

Hutt Valley District Health Board



Report for the
six months
ended 30 June

2001







Contents

Directory	2
Statement of Purpose	3
Hutt Valley DHB Profile	4
Hutt Valley DHB Development	5
Board Members' Report	8
Chairman's Report	10
Chief Executive's Report	12
Service Highlights	15
Financial Statements	25
Statement of Accounting Policies	26
Statement of Financial Performance	28
Statement of Movements in Equity	29
Statement of Financial Position	30
Statement of Cashflows	31
Notes to the Financial Statements	33
Statement of Objectives and Service Performance	40
Governance, Funding and Planning Services	41
Provider Services	48
Statement of Responsibility	51
Report of the Audit Office	52

Directory

2

Head Office

Pilmuir House
Pilmuir Street
Lower Hutt

Postal Address

Private Bag 31-907
Lower Hutt

Bankers

Bank of New Zealand

Solicitors

Impact Legal

Auditor

Audit New Zealand
Wellington
On behalf of the Controller
and Auditor-General

Hutt Valley DHB People

Board Members

The Board consists of ten members, including a chairman and a deputy chair, appointed by the Minister of Health.

Warren Young
Chairman

BComm, FCA, CMA, FCIS,
FNZIM, FinstD

Hon Margaret Shields
Deputy Chair
QSO, BA

Dr Chris Cunningham
BSc(Hons), PhD

Peter Glensor
BA

Barbara Grieve
MBA, BA(Hons)

Dr Ate Moala
MB ChB

Marian Redwood
BA, Dip Tchg, ATCL

Shaan Stevens
BCA, LLB, CA

Brenda Tahi
BSocSci, MBA

Vern Winitana

Chief Executive

Stephen McKernan

Committee Members

The membership of the committees is as follows.

Hospital Advisory Committee

Barbara Grieve (Chairperson)
Dr Chris Cunningham
Warren Young

Community and Public Health Advisory Committee

Peter Glensor (Chairperson)
Dr Ate Moala
Margaret Shields
Vern Winitana

Disability Support Advisory Committee

Marian Redwood (Chairperson)
Margaret Shields
Vern Winitana

Finance and Audit Committee

Shaan Stevens (Chairperson)
Brenda Tahi
Warren Young

Statement of Purpose

Vision, Mission and Values

The Board has established the following vision, mission and values for Hutt Valley DHB.

Vision

To be New Zealand's foremost District Health Board in optimising the health and wellbeing of our community.

Mission

To excel in the way we consult, communicate, plan and provide health services to our community.

Values

Working together: with our providers, community groups and other agencies;

Leadership: within our community and through setting a positive example;

Respect: for each other and the rights of individuals;

Communicating effectively: with our community, with our staff and our clients;

Caring: for our community and for each other; and

Excellence: in all that we do.



Hutt Valley DHB Profile

4

The Hutt Valley DHB is responsible for planning, prioritising, funding and providing government-funded health care and disability support services for the 135,000 people that live in the Hutt Valley. The Hutt Valley DHB as an organisation employs 1,700 people, most of whom work for Hutt Hospital and our community and regional health services. This is the part of the Hutt Valley DHB that we often now refer to as the 'provider arm'.

A Board, which has a membership of up to 11 people, has strategic oversight or governance the Hutt Valley DHB. The Board has responsibility for delivering on local and national health objectives within a current annual budget of approximately \$160 million.

The Hutt Valley DHB has been in existence since 1 January 2001. By the middle of 2002 it will have the capability to meet the goals specified in the New Zealand Public Health and Disability Act, amongst which are to:

- Improve, promote and protect the health of communities within the Hutt Valley
- Better coordinate health services in the Hutt Valley; for example, GP and hospital-based services
- Ensure effective care or support of those in need of personal health services or disability support
- Promote the inclusion and participation in society of people with disabilities
- Reduce health disparities by improving health outcomes for Maori and other population groups
- Encourage community participation in health improvement, and in planning for the provision of health services and any significant changes to the provision of health services.

This will involve buying services from a wide range of health and disability service providers, including GPs, mental health providers, rest homes, pharmacies, private laboratories and hospitals.

With the additional responsibilities of buying, managing and providing a much wider range of services to meet the needs of our community, there is the requirement for a strong funding and planning management capability within Hutt Valley DHB.





Hutt Valley DHB Development

With the implementation of the NZ Public Health and Disability Act 2000, the Hutt Valley DHB was formed. This meant a move from health provision to include funding and planning functions. The first six months of operation for the Planning and Funding team were largely focused on building capacity.

Financial management systems, processes and resources to accommodate the new funding function have been established and are in place. A financial analyst, portfolio managers and contract administrator have joined the Funding and Planning team from the Health Funding Authority/Ministry of Health.

Sound relationships with Maori are in place, and consultation with both Maori and Pacific people is ongoing. Mechanisms have been put in place to enable Maori representation on all service planning groups to provide input in the health service planning for the Hutt community. Similar dialogue was commenced with Pacific peoples' groups in the Hutt Valley to enable the DHB to better understand their health needs and encourage their participation in the work of the DHB.

A key development for district health boards is the need to produce a 5-year strategic plan. The strategic plan for the Hutt Valley DHB will outline health care provision for the Hutt community for the next 5-10 years, and will form the initial focus for prioritisation activity. The first phases in the development of this plan have been completed. Service planning groups have been established to develop plans focused on the New Zealand Health Strategy population health objectives. The planning groups are working to terms of reference, a defined project scope and a planned timetable. The service plans will be consolidated into a draft strategic plan, which will go out for public consultation in early 2002.

Community consultation is an integral part of the plan and this is occurring in several ways:

- By involvement of community providers, GPs, consumers, Pacific, Maori and inter-sectorial stakeholders in service planning groups to help the DHB develop draft plans
- By meetings with providers and key stakeholders on key planning issues
- Once the plan has been approved by the Board as a draft for consultation, a program of meetings and focus groups will be set up and all affected parties, including Hutt residents, will have the opportunity to make formal submissions.

Health needs analysis is in the early stages of development and is being carried out in conjunction

with the development of the strategic plan. A number of factsheets including profiles of the Hutt Valley District have been developed. The Hutt Valley District Profiles were presented at several Hutt Valley DHB public meetings. A provider forum explained the proposed transition process for contract devolution from MoH to the DHB and provided an opportunity for questions from the floor.

A shared support agency has been established for the six central DHB's. The Central Region Technical Advisory Service Ltd (TAS) is expected to provide the DHB's with applied analysis, service planning and external audit services in order to inform local funding and planning decisions.

Decision-making Principles

Hutt Valley DHB has adopted the following interim decision-making principles. They will be discussed during the consultation of the strategic plan in 2002.

Maori Health

In making funding decisions, the DHB acknowledges the special relationship between Maori and the Crown under the Treaty of Waitangi and encourages Maori participation in providing and using services. Maori health issues will be considered when applying all of the other decision-making principles, by adopting the DHB-wide approach to the partnership i.e.,

- Seeking partnership, participation and protection of Maori and their values and culture
- Seeking to reduce Maori health inequities
- Seeking to increase Maori development in health
- Ensuring Maori workforce, retention, recruitment and training is reflective of the Maori community.

Effectiveness

Effectiveness will include the extent to which health and disability services produce desired health outcomes, such as reductions in pain, the maintenance of daily living activities and extending life. Effectiveness will be quantified where possible.

Cost

The DHB will consider the total economic costs of services, including flow-on effects in both the health and other social sectors, to ensure available funding is used to achieve the maximum possible gain in health and independence status.

Equity

The DHB will seek equity of outcome to reduce remediable disparities in health status for groups with lower levels of health, including (but not limited to) the Maori population, the Pacific population and groups of high health need.

Consistency with the New Zealand Health Strategy

The DHB will give priority to initiatives that are consistent with the NZHS health gain and service priority areas.

Acceptability

The expectations and values of Hutt Valley residents will be taken into account in the DHB's decision-making process. The implication of this principle is that some services where the evidence for effectiveness is weak, but which are highly valued by the community, may continue to be funded. As per the Maori Health principle, the values of the Maori community would need to be given particular consideration.

Administration of funding agreements with providers

Hutt Valley DHB will put in place new policies relating to the administration and funding of contracts.

Operational Management

Funding Agreements will be administered by Funding and Planning staff. A key relationship (portfolio) manager will be assigned to each provider.

Authority to Approve Contracts

An internal DHB mechanism, the Funding Management Group (FMG), will be developed to oversee and give structure to management of delegated authority relating to renewing and changing service agreements.

Provider performance management, reporting and monitoring

Hutt Valley DHB performance management will include the following key components:

- Minimum quality and corporate capability standards
- Pre-agreement audit
- Service specifications
- Business rules
- Volume and price schedule
- Provider reporting and monitoring
- Provider feedback
- Scheduled compliance audits
- Issue-based audits
- Outcomes review.

With the development of these new policies, procedures and resources, Hutt Valley DHB is in a good position to take advantage of the opportunities in the new health sector environment.

Human Resources

Our Human Resource goal is to be an 'Employer of Choice', meaning that employees choose to work for Hutt Valley DHB when presented with other choices of employment.

During the year a number of projects were implemented to address key staffing issues. These were:

- Recruitment and retention project to develop recruitment and retention strategies that will ensure people who are employed match the skills requirements of Hutt Valley DHB. It also seeks to address the reasons why people leave the organisation
- Training and development project to build capability by developing the critical skills required in staff
- Performance management project that links individual and team performance to Hutt Valley DHB's strategic goals.

These issues are not unique to Hutt Valley DHB; they affect all DHB's. We have established project groups involving staff, union delegates and managers to bring about improved organisational performance. The project groups have been meeting since March 2001 with significant progress being made.

Employment Relations

Our approach to employee relations is to continue to work co-operatively with staff and unions in a dynamic and open way, acknowledging each other's needs within organisational constraints. To this end we will continue to hold monthly service meetings and quarterly Chief Executive meetings with the PSA and NZNO.

Health & Safety

On 19-20 April Hutt Valley DHB underwent an ACC *Workplace Safety Management Practices* audit. The audit was a comprehensive overview of the organisation, seeking evidence of a strong safety culture among managers and staff. As a result Hutt Valley DHB has received the second highest level of accreditation and an ACC workplace cover premium discount of 15%.



BreastScreen

Board Members' Report

8

Establishment

In accordance with the provisions of the New Zealand Public Health and Disability Act 2000, Hutt Valley Health Corporation Limited was disestablished on 31 December 2000, and the Hutt Valley DHB was created on the same date. This statutory report is therefore the first report of Hutt Valley DHB and covers the 6-month period ending 30 June 2001.

Principal Activities

The activities of the Hutt Valley DHB are considerably expanded on those undertaken by its predecessor. With effect from 1 July 2001 systems, processes and resources are in place to enable the new entity to assume responsibility for the funding of all local personal health, mental health, Maori health and Pacific peoples health services. Whilst funding these health services is an important component for the Hutt Valley DHB, other key activities include a comprehensive needs analysis, the prioritisation of services, broad-based consultation with stakeholders, the development of protocols for decision making, and contract monitoring.

The Hutt Valley DHB continues to own and operate the Hutt hospital. The services provided include the specialties of medicine, surgery, mental health, child health, maternity and public health. Within that general description are specialist services in burns, plastic and maxillo-facial surgery, rheumatology, coronary care, intensive care, radiology and rehabilitation, a hospital dental service and associated child oral health service.

Hutt Valley DHB also has public health services that operate from sites in Porirua, Wellington and the Hutt Valley, community mental health services that have sites situated in the Hutt Valley, and certain physiotherapy services that are provided from an Upper Hutt base.

Financial Results

The financial results presented in this report represent the financial results for the Hutt Valley DHB and are in respect of the 6-month period ending 30 June 2001.

The organisation achieved a net surplus after capital charge of \$598,000. This compares favourably with the budgeted surplus of \$596,000. During a period of transition and considerable change, the Board Members are comfortable with this result.

For purposes of comparison with prior years, the 12-month aggregate results for the two entities can be summarised as follows:

	HVH 31/12/00 \$000	HVDHB 30/6/01 \$000	Consolidated
Operating income	51,894	54,054	105,948
Operating costs	44,281	47,209	91,490
Net operating surplus	7,613	6,845	14,458
Depreciation	2,993	3,235	6,228
Interest charge	751	718	1,469
Capital charge	2,255	2,294	4,549
Taxation	114	0	114
Net surplus	1,500	598	2,098

The actual combined result of \$2.098 million compares with a budgeted figure of \$2.043 million, and \$3.081 million in the previous year.

Financial Position

The equity of the Hutt Valley DHB was represented by:

	June 2001 \$000
Current assets	13,850
Current liabilities	(18,362)
Net working capital	(4,512)
Non-current assets	68,250
Non-current liabilities	(22,013)
Public equity	41,725

Committees of the Board

The Board has set up certain standing committees to provide advice in key areas. They are the Hospital Advisory Committee, the Community and Public Health Advisory Committee, the Disability Support Advisory Committee and the Finance and Audit Committee.

Board Members' Interests

There have been no financial transactions during the period which require Board Members to declare an interest. Hutt Valley DHB has arranged policies for Board Members' liability insurance to ensure that, generally, Board Members will incur no monetary loss as a result of action they undertake in their capacity as Board Members. Certain actions are specifically excluded, for example, penalties and fines imposed in respect of breaches of law.

“The activities of the Hutt Valley DHB are considerably expanded on those undertaken by its predecessor.”

Board Members' Remuneration

During the period the following remuneration was paid to the Board Members of Hutt Valley DHB.

	Board Members' Fees (incl Committee Fees) \$000
W Young (Chairman)	19.5
M Shields (Deputy Chair)	11.8
B Grieve	10.2
M Redwood	9.6
S Stevens	10.2
C Cunningham	9.8
P Glensor	9.9
A Moala	9.8
B Tahī	9.8
V Winitana*	8.5
Total	109.1

* V Winitana was appointed to the Board in February 2001

Remuneration of Employees

The number of employees (excluding Board Members) whose annual income was within the specified bands is as follows:

\$000	
100-109	19
110-119	9
120-129	7
130-139	6
140-149	3
150-159	1
160-169	1
170-179	2
180-189	1
190-199	1
200-209	1
210-219	2
Total	53

The information in the above table has been derived from remuneration paid for the year 1 July 2000 to 30 June 2001.

Hutt Valley District Health Board Members (from left to right): Marian Redwood, Peter Glensor, Chris Cunningham, Margaret Shields (Deputy Chair), Barbara Grieve, Warren Young (Chairman), Stephen McKernan (Chief Executive), Brenda Tahī, Vern Winitana, Shaan Stevens, David Williment (Board Secretary) and Ate Moala.



The Chief Executive's current remuneration bracket is \$260,000 – \$269,000. Of the 53 employees shown above, 48 are medical or dental employees.

If the remuneration of part-time employees were grossed up to an FTE basis, the total number with salaries of \$100,000 or more would be 91, compared with the actual number of 53.

Auditor

The Controller and Auditor-General is appointed under section 43 of the New Zealand Public Health and Disability Act 2000. Audit New Zealand has been contracted to provide these services.

For and on behalf of the Board

Warren C Young
Chairman
2 October 2001



Chairman's Report

10

In accordance with the provisions of the Public Health and Disability Act 2000, the Hutt Valley DHB was established on 31 December 2000. As part of its expanded business, the new Crown entity acquired on that date all the assets and undertaking of Hutt Valley Health Corporation Limited. Whilst the following comments address the statutory reporting requirements of the Hutt Valley DHB for the 6 months ended 30 June 2001, where relevant and appropriate, reference is also made to the aggregate results of the two entities for the full year to 30 June 2001. This gives a better understanding of the operational performance over the full 12-month period, and facilitates a better comparison with the historical results of the provider arm of the Hutt Valley DHB, i.e. when the primary function was the ownership and operation of the Hutt hospital.

Over the past 12 months much has been written and said about the structural and philosophical changes made in the funding and delivery of health services to our respective communities. At the Hutt Valley DHB we see our objectives very clearly. Put simply, we intend to improve the health status of the residents in our region by better integrating primary and secondary care services, and by working more co-operatively with all stakeholders to achieve this.

In the governance of the Hutt Valley DHB there are three statutory sub-committees which have been formed by the DHB Board Members. One is responsible for the affairs and performance of the hospital. The second deals with issues faced by those in the community with disability or physical handicap. The third advises on the health needs of our catchment population, and the mix and range of services required to improve the overall health status of our people. Although not required under statute, a finance and audit committee has also been established to monitor the fiscal results of the entity. Whilst these sub-committees are advisory in nature, their terms of reference are both prescriptive and objective, and will ensure that the policy and statutory intentions of Government are satisfied. Wherever practical, the statutory sub-committees include members co-opted from the public in addition to the appointed Board Members.

It has been satisfying to note the extent to which the community has engaged with the Hutt Valley DHB in the process and programme of governance in recent months. From the outset we have sought to make information readily available to the public, and convened most of our meetings in public. Minimal reliance has been placed on our ability to hold meetings in closed session. The Board and sub-committee meetings have been well attended

by outside visitors, and the wide variety of public meetings facilitated by Board Members have been well patronised. This desire to conduct our affairs in an open and transparent way is not only consistent with our statutory duties. It also evidences our desire to have the community actively engaged in the decision-making process of the Hutt Valley DHB.

It is important to recognise that the structure of the Hutt Valley DHB has a hospital provider arm which is quite separate and distinct from the community oriented funding and planning responsibilities. This ensures a complete separation of these activities. For instance, there is no scope for hospital management to in any way 'capture' or otherwise influence the nature or funding of services being contracted with community providers.

The implementation of the Government's health policy resides with the members of the district health boards. The composition of the Hutt Valley DHB Board was significantly altered in August last year preparatory to the advent of the Hutt Valley DHB, and will change further following the local body elections later this year. This is likely to bring the members on the Hutt Valley DHB to eleven in number, at least two of whom will be Maori. Of this number, seven are elected positions and four are intended to be appointed by the Minister of Health. This ratio recognises the strong community input and accountability that arises with the advent of district health boards.

The challenge for the new board will be to balance public expectation and demand for more and better health services with the ever-present funding limitations. The revised structures in themselves do not create more health dollars. The Hutt Valley DHB must therefore pursue a range of options for producing cost economies and efficiencies which can in turn be applied to further enhancing health delivery and service outcomes. The Hutt Valley DHB continues to work closely with the Ministry of Health and other district health boards to identify ways for achieving savings and avoiding any unnecessary duplication of resources, both human and financial. Most significant in this context has been the joint establishment with the six other district health boards in the Central Region of a shared support agency. This entity will provide applied analysis to better inform the planning and funding decisions of the individual DHB members.

It is worth commenting that the predecessor organisation to the Hutt Valley DHB was most notable in the hospital sector in terms of its ability to secure worthwhile gains and continually improve its operating performance. Over a 6-year period it turned an \$18 million loss into a current year \$2 million surplus, a \$20 million turnaround.

“At the Hutt Valley DHB we see our objectives very clearly. Put simply, we intend to improve the health status of the residents in our region...”



By any yardstick this is a most commendable effort, and particularly so in the health industry which is hallmarked by funding shortfalls. The key targets contained in the Statement of Intent and Business Plan approved by Shareholding Ministers in respect of the 2001 year were all met.

As the Board Members' Report reveals, the financial results of the provider and funding divisions for the 6 months to 30 June 2001 were very much in line with budget. This is notwithstanding a number of one-off costs associated with the formation of the Hutt Valley DHB, and developing the capability of the new entity to assume the planning and funding obligations devolved from the Health Funding Authority and Ministry of Health. It is equally pleasing to note that during a year of transition and some uncertainty, the Hutt Valley DHB and its predecessor organisation achieved an aggregate surplus of \$2.098 million for the full 12-month period to 30 June 2001. This compares with a combined budget surplus of \$2.043 million, which was always viewed by the Board Members as a 'stretch target'. The fact is that no other district health board achieved a comparable surplus for the full period to 30 June 2001, and most concluded the year with a substantial overall loss.

The Hutt Valley DHB inherited a strong balance sheet from its predecessor. The debt ratio, which measures the extent to which the organisation is reliant upon borrowed monies to sustain its business, presently stands at a very respectable 49%. This compares with the sector average on the same basis of calculation of 65%. The cost of servicing debt is over nine times covered by the level of surplus reported in the latest year. However, whilst still well within the borrowing covenants, the losses anticipated over the next 3-year planning cycle would suggest that these ratios will be placed under considerable pressure.

We are now in the final stages of reconfiguring and upgrading the hospital campus. Of our original budget of \$22.4 million, \$11.1 million relates to projects completed in prior years, \$7.1 million was expended in the 2001 year, and there remains a further \$4.2 million to conclude the programme. Overall completion is scheduled to be no later than June 2002. This whole exercise has been at the heart of the strategic plan developed some 5 years ago. It has produced major enhancements in the efficient delivery of services, has enabled the progressive sale of redundant assets, has created savings substantially in excess of \$1.0 million per year, and has avoided core maintenance work deferred from prior years. It is to be hoped that these hard won benefits are not lost in the current round of health sector restructuring.

In purely operational terms, the Hutt Valley DHB has achieved virtually all the target thresholds set by the Board Members at the beginning of the year. On the provider side, inpatient and day-case activity comfortably exceeded contracted levels, bed occupancy and average length of stay were successfully held at the anticipated rates, waiting lists continue to drop, and the quality of operating theatre management remained high. All these indicators point to an efficiently run hospital. It is also pleasing to note that patient satisfaction with the services provided by the hospital remains at a high level. As far as the more embryonic funding and planning activities of the Hutt Valley DHB are concerned, resources, systems and processes are now in place to enable the organisation to contract provider services in an informed and responsible manner.

Whilst there still remain issues around the adequacy of our funding, the Hutt Valley DHB has not allowed any fiscal limitations to hinder its drive for quality improvement. During the year the organisation was recognised with three nationally measured awards for quality excellence, namely, full DHB-wide accreditation by Quality Health New Zealand, the first such recognition of any district health board, a strong endorsement from the Accident Compensation Commission in connection with workplace safety management practices, and accreditation of our diagnostic radiology services under the International Accreditation New Zealand standards, one of only four district health boards to achieve this distinction.

Finally, and on behalf of the board, I would like to thank all staff for their contribution during a period of considerable change, and perhaps some frustration. That the year concluded on such a positive note is in no small way attributable to the commitment of our people. I believe that the extent of support and understanding from our workforce more than any other factor distinguishes our organisation from the rest of the sector. The Hutt Valley DHB is now poised to carry the successes of its recent past into the future and, in its wider role, this augurs well for the health and wellbeing of the population we serve.

A handwritten signature in blue ink, which appears to read "Warren C Young". The signature is fluid and cursive.

Warren C Young
Chairman

Chief Executive's Report

I am delighted to present this, the first Annual Report for the Hutt Valley DHB. In statutory terms the report covers the 6-month period of 1 January – 30 June 2001. The content, however, for purposes of context and comparison, is presented in a 12-month timeframe, the period when the organisation operated as Hutt Valley Health Corporation as well as its present form of Hutt Valley DHB.

The year has been one of significant change, exciting development and continuing, excellent performance. Despite time and resource constraints, Hutt Valley DHB met all significant establishment funding and capability milestones outlined in the Transitional Crown Funding Agreement with the Minister of Health. Furthermore the organisation managed to achieve a year-end financial surplus of \$2.098 million which was the largest operating surplus within the sector. Given the cost pressures within the sector during this period, the result is indeed an excellent achievement.

These pleasing results have been accomplished against a background of other organisational improvements, particularly in the area of quality. Hutt Valley DHB is the first district health board to be awarded full accreditation of the services it funds, plans and provides by Quality Health New Zealand. The accreditation survey team noted that "outstanding leadership has resulted in the development of an organisational culture characterised by openness, empowerment of staff, clinical and managerial co-operation, customer focus and learning".

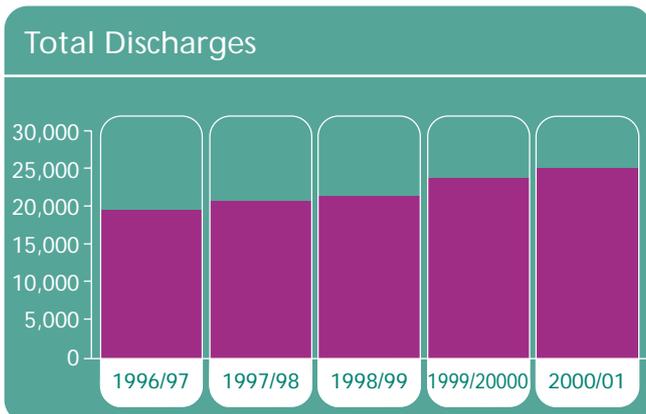
For the services provided by the Hutt Valley DHB, it was pleasing to achieve and, in many areas, exceed our service targets. Once again there has been an increase in inpatient hospital treatments and discharges over the past year by 4.0%. There has also been a further increase in daycase discharges of 12.6%, inpatient operations of 3.4%, laboratory tests of 5.9% and outpatient attendances

of 1.6%. At the Hospital's Emergency Department, 32,000 people were given care, 7% more than the DHB was contracted to treat. This past year more health services have been delivered by the organisation than ever before. This has been important and has ensured that waiting lists are kept at acceptable levels and within national guidelines.



The transition to a District Health Board has been a most exciting development, which has brought new responsibilities and challenges as we prepare to better meet the health needs of our community. This has required a change in the way we manage our activities; it has required us to refocus our priorities. The past 6 months have largely been a period of building capability with the putting in place of the additional staff, systems and functions required to take on the new responsibilities. It has included the appointment of staff to the Funding and Planning team of the DHB. This team will provide the necessary advice to ensure the Board can undertake the important functions of needs analysis, service planning, contract monitoring and health service prioritisation. The DHB has also increased its ability to consult and to communicate with our community in a genuine and meaningful way. During the 6-month period a number of provider forums and community meetings were undertaken to better inform our community of these key changes.

With regard to those services the Hutt Valley DHB provides, we have also better defined the responsibilities of our two major group operations. Hospital and Secondary Services will focus on the acute services of the provider arm of the DHB, while Public Health, Primary, Community and Mental Health services will be managed as a further grouping which have the objective of improving peoples' health and avoiding the need for in-patient hospital stay.



“The year has been one of significant change, exciting development and continuing, excellent performance.”



A key priority and an area that we need to improve on is the area of human resources and in particular staff retention and development. Our Human Resources team has implemented a number of projects that are designed to enhance career development opportunities, recruitment and retention initiatives and leadership development. These issues affect the health sector as a whole and addressing them is a key priority for Hutt Valley DHB. It is pleasing to note the positive improvements already being realised by these projects.

This year also saw a strengthening of our partnership with Maori health providers. Relationships between the DHB and Maori communities are strong. We have supported a number of Maori provider development programmes, such as the Tamati Whaangai programme, Tu Tangata and Maori Health Provider Capacity Building initiatives, and will encourage further development of Maori Community health service initiatives. These programmes help meet the Board's priorities of effectively engaging with Maori, ensuring access to services by Maori, and addressing disparities in health outcomes in a meaningful and enduring way.

While the year has been exciting, it has also been challenging and I wish to acknowledge the contribution that the staff have made. Despite the pressures inevitably associated with change, the staff at the DHB have loyally, diligently and professionally carried out their responsibilities and provided a very high standard of service to our community. I want to thank them for their support and tireless effort. Their contribution has made this year's excellent result possible.

I would also like to acknowledge, in this Year of the Volunteer, the very significant contribution that volunteers make to the provision of care within our community. Their ongoing support has been fantastic and is always greatly appreciated by the patients and staff alike.

Finally, on a personal note, I was delighted to be appointed earlier this year as the Chief Executive of the Hutt Valley DHB. I strongly believe that the DHB environment offers new opportunities for improvement, integration, understanding and co-operation that have not existed previously. I look forward to working with all the providers within the Hutt Valley, with our staff and importantly with our community to collectively strive and meet our vision of “being New Zealand's foremost District Health Board in optimising the health and wellbeing of our community”.

A handwritten signature in blue ink, appearing to read 'S. McKernan', written over a grid of thin blue lines.

Stephen McKernan
Chief Executive

Executive Management Team (back row, left to right): Rob Eaddy (GM Communications), Martin Hefford (GM Funding and Planning), Justin Te Rangiita (HR Manager), Warrick Frater (GM Hospital and Secondary Services), David Williment (Board Secretary), Sam Bartrum (GM Public, Primary, Community and Mental Health), Trevor Coad (Chief Financial Officer). Front row, left to right: Kuini Puketapu (Maori Health Advisor), Stephen McKernan (Chief Executive), Pam Doole (Director of Nursing), Dr Robert Logan (Director of Medicine).





Service Highlights

The following service reports cover the full 12-month reporting period which incorporates the organisation's functions both as Hutt Valley Health and Hutt Valley DHB.

Surgical

The Hutt Valley DHB surgical service has continued to develop in line with contract, waiting list requirements and quality enhancement.

The redevelopment of the Regional Plastics Service after the sudden death of Mr. Max Lovie has been a challenge to the people working in that specialty. Achievements to date have been remarkable under the circumstances, and the service developments are a credit to the specialists and professionals working in that field.

Highlights for the surgical service this past year include:

- The completion of the site optimisation project for the orthopaedic, gynaecology and general surgical wards
- The commencement of the site optimisation project for a new facility for the general surgical and gynaecological outpatients department

- The commencement of the site optimisation project for the plastics ward and a plastics outpatient facility
- The change in process management for plastic patients in the area of cleft lip and palate, and vascular anomalies – laser surgery is at the leading edge of technology and provides a top quality service.
- Achievement of contract volumes which again have increased over previous years.

To enable surgical services to meet core contract targets and booking system requirements, caseweights in gynaecology and orthopaedics were contracted out to Boulcott Clinic; the ongoing relationship and development of new initiatives and responsibilities has provided opportunities and challenges to both organisations. The ACC contract is now a joint venture between Boulcott Clinic and Hutt Valley DHB. Following clinical assessment, patients are admitted to the most appropriate hospital for surgery.

Medical

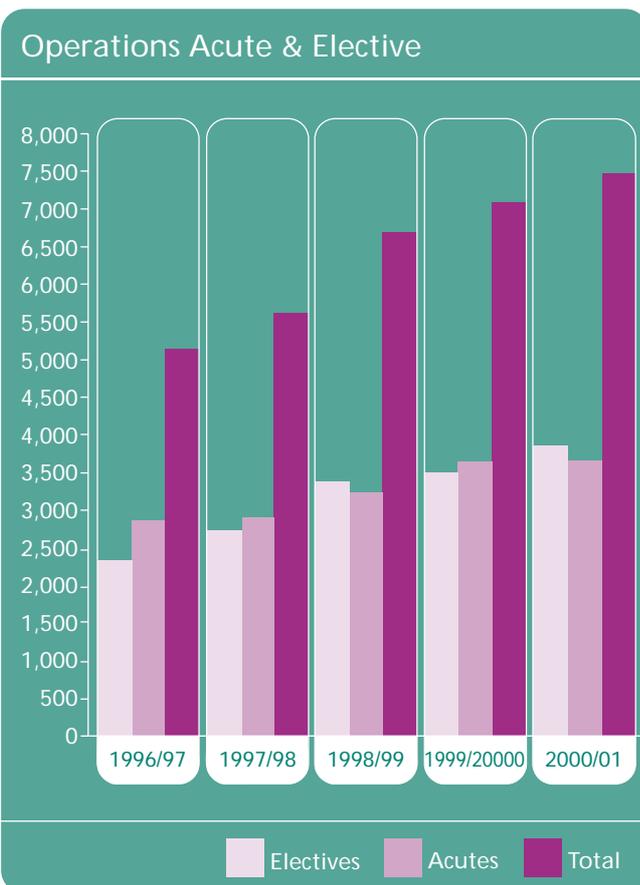
Over the last 12 months the two most significant events for the medical service have been:

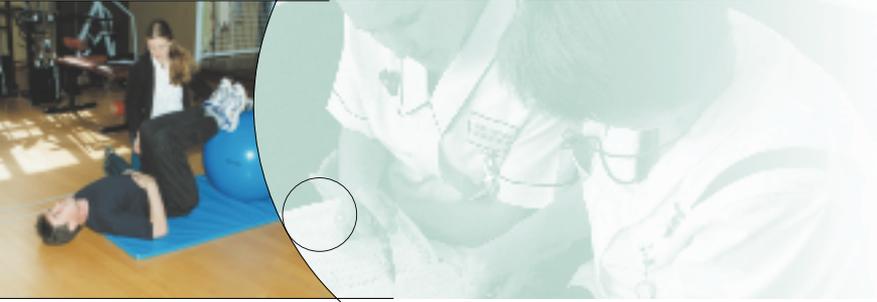
- The site optimisation project, with the combining of two medical wards into one and the alignment of the cardiology and rheumatology inpatient and outpatient services to the Heretaunga block, and
- The successful accreditation survey.

The combined medical ward utilises a 54-bed space and has required significant staff reorganisation to make it effective. A change management process was implemented to review previous work arrangements and to meet the challenges of operating a 54-bed unit.

Quality improvement has continued to be a major focus. A senior medical consultant has been appointed as the quality representative supervising clinical audit and taking a lead role in quality initiatives. This includes the review of clinical documentation requirements for the medical service and other initiatives agreed within the service quality committee.

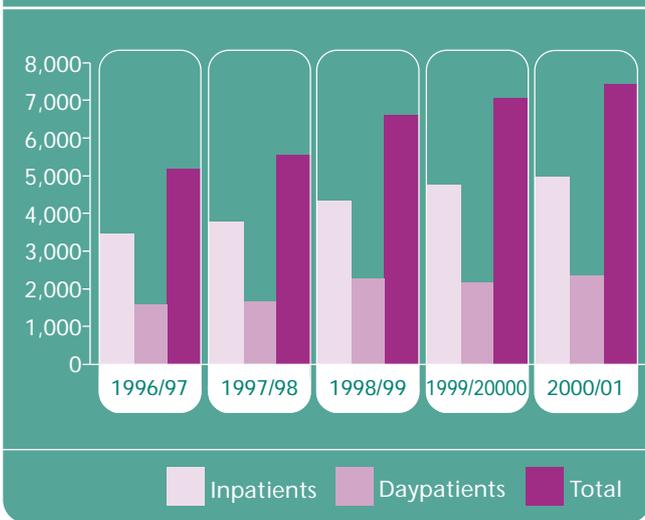
The number of patients admitted has continued to exceed contracted volumes. The service, in response to those demands, introduced two nurse specialist roles focusing on respiratory and cardiac ailments, these being the most common clinical conditions admitted to the service. This initiative has been very successful in achieving a reduction of length of stay and readmission rate for these conditions as well as improving the service linkages with the primary care community.





The coronary unit has installed a state of the art cardiac monitoring system complete with mobile wireless telemetry. The service is now able to monitor patients from the top three floors of the Heretaunga block and directly from the emergency department and the short stay unit.

Daypatients vs Inpatients



Emergency Department

The service provided care to 32,000 people over the financial year, 7% more than contracted. A significant proportion are people who could have their care successfully managed by their primary caregiver. To that end the service has established a project group to identify opportunities to reduce presentations to the department. The project group includes general practitioners, Pacific and Maori health providers, primary care nurses and managers and key hospital staff.

The service has re-evaluated the triage and co-ordination nursing roles. This has resulted in new role specific positions with clear accountabilities being established. The triage nurse is now located where patients first present at the reception area of the department. The department continues to review its staff mix and skill to ensure the service has the capability to meet the increasing demand.

Specialist Rehabilitation

During the year, a new permanent geriatric specialist was appointed, a rehabilitation physician has returned after a year overseas and the psychogeriatrician time has increased in response to rehabilitation requirements in the psychogeriatric age group.

Mental Health

The Mental Health Service continues to build on the achievements of previous years and considerable progress has been made over the past 12 months in meeting the goals set in the 2000/01 service plan. Work is well underway in implementing National Mental Health Standards across all services. The main focus has been the implementation of the client pathway, single file, consumer participation project, whanau/family participation project and meeting the standards for accreditation. Another key development has been the establishment of the Quality Team. This team has been active in developing and implementing the client pathway and reviewing policies.

Maori Mental Health

Following the change in strategic direction initiated last year, the Maori Mental Health team have refocused Maori mental health care. This has resulted in:

- Appointment of identified clinical and non-clinical staff – 80% of staff appointments to alcohol and drug services have been made
- Policies for alcohol and drug service being developed
- Provision of on-call cultural assessments by the crisis team
- Community hui organised to gain community feedback on acceptability of both mainstream and Maori mental health services to the Maori community.

Maternity

Our family-focused Maternity Unit continues to be popular with women, their families and staff. A highlight for some staff was the Prime Time documentary *From Here to Maternity*, filmed within the Hutt Community and the Maternity Unit.

This year 2,117 live births were provided for, five more than the previous year and a 9.8% increase on 1998/99.

“Achievements to date have been remarkable under the circumstances, and the service developments are a credit to the specialists and professionals working in that field.”

Hutt Valley DHB Midwives provided 27% of the intrapartum midwifery care and the domiciliary postnatal midwife attended 371 women and babies.

The Specialist Obstetrician Assessment and Management Service to Lead Maternity Carers, providing expert specialist assessment and co-ordination and, if necessary, specialist team management, continues to develop and be well received with 751 women seen on an outpatient basis antenatally.

Children's Health

It has been an exciting and challenging year for the Children's Health Service. The service continues to concentrate on managing acute demand in a child and family-focused manner. The addition of a qualified play therapist to the Paediatric team this year has had an extremely positive impact on preparing, not only children but also their parents with regard to a child's hospitalisation.

The Children's Assessment Unit continues to provide a very positive model of care for children and their families. 76% of children seen and assessed have avoided an inpatient admission and were subsequently cared for in their own homes by our skilled team of paediatric nurses, with direct contact back to the consultant paediatrician, or referral back to their GP.

Other strategies implemented during the year included increasing the nursing resources within

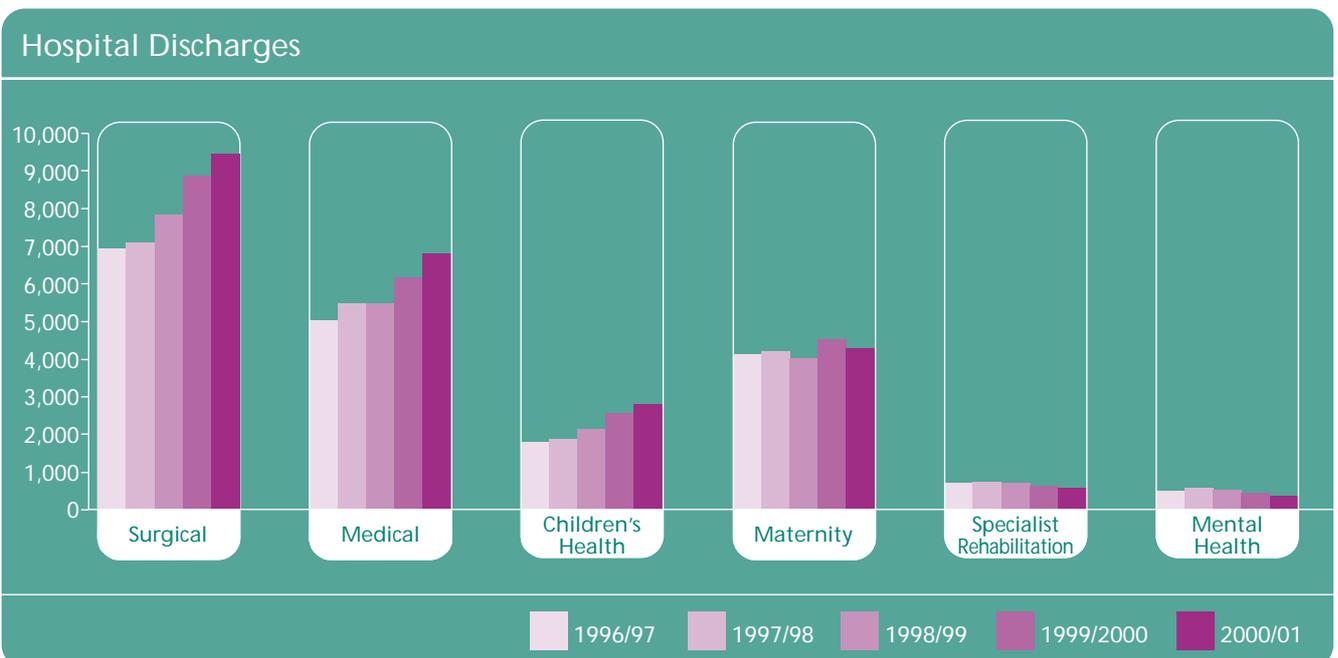
the unit and the scope of the neonatal home care service, the latter enabling some babies on oxygen therapy and naso-gastric feeding to be discharged and managed at home earlier than had previously occurred.

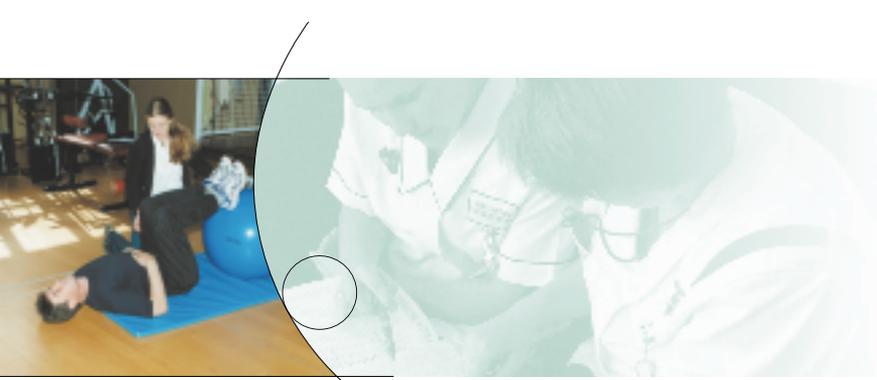
Regional Public Health

With the establishment of Hutt Valley DHB, the Regional Public Health Group has assumed a more prominent and comprehensive role, not only in the Hutt Valley but also within the wider regional boundaries for which it has responsibility for providing services. The following is a summary of the many highlights in this group over the past year.

National Cervical Screening Programme (NCSP) – Wellington

Following one of the recommendations of the Gisborne Inquiry on Cervical Cancer, a quarterly auditing of the NCSP by an Independent Monitoring Group (IMG) was established. Their first report has identified that Wellington has the highest enrolment in New Zealand of eligible women aged between 20 and 65 on the National Cervical Screening Register.





Within the Maori Cervical screening programme, all Maori Health Provider sub-contract objectives for the year were met or exceeded. A Mana Wahine Strategic Hui was held in July 2001 at which six Maori Health Providers from across the region were represented. Mana Wahine and Regional Public Health facilitated two training workshops during the year for new Maori community educators in the areas of cervical and breast screening health promotion.

The alignment of the Pacific Cervical Screening programme with Regional Public Health's Pacific Peoples' Programme has resulted in co-ordination that is strategically and operationally responsive to national and regional Pacific health goals and objectives as developed by the Ministry of Health and Ministry of Pacific Island Affairs.

Communicable Disease

The Communicable Disease programme continues to ensure prompt follow up of notifiable disease in order to prevent its spread. Of particular priority for the Wellington Region has been the control and management of tuberculosis and meningococcal disease. All cases are immediately followed up, with contacts screened and where appropriate supplied with preventative medication.

Further work was undertaken with Local Authorities to clarify the respective roles and responsibilities of Regional Public Health and Local Authorities in disease follow up. A service level agreement has been developed to support this.

Food Safety and Quality

Ensuring food safety and quality remains a key objective of public health. This past year saw the toxic algae *Gymnodinium catenatum* reach the Wellington coastline. The sampling programme revealed levels of the toxin above the statutory maximum and the public were informed that it was unsafe to collect shellfish from these areas.

In January the Ministry of Health implemented an import suspension on beef and beef products from the European Union. This was a precautionary response following the confirmation that BSE has been found in European cattle herds.

Mental Health Promotion

To promote Mental Health Awareness Week and support the national anti-discrimination campaign an awards initiative, Awards For Respect, was held on 12 October 2000 in Wellington. The awards acknowledged respectful, understanding and supportive people in the community. Awards For Respect were presented to nine recipients who were selected from 42 nominations. The awards were presented by the Hon Ruth Dyson; Kaumatua presented awards to Maori recipients.

Health Information

There are numerous highlights from the past year in Health Information, from the appointment of a new co-ordinator, to the development of a national resource, and through to the more proactive focus of the Health Information team. Several resources developed by Regional Public Health have, since their production, been added to the national health information catalogue. In April, the 'Be Active Everyday' pamphlet, which looks at physical activity, joined the 'Be Active Everyday' poster, also developed by Regional Public Health, as a national resource.

One of Regional Public Health's more impressive resource development achievements has been the production of the Dental Health and Fluoride pamphlet. The Ministry of Health commented that the proposal for this resource was the best they had received from a regional provider and requested that Regional Public Health develop the resource at a national level.

Health Promoting Schools

The local Health Promoting Schools programme has now successfully completed its first year of operation. An initial introduction to Health Promoting Schools (funded directly by the Ministry of Health) was held in August 2000 for Regional Public Health Public Health Nurses, Health Promoters, and other community health providers. Twenty schools have now taken part in implementation workshops facilitated by Regional Public Health with assistance from other education and health providers. By 30 June 2001 twelve schools had committed to the Health Promoting Schools process with others planning implementation in 2002. Programme activity includes sports injuries, nutrition, mental health promotion, sun smart and environmental safety.

“By 30 June 2001 twelve schools had committed to the Health Promoting Schools process with others planning implementation in 2002.”

Pacific Peoples’ Health

Our Children Our Future, the first ever Pacific road safety video made by the community for the community, was launched this year to an enthusiastic reception. This was an intersectoral initiative with the Land Transport Safety Authority being the primary sponsor.

The video features three stories set around a Porirua Pacific family and the dangers children face on the roads. It grew out of a need identified by caregivers in Porirua for a resource which would capture the attention of people caring for Pacific children and help stimulate discussion of child road safety issues. It will be used as a resource by the seven community educators employed by Regional Public Health’s Pacific People’s Health programme, who work throughout the Wellington region.

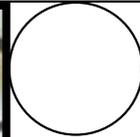
Alcohol and Smokefree

World Smokefree Day with its theme ‘Let’s clear the Air’ was a highly successful promotion of the Alcohol, Tobacco and Other Drugs team this year. A wide range of activities was carried out throughout the region. Supporting community organisations such as marae, schools and kohanga reo through the provision of Smokefree sponsorships was another highlight this year. As part of a tripartite relationship between Regional Public Health, the Health Sponsorship Council and the community the programme was able to secure \$45,000 in sponsorship funding. The sponsorships, which were for Auahi Kore and Smokefree resources, were used in various ways ranging from health days through to sponsoring sports teams and supporting schools to become Smokefree.

A further achievement for Regional Public Health this year was the release in August 2000 of their *Cannabis and Youth* report. This report was the result of a study undertaken by Regional Public Health to ascertain the usage of cannabis by young people in Kapiti and Wairarapa.

Community Dental

Over the past year, the Community Dental Service (School Dental Service and Hospital Dental Service) continued to work towards improving the oral health of the people of Hutt Valley through the development and integration of a preventative approach to delivering oral health care. This has been facilitated through integrated delivery of care on a regional basis across Wellington. The use of mobile dental units, along with an individualized risk assessment treatment approach to the provision of care, has ensured that the oral health statistics for children in the region remains the best for the country. The current and ongoing workforce issues regarding dental





clinicians, and in particular the national shortage of dental therapists, continue to challenge the ability of the service to deliver care in a timely fashion. Plans are in place to ensure this does not negatively impact on patient care.

Clinical Support

This year has continued with the focus on quality improvement with each service establishing key quality projects and initiatives. Of significance are the Diagnostic Radiology Services achieving IANZ accreditation status. Our department is one of only four hospital-based radiology services to have achieved this. The success is a credit to the investment made by the project team and all staff to ensure documentation and systems are in place to meet the accreditation standards.

Progress has continued on upgrading and improving facilities. Pharmacy has been relocated from the ground floor to the first floor of the Heretaunga Block in a newly refurbished area.

The vacant ground floor space is currently undergoing refurbishment to extend the General Outpatients Clinics. The new facility will include eight additional consulting rooms, four of which will be dedicated to Women’s Health, along with two procedures rooms. The new Communities Building is near completion with the third floor set to house both Community Health Nursing Services and Social Work. The design has moved away from the traditional office setting to a more open plan approach. The Staff Library is now part of the newly created New Zealand Hospital Database Consortium. This includes 12 district health boards and the Ministry of Health. The consortium provides access to health science databases to obtain information for quality patient care. Staff can access these services from the library, their desktop or a remote location via computer link up.



“Of significance are the Diagnostic Radiology Services achieving IANZ accreditation status. Our department is one of only four hospital-based radiology services to have achieved this.”

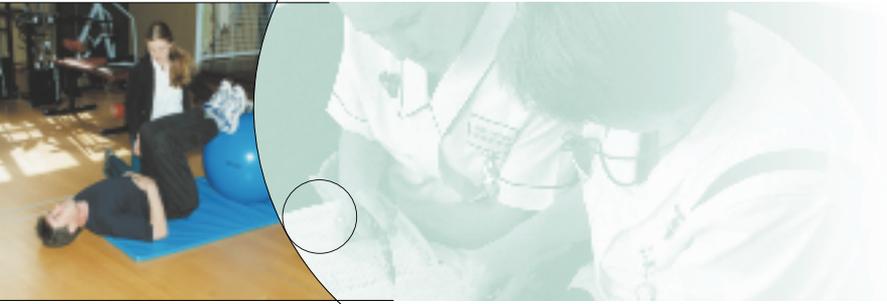
Maori Health

The DHB's Maori Health Advisory Unit continues to provide support and advice across the organisation at all levels. An example of this is the follow up work undertaken with the Fracture Clinic to track Maori patients who are not attending outpatient clinics. The wide whanau and DHB network that exists in the Hutt Valley and Wairarapa has assisted the Unit to locate patients and/or whanau and to ensure that attendance at future appointments are maintained. The Unit continues to develop and 'fine tune' the ward rounds. This entails visiting most inpatients who have self identified as Maori on admission. A report is generated daily and visits are made. The purpose of the visit is to ensure the whanau are aware that a support Unit is on site and that the Whanau House, Te Hauone, is also available for accommodation at a reasonable cost. Staff will take time to talk with whanau and ensure that all services available to them from within the DHB are accessed.

The Maori Policy Taskforce continues to meet to develop organisational policy and to critique and provide input into service level protocols and policy. Input was provided to the Maternal Health guidelines regarding use of Rongoa (traditional Maori medicine) and its complementary role to services provided.

Maori community relationships are strong. Hutt Valley DHB provides support to the development of Maori community schemes such as the Tamaiti Whaangai programme, Tu Tangata and Maori Health Provider Capacity Building. Initiatives such as sharing of training opportunities, provision of staff support in management and advice, sharing of office space and a general closer working relationship have assisted in ensuring relationships are well managed and supportive of one another.





Quality and Risk

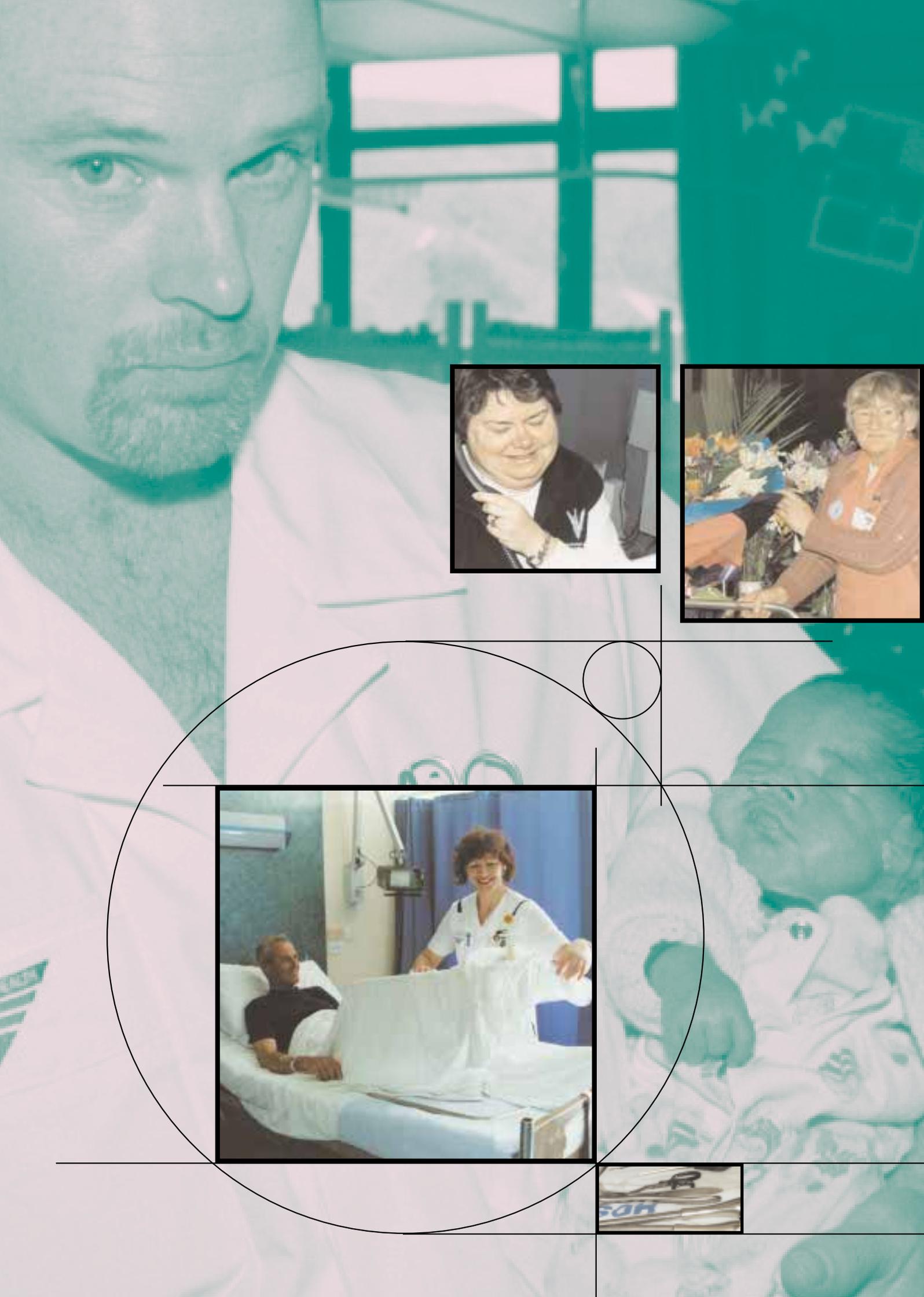
As noted in the Chairman's Report, Hutt Valley DHB was the first district health board to achieve full accreditation for the quality of services it provides. The 3-year accreditation status, achieved in March, gives assurance to the public that the services they receive from Hutt Valley DHB meet or exceed the highest quality health and disability standards available in New Zealand. Steady progress was also made in meeting Ministry of Health guidelines for event reporting. In promoting a culture of safety, mechanisms have been developed to help identify the factors contributing to safety incidents as well as enabling preventative action to be taken.

During this period, a risk and performance reporting system has been developed which provides Hutt Valley DHB with the ability to link our identified risks, be they clinical, legal or administrative, to our key performance indicators.



Summary of Service Provision Over Five Years

	1996/97	1997/98	1998/99	1999/2000	2000/2001	2000/01 – 1999/00 Var %	2000/01 – 1996/97 Var %
Inpatient discharges	15,339	16,013	16,145	16,968	17,040	0.4	11.1
Daycase discharges	4,163	4,578	5,331	6,948	7,823	12.6	87.9
Total discharges (incl newborns)	19,502	20,591	21,476	23,916	24,863	4.0	27.5
Discharges per day	53.4	56.4	58.8	65.3	67.9	4.0	27.1
Available bed days (incl cots)	108,936	104,399	91,052	85,805	89,718	4.6	-17.6
Occupied bed days	89,670	86,473	75,597	75,614	78,864	4.3	-12.1
Average occupancy	82.3%	82.8%	83.0%	88.1%	87.9%	-0.3	6.8
Inpatient operations	3,550	3,865	4,408	4,848	5,015	3.4	41.3
Daypatient operations	1,653	1,754	2,298	2,214	2,444	10.4	47.9
Total operations (theatre cases)	5,203	5,619	6,706	7,062	7,459	5.6	43.4
Elective operations	2,363	2,705	3,391	3,504	3,822	9.1	61.7
Acute operations	2,840	2,914	3,315	3,558	3,637	2.2	28.1
Total operations	5,203	5,619	6,706	7,062	7,459	5.6	43.4
Waiting list total at 30 June	2,176	1,979	1,146	873	868	-0.6	-60.1
Outpatient Attendances							
- Surgical	23,909	30,268	29,363	31,163	31,644	1.5	32.4
- Medical	12,761	13,212	15,045	14,901	15,411	3.4	20.8
- Paediatric	3,922	4,045	3,978	4,365	4,207	-3.6	7.3
Emergency Department							
- First attendances	27,065	28,154	27,308	28,888	30,259	4.7	11.8
- Total attendances	28,317	29,678	28,735	30,558	31,986	4.7	13.0
Community Contacts							
Community contacts – district nursing	41,458	41,356	30,691	34,772	41,063	18.1	-1.0
Births – Hutt Hospital	2,042	1,987	1,928	2,112	2,117	0.2	3.7
School entrant initial pure tone audiometry	6,182	5,670	6,765	6,187	6,270	1.3	1.4
Radiology examinations	43,112	44,531	45,638	47,839	48,202	0.8	11.8
Laboratory tests performed	692,624	741,647	518,503	563,600	596,983	5.9	-13.8



Financial Statements



For the
six months
ended 30 June

2001

