,000	2	5
160,001–170,000	1	1
170,001–180,000	1	2
180,001–190,000	2	0
190,001–200,000	0	0
200,001–210,000	0	2
210,001–220,000	0	1
230,001–240,000	1	0

The former chief executive's total annual remuneration and other benefits falls in the \$140,001 to \$150,000 band shown above and he was employed until 18 March 2003. The new chief executive commenced employment in April 2003.

Of the 23 employees shown above, 19 are medical employees.

If the remuneration of part-time employees were grossed-up to an FTE basis, the total number of employees with FTE salaries of \$100,000 or more would be 27, compared with the actual total number of employees of 23.

Termination Payments

During the year the Board made one payment to a former employee in respect of the termination of the employment with the Board. The payment was \$11,461.

22. Vesting of Assets

Wairarapa DHB was established on 1 January 2001 under the New Zealand Public Health and Disability Act 2000. On that date the assets and liabilities of Wairarapa Health Limited were vested in Wairarapa District Health Board at their carrying values as recorded in the books of the Hospital and Health Service. The net value of the assets vested is recognised as a capital contribution by the Crown, the owner of both the Hospital and Health Service and the District Health Board.

23. Post Balance Date Events

There were no significant events between the year end and the signing of the financial statements.

24. Explanation of Major Variations

Revenue was \$1.5 million higher than planned resulting from Third Order in Council contracts devolved from the Ministry of Health after the budget was completed and the write back of revenue provisions totalling \$1.1m. The Revenue write-backs were unbudgeted and were made up of \$586,000 for Disability Support, \$101,000 for Maternity Services and \$426,000 for Personal Health catch-up work from previous years.

Operating expenditure was \$1.8m higher than planned due to expenses relating to the Third Order in Council contracts, higher personnel and outsourced services costs. The personnel budget was based on the premise that there would be a number of vacancies in medical staff early in the year. However, this did not eventuate because the opportunity was taken to appoint senior medical staff to positions that had been vacant for some time. Higher than planned recruitment costs and the costs of locum doctors are also reflected in the over spend. This was balanced by cost containment strategies for infrastructure and non-clinical supplies.

In June 2003 the Wairarapa DHB received \$1.5m of crown equity to support the deficit. The plan included a draw down of \$1m additional term debt for major capital expenditure related to the site redevelopment. The plan also assumed \$2.5m of capital expenditure for site redevelopment much of which was expected to be in year end payables. Site redevelopment was delayed while a Business Case was prepared seeking funding from the Ministry of Health. This Business Case has subsequently been completed and support will not be known until November 2003. As a consequence, payables are \$1.8m less than planned.

The revaluation of land and buildings effective 30 June 2003 resulted in an increase in the value of Fixed Assets of \$3.4m. This is also reflected in the Revaluation Reserve in General Funds.

Statement of Objectives and Service Performance

for the year ended June 2003

The Minister of Health purchased personal health and disability support services from Wairarapa DHB during the year ended 30 June 2003. The DHB sets objectives with key deliverables as specified in the Statement of Intent for each of the three activity classes as follows:

- Funding and delivery of health and disability support services
- Provision of hospital and health services
- Governance and administration

This section of the report describes the achievement against each objective to demonstrate the Wairarapa DHB's performance for the year and show how the overarching goals are met.

Goal	Improvement of Health and Disability Services	
Objective	To implement the Primary Healthcare Strategy	
Output Class	Deliverables	Achievements
Funder	To manage a programme leading to the introduction of a Primary Health Organisation (PHO) structure for the Wairarapa.	Wairarapa DHB funder developed and managed a comprehensive programme that included information sharing, a public workshop in July 2002, registration of interest process and establishment of a PHO steering committee in November 2002.
Provider	To contribute to the development of PHO structure.	Provider services contributed to the development by having a representative on the PHO Steering committee.
Governance	To monitor progress against the work programme to develop a PHO structure, and instruct on corrective or amended actions as necessary	The Board received and reviewed monthly reports on PHO establishment and other primary health care issues.

Objective	To establish a Child Health Register or Database	
Output Class	Deliverables	Achievements
Funder	To have a reliable population wide register in place by 31 March 2003. This requires identification of the status of the current national systems development and establishing links to the national systems.	Current national systems development is at the pilot stage, this has delayed the implementation in the Wairarapa.
Provider	Work towards the establishment of a reliable register.	Hospital birth data is collected and available for populating the register when it becomes operational.
Governance	To monitor progress against the work programme to establish a child health register, and instruct on corrective or amended actions as necessary.	The Board reviewed progress reports each month.

Objective	To establish a Chronic Disease Register	
Output Class	Deliverables	Achievements
Funder	To have a reliable population wide chronic disease register in place by 30 June 2003 that enables the reporting of indicators of people with asthma, chronic obstructive pulmonary disease (COPD) and diabetes.	A diabetes database, a register of oxygen users and a register of clients of the asthma service are in place. These records will be further developed to establish a comprehensive chronic disease register.
Provider	To develop the secondary service components of the chronic disease register and care plans by 30 June 2003.	Information on services are captured in the DHB patient management system and in the future this will be incorporated into the chronic disease register.
Governance	To monitor progress against the work programme to develop a chronic disease register, and instruct on corrective or amended actions as necessary.	The Board reviewed progress reports quarterly.

Objective	To reduce avoidable Hospital admissions	
Output Class	Deliverables	Achievements
Funder	To co-ordinate with the provider services a work programme with action plans and timetables to reduce avoidable hospital admissions.	Information was collected relating to avoidable hospital admissions and two reports have been completed this year.
Provider	Develop and provide reports in conjunction with the funder staff on long-term trends for avoidable admissions. Work with primary care to identify service developments in the community that assists in avoiding such admissions.	Service developments include working closely with Maori providers, the appointment of a cardiac outreach nurse, continued support of the diabetes and asthma outreach nurses and planning for an outreach respiratory nurse position. The employment of GPs in the emergency department has assisted in reducing the referral rate and avoidable admissions.
Governance	To monitor progress against the work programme to reduce avoidable hospital admissions, and instruct on corrective or amended actions as necessary.	The Board reviewed progress reports each quarter.

Objective	To reduce waiting times for Public Hospital elective services	
Output Class	Deliverables	Achievements
Funder	To work towards the implementation of referral guidelines in primary care for the five most commonly referred conditions by 30 June 2003.	See comments below.
Provider	<p>Provider to develop, funder to monitor, a system of setting financially sustainable thresholds for commonly accessed elective surgery by December 2002.</p> <p>Targets are as follows:</p> <ol style="list-style-type: none"> 1. Booked surgery to be completed within six months of the first assessment. 2. 100% of referred patients to wait no longer than six months for their first assessment. 3. 100% of patients in active care and review have an assessment at least six monthly 4. Number of patients on active care and review kept below 10% of total surgical discharges. 5. All contracted elective (arranged) work is completed. 	<p>The five most common orthopaedic referrals were identified and referral guidelines implemented. This process has commenced with the Gynaecology referrals. The financially sustainable thresholds has been reviewed quarterly and waiting times have improved.</p> <p>Of the targets stated above 3, 4 and 5 were achieved. Work is ongoing to achieve the remaining targets.</p>

Governance	To monitor progress against the work programme to reduce waiting times for public hospital elective services, and instruct on corrective or amended actions as necessary	Waiting times, numbers of people waiting and referrals were reported to the Board each month by the provider and quarterly by the funder.
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Objective	To further develop the Mental Health workforce	
Output Class	Deliverables	Achievements
Funder	To work with the Regional Mental Health Network and local providers to complete a district-wide mental health workforce development plan, as a component of the regional mental health workforce development plan, by 31 March 2003.	The project was postponed pending progress in development of the regional mental health workforce plan.
Provider	To complete a review of clinical accountability and supervision arrangements by 31 March 2003.	This goal has been moved out to December 2003 and is included as part of the MHS Professional Development Framework.
Governance	To monitor progress against the work programme and instruct on corrective or amended actions as necessary.	Reports are reviewed by Hospital Advisory Committee each month.

Objective	To ensure all providers comply with the mental health information national collection (MHINC) data requirements.	
Output Class	Deliverables	Achievements
Funder	To develop a plan for all mental health providers to report service utilisation data to the mental health information national collection (MHINC) program by 30 June 2003.	Plan development postponed pending completion of software developments at national level.
Provider	To provide data to the MHINC by 31 December 2002.	Data sent monthly to MHINC database, reports analysed against original data.
Governance	To monitor progress against the work programme to ensure all providers comply with data collection requirements.	Board receives quarterly reports and monitors progress.

Objective	To improve Maori access to Mental Health Services	
Output Class	Deliverables	Achievements
Funder	To implement the Maori mental health strategy to improve the effectiveness of mainstream services for Maori including building the capability of Kaupapa Maori services. The following targets for access to treatment are included in The New Zealand Mental Health Strategy: 0-9 years 0.5%, 10-14 years 1.6%, 15-19 years 1.4%, 20-64 years 0.9%, 65 plus years 0.25%.	To improve the delivery of mental health services in the Wairarapa there was participation in local and regional forums, relationship building with local providers and collaboration with other DHBs. Performance against targets for access to treatment as follows: 0-9 years 0.23%, 10-14 years 1.72%, 15-19 years 4.66%, 20-64 years 3.36%, 65 plus years 1.72%. This shows a high number of clients between the ages of 15 to 64 using the service.

Objective	To improve Child Health Services	
Output Class	Deliverables	Achievements
Funder	To provide a report to the Ministry of Health that includes vaccination rates, an analysis of the differences between the local rates and the sector targets, reasons for the variance with proposed strategies including the timeline to close the gap.	Information has been collected and the report to be completed. The immunisation co-ordinator has started to audit GP practices. The information collected has been useful in encouraging practices to vaccinate children who are overdue for their vaccination.
Funder	To monitor statistics for school entry children passing a hearing screening test to ensure that children who have hearing loss when they start school are identified and referred for appropriate treatment. The Ministry of Health set a target of 92% of school entrants passing a hearing screening test.	The Public Health services of the DHB reported information monthly to Planning and Funding. 97% of new school entrants passed the hearing screening first test. Those that failed were retested within 12 weeks.
Funder	To provide information to the Ministry of Health for the calculation of readmission for asthma rates in children under 5 and children 5 to 14. The Ministry of Health has set a target rate per 100 discharges of 5.8% (Maori 5.9%, Pacific 5.5%, Other 5.3%) for children under 5 and 6.2% (Maori 6.6%, Pacific 6.4%) for children 5 to 14. (A readmission within a month indicates whether appropriate education and treatment occurred at the initial admission and/or whether support exists in the community).	Information was provided to the Ministry of Health during the year. The actual rates achieved during the year for children under 5 were 4.3% (Maori 7.7%, Pacific 0%). These were in the top eight best rates nationally and represented only one readmission. For children between 5 to 14 there were no readmissions.
Funder	To provide information to the Ministry of Health for the calculation of the percentage of babies born in public hospitals with a birth weight under 2500 grams. The Ministry target rate per 100 discharges was 4.8% (Maori 4.9%, Pacific 4.9%, Other 4.9%). (This is an important statistic. Infants born under 2500 gm are more likely to have poor health outcomes and increased disabilities).	Information was provided to the Ministry of Health throughout the year for the calculation of the rate. The actual rates during the year were 6.1% overall (Maori 9%, Pacific 0%, Other 5.2%).
Funder	To provide information to the Ministry of Health regarding exclusive and full breastfeeding rates at six weeks and three months. To monitor and put in place strategies to improve the rates. The target rates were as follows: <ul style="list-style-type: none"> • Six weeks - greater than 60% • Three months - greater than 46% (This is a key statistic because breastfeeding provides immunological advantages to the infant and provides an optimal combination of nutrients for growth and development).	Information was provided to the Ministry of Health during the year. The actual rate for six weeks was 68% and for three months was 60%.
Funder	To provide information to the Ministry of Health regarding hospital admission that could reasonably be expected to be dealt with in primary care or on an outpatient basis. The target rates were as follows: <ul style="list-style-type: none"> • 9.3% of the Wairarapa population between 0 and 4. • 1.9% of the Wairarapa population between 5 and 14. • 1.4% of the Wairarapa population between 15 and 25. 	The information was provided to the Ministry of Health. The actual rates were as follows: <ul style="list-style-type: none"> • 12.1% for ages 0 to 5 (national average 7.9%) % for ages 5 to 14 (national average 1.85%). • 1.7 % for ages 15 to 25 (national average (1.4%) All of the actual rates were slightly higher than the target rates.

Objective	To reduce the incidence and impact of Diabetes	
Output Class	Deliverables	Achievements
Funder	To implement the minimum diabetes dataset. (This measure will enable the population with diabetes to be identified and monitored)	Wairarapa DHB contracts the management of the minimum diabetes data set to the Wellington regional Diabetes Trust through capital and Coast DHB. Data was reported in the Trust's annual report to Wairarapa DHB and the DHB then reported the data to the Ministry by the due date.
Funder	To monitor the diabetes case detection rate The target rate was that greater than 40% of people with diabetes to be recorded on the diabetes register. (This measure will enable the population with diabetes to be identified and monitored).	Overall the number of people with diabetes registered on the database increased from 28% in 2001 to 34% in 2002.
Funder	To monitor the number of people with diabetes who are being case managed by measuring HBA 1c blood test results. The target percentage is that less than 30% of people with type 1 or type 2 diabetes that are on the register to have a HBA1c test result of more than 8%. (HBA1c is the most common predictor of micro vascular complications and diabetes control. A test result of more than 8% shows poor diabetes control.	The actual result was 26.5% of people with type 1 of 2 diabetes on the register had a HBA 1c result of more than 8%. This was better than the target. Initiatives including providing newly diagnosed people with personalised diabetes education packs and holding Maori and urban outreach clinics continue to improve the results.
Funder	To monitor the percentage of people on the diabetes register who have had a retinal screening test within the last two years. The target percentage is that greater than 70% of people with type 1 or type 2 diabetes that are on the register have had a retinal screening or an ophthalmologist examination in the last 2 years. (A major potential impact of diabetes is blindness. Testing can prevent this).	The actual result was 88% of people with type 1 or type 2 diabetes that are on the register have had a retinal screening or an ophthalmologist examination in the last 2 years. This was better than the target.

Objective	To reduce the rate of suicide and suicide attempts.	
Output Class	Deliverables	Achievements
Funder	To promote and encourage the use of the guidelines for suicide prevention by contracted providers.	Suicide prevention objectives has been included as a requirement for the PHO Business Plan.

Objective	To promote the inclusion and participation in society and independence of people with disabilities.	
Output Class	To develop capability to undertake planning and funding responsibilities for health and disability services for older people by 30 June 2003.	
Output Class	Deliverables	Achievements
Funder	To complete a disability needs assessment by 30 June 2003 and to develop a strategy for consultation with key stakeholders on disability support services and related matters by 31 October 2003. Develop a plan to establish capability and capacity to operate as funder of health and disability services for older people within a timeframe agreed with the Ministry of Health.	A disability needs assessment was completed and a strategy on disability support services for older people developed and consulted on. An older people's forum was established and meets regularly. An establishment plan to operate as a funder of health and disability services for older people was completed and delivered to the Ministry in the agreed timeframe.

Objective	To promote the inclusion and participation in society and independence of people with disabilities Continued.	
Output Class	Deliverables	Achievements
Provider	<p>Ensure that future provider property developments occur in consultation with disability advocates to ensure accessibility to facilities.</p> <p>Ensure that information about the rights of the disabled is accessible to the public.</p> <p>Develop a plan for delivery of services so as to ensure provision of an integrated continuum of care for older people, by 30 June 2003.</p>	<p>Facility development guidelines include consultation with disability advocates.</p> <p>Pamphlets on the rights of disabled are available to patients and family.</p> <p>A plan to ensure an integrated continuum of care for older people was completed during the year.</p>
Governance	<p>To monitor progress against the work programmes to develop capability and implement Wairarapa DHB's Disability Strategy action plan and instruct on corrective or amended actions as necessary.</p> <p>Hold not less than six meetings of the Disability Services Advisory Committee.</p>	<p>The Board receives monthly reports on the capability work programme.</p> <p>Seven meetings of the Disability Support Advisory Committee were held during the year.</p>

Objective	To reduce health disparities by improving health outcomes for Maori and other population groups	
Objective	To further develop the relationship between Wairarapa DHB and Ngati Kahunga ki Wairarapa and Rangitane o Wairarapa	
Output Class	Deliverables	Achievements
Funder	<p>To develop Maori health strategy by 30 June 2003, in conjunction with the Maori health committee, that will sit alongside the main strategies contained within the District Strategic Plan.</p> <p>To ensure that processes for participation, engagement an input by iwi/Maori are in place for health needs assessment, prioritisation, planning, service delivery and monitoring and evaluating services</p>	<p>Maori health development action plan developed and implementation commenced.</p> <p>The Maori Health Committee continue provide input into a range of operational matters when proactively engaged. Through these mechanisms and other forums Maori are being enabled to provide input into Wairarapa DHB matters at all levels.</p> <p>We are currently progressing the development of a Maori workforce development strategy and a Maori provider development strategy.</p>
Provider	<p>Increase the responsiveness for Maori by ensuring that service participation in the Maori "Enabling Framework" and that the number of Maori on staff increase by more than 10 by 30 June 2003.</p>	<p>A Maori staff group meets monthly. Maori staff numbers increased by six during the year.</p>
Governance	<p>To continue to develop the partnership agreement.</p> <p>To monitor progress against the Maori health strategy actions and instruct on corrective or amended actions as necessary.</p>	<p>The Board and Mana Whenua are working together at a governance level to ensure Maori input is being achieved in strategic matters of the Board</p> <p>The Board receives monthly reports on the implementation of the Maori health strategy.</p>

Objective	To improve ethnicity data collection in all systems	
Output Class	Deliverables	Achievements
Funder	Develop a work programme by 30 November 2002, including action plans and timelines to ensure all contracts for provision of services include ethnicity data collection requirements, promote awareness, develop capability and monitor compliance in ethnicity data collection across all contracted providers.	Work programme developed. All new contracts include the requirement to report ethnicity data. Awareness has been promoted at regular meetings with providers.
Provider	Meet the contract requirements for collection of ethnicity data, and ensure that all relevant databases contain ethnicity data or are capable of linking to other systems containing ethnicity data. Further develop procedures to ensure that ethnicity data is updated and as complete and accurate as possible in all systems.	Ethnicity data is collected and recorded in the Patient Management System, this can be accessed by other systems. All referral forms request ethnicity data, so our systems can be kept up to date.
Governance	To monitor progress against the work programme and instruct on corrective or amended actions as necessary.	Management reports to the Board include progress on this work programme.

Goal	Community participation	
Objective	To ensure that the Wairarapa community and key stakeholders are engaged and participating in the planning for the provision of health services in the Wairarapa.	
Output Class	Deliverables	Achievements
Funder	To engage with the community regarding the development of PHO's , health needs assessment, review of the strategic and annual plans and the implementation of service development plans.	There was extensive engagement with the community and stakeholders through workshops and reference and advisory group meetings. These included the PHO steering group, the mental health advisory group, diabetes team and 5 reference groups, respiratory service advisory group, health of older persons advisory group and forum, pharmaceutical advisory group and the immunisation outreach advisory group.
Provider	Ensure that there is consumer participation regarding service developments in mental health and maternity services.	Maternity services met with Te Roopu Tautoko Whanua and various consumer focus group. Mental health services also met with various consumer focus groups during the year.
Governance	Measured by the number of meetings with stakeholders, number of submissions received, the number of open Board and committee meetings and the number of proactive press releases.	<p>During the period 1 July 2002 to 30 June 2003 the following open public meetings of the Wairarapa DHB were held:</p> <ul style="list-style-type: none"> • twelve Board Meetings, along with one Special Board Meeting in October 2002. • ten Community and Public Health Advisory Committee Meetings. • eight Disability Support Advisory Committee Meetings. • eleven Hospital Advisory Committee Meetings. <p>The following consultation meetings were held in May 2003 to consult on the Wairarapa DHB's Site Development Business Case proposal:</p> <ul style="list-style-type: none"> • two public meetings. • one Maori Health Provider hui. <p>Remaining consultation meetings were held in July 2003. Five written submissions were received from stakeholders in respect of the Masterton Hospital Site Development proposal. Other feedback was received</p>

	verbally at meetings.
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Goal	Quality of services	
Objective	To maximise the quality of all services provided and/or funded by Wairarapa DHB, including their cultural appropriateness, through effective monitoring and audit and the promotion of an organisational culture, which is supportive of quality initiatives.	
Output Class	Deliverables	Achievements
Funder	Provide a report annually on the extent to which service agreements are consistent with quality requirements.	All contracts are consistent with the quality requirements contained within the national policy frameworks.
Provider	Provide a report annually on the annual audit programme.	A report was completed and sent to the Audit Committee describing the audits completed during the year.
Governance	Monitor progress against the quality improvement and audit work programme of the funder and provider, and instruct on correctable or amended actions as required.	The Board through the Audit Committee receives regular reports on quality and audit issues and monitors progress.

Objective	To ensure mental health services are delivered that: improve the health status of people with severe mental illness, and actively involve consumers and communities at all levels.	
Output Class	Deliverables	Achievements
Funder	To work with providers of mental health services to assist them to develop their capability and capacity to measure and report mental health outcomes achieved, also ensuring they can access training and support from the regional network. Provide progress reports quarterly on the use of outcome measures Ensure that there is consumer input into all mental health service planning by supporting advisory groups.	A national outcome measurement programme is in the planning stage. Regional workshops to inform Providers of national developments were held in March 2003. Advisory groups were supported and continued to meet regularly during the year.
Provider	Provide quarterly progress reports on the use of outcome measures, consumer input to service development, implementation of national strategies regarding youth and children and a list of key quality improvement initiatives.	Quarterly progress reports were completed. A quality project group is developing the key quality improvement initiatives.
Governance	To monitor progress against the funder and provider deliverables and instruct on corrective or amended actions as necessary.	The Board receives regular reports and monitors progress.

Objective	To demonstrate a culture of continuous quality improvement	
Output Class	Deliverables	Achievements
Funder	To develop an action plan by 30 June 2003 to support providers to meet the requirements of the Health and Disability Services (Safety) Act over the next two planning cycles. Ensure there is a quality component in all contracts and that new and renewed contracts are consistent with requirements in applicable national service frameworks.	An action plan was developed. All contracts have quality components and the new or renewed contracts have reference to the national service specification requirements. All contracts include quality requirements that are consistent with national service frameworks.
Provider	Achieve hospital accreditation through Quality Health	The provider continued to work towards accreditation

	New Zealand by 30 June 2003. Further progress credentialing of senior medical staff by self –assessment process by 30 November 2002, a gap analysis completed by 31 March 2003 and action plans finalised by 30 April 2003.	during the year however due conflicting priorities and the level of work still to be done the timeframe for accreditation was extended to mid-year 2004. The credentialing committee was established and the process commenced with three groups of specialist being credentialed.
Governance	To ensure that a Clinical Board is in place and functioning by 30 June 2003. Monitor progress against funder and provider deliverables, and instruct on corrective or amended actions as necessary.	A Clinical Board was appointed and functioning as at 30 June 2003. The Board receives regular reports and monitors progress.

Goal	Financial responsibility	
Objective	To operate in a financially responsible manner as per section 41 of the New Zealand Public Health and Disability Act 2000.	
Output Class	Deliverables	Achievements
Funder	Breakeven operating result	Operating deficit of \$60,122 This result was \$60,122 worse than the target
Provider	Operating deficit not exceeding \$252,000	Operating deficit of \$350,054 This result was \$98,054 worse than the target
Governance	Operating deficit not exceeding \$211,000	Operating deficit of \$301,444 This was \$90,444 worse than the target.
Consolidated	Return on net funds employed 5.28% Operating margin to revenue 1.33% Revenue to net funds 3.96 Debt to debt plus equity 59.4%	Return on net funds employed 1.6% Operating margin to revenue 0.5% Revenue to net funds 3.11 Debt to debt plus equity 36.9%

Summary of Revenues and Expenses by Output Class

A key aspect of performance that needs to be reported for each output class is the related revenue and expenditure. This is shown below as well as a reconciliation of the accumulated funds to show the cumulative impact of the net surplus/(deficit) for each output class over time.

	Funder \$000	Governance and Administration \$000	Provision of Hospital and Health Services \$000	Eliminations \$000	Consolidated \$000
Revenue					
Crown	42,814	996	35,358	30,358	48,810
Other	11	1	1,548	25	1,535
Total Revenue	42,825	997	36,906	30,383	50,345
Expenditure					
Personnel	0	695	22,276	0	22,971
Depreciation	0	58	1,380	0	1,438
Capital Charge	0	56	560	0	616
Other	42,885	489	13,041	30,383	26,032
Total expenditure	42,885	1,298	37,257	30,383	51,057
Net surplus/(deficit)	(60)	(301)	(351)	0	(712)

Reconciliation of Equity

	Funder \$000	Governance and Administration \$000	Provision of Hospital and Health Services \$000	Eliminations \$000	Consolidated \$000
Opening equity	0	8	5,942	0	5,950
Plus/(less) surplus/(loss) for period	(60)	(301)	(351)	0	(712)
Other movements	0	0	4,945	0	4,945
Closing equity	(60)	(293)	10,536	0	10,183

Directory

Board Office	Wairarapa DHB PO Box 96 Masterton Telephone: (06) 946-9800 Fax: (06) 946-9801	
Website	www.wairarapa.dhb.org.nz	
Board Members:	Doug Matheson Martin Easthope Cheryl-Ann Broughton-Kurei Doctor Liz Falkner Vivien Napier Linda Nelson Robyn Daghish Lyn Patterson Doctor Rob Tuckett Janine Vollebregt Janice Wenn	Chairperson Deputy Chairperson
Chief Executive	David Meates *1	
Executive Managers	Tom Babe Joy Cooper Joe Howells Anne McLean Riki Niania Helen Pocknall Alan Shirley Eric Sinclair *2 Jill Stringer	Audit and Risk Manager Director Planning and Funding General Manager Healthcare Services Quality Manager Director Maori Health Director of Nursing Chief Medical Advisor Chief Financial Officer and General Manager Corporate Services Communications Advisor
Auditor	Audit New Zealand on behalf of the Office of the Controller and Auditor-General	
Bankers	ANZ Banking Group (New Zealand) Ltd Crown Financing Agency	
Solicitors	Impact Legal Broadmore Barnett	
Footnotes		
*1	Replaced Joel George during the year. Note: John Peters was Acting Chief Executive for a period during the year	
*2	Replaced Maureen Breukers subsequent to the end of the year.	