HUTT VALLEY DHB

HUTT VALLEY DISTRICT HEALTH BOARD

Annual Report...

Healthy People | Healthy Families | Healthy Communities

...2008

Contents

Welcome Mihi	3
Chair's Foreword	6
Chief Executive's Report	10
Statement of Purpose	16
Hutt Valley District Health Board Profile	17
Hospital Service Indicators	18
Financial Report	22
Statements:	
– Accounting Policies	22
– Financial Performance	29
– Changes in Equity	30
– Financial Position	31
– Cash Flows	32
Notes to the financial Statements	34
Statement of Objectives and Service Performance	50
Statement of Responsibility	57
Audit report	58
Hutt Valley District Health Board Directory	60

"This is the cry, the challenge to all concerned to collectively unite our efforts in addressing and improving the health needs of the community."

Welcome Mihi

Tihei Mauriora

He honore he kororia ki te Atua

He maungarongo ki te whenua

He whakaaro pai ki ngā tāngata katoa

E mihi ana tēnei ki a Te Atiawa ōtira ki ngā iwi o te motu e noho mai nei i roto i te rohe o Awakairangi arā Te Upoko o te Ika.

Tēnei te karanga, te wero, te whakapā atu ki a tātou katoa kia hōrapa, kia whakakōtahi o tātou nei kaha ki te whakatikatika o tātou māuiui.
Hei aha Hei oranga mō te tangata.

Welcome

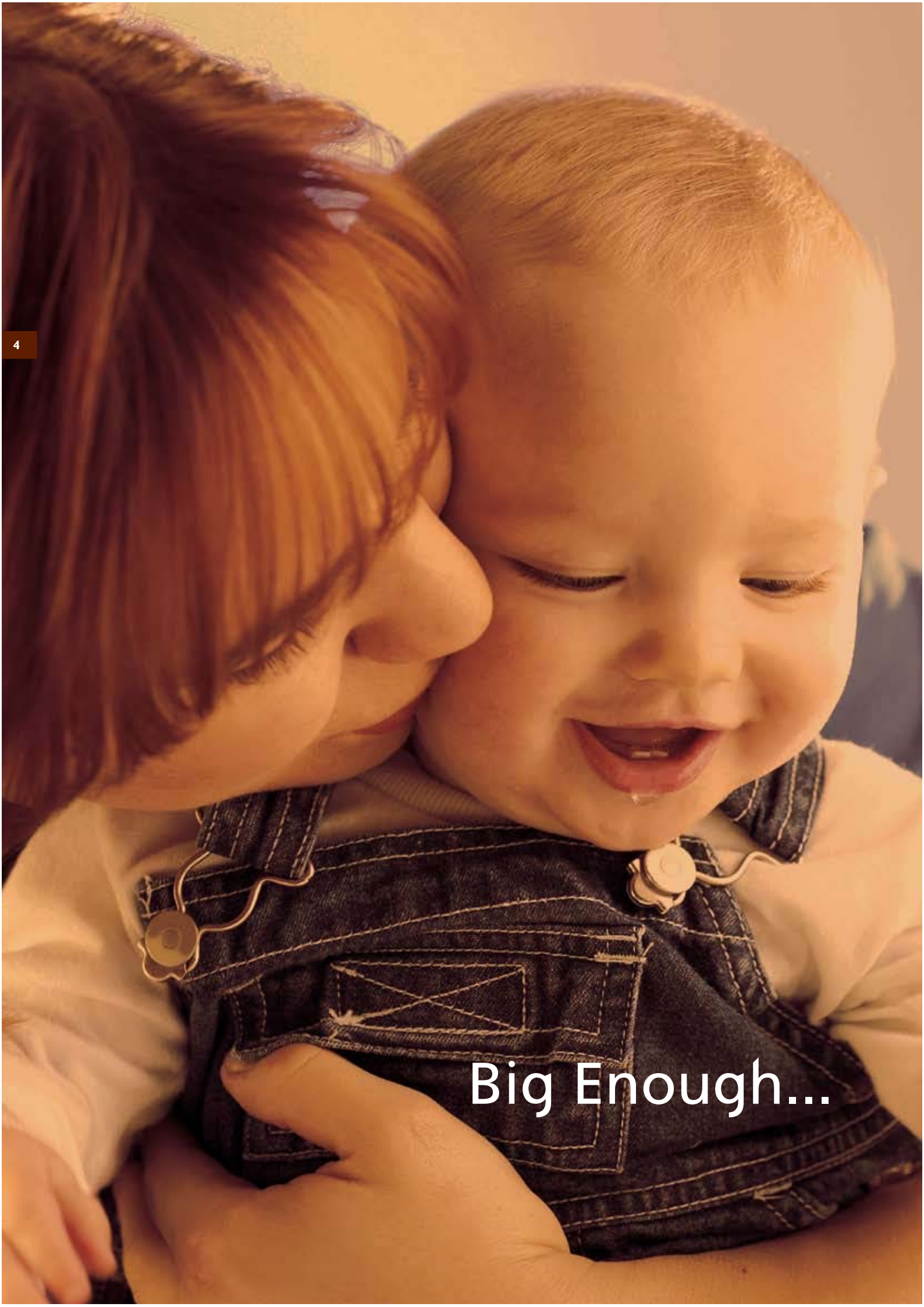
All honour and glory to our maker

Let there be peace and tranquillity on Earth

Goodwill to Mankind

The Hutt Valley District Health Board respects Te Atiawa and acknowledges the community of the Hutt Valley.

This is the cry, the challenge to all concerned to collectively unite our efforts in addressing and improving the health needs of the community.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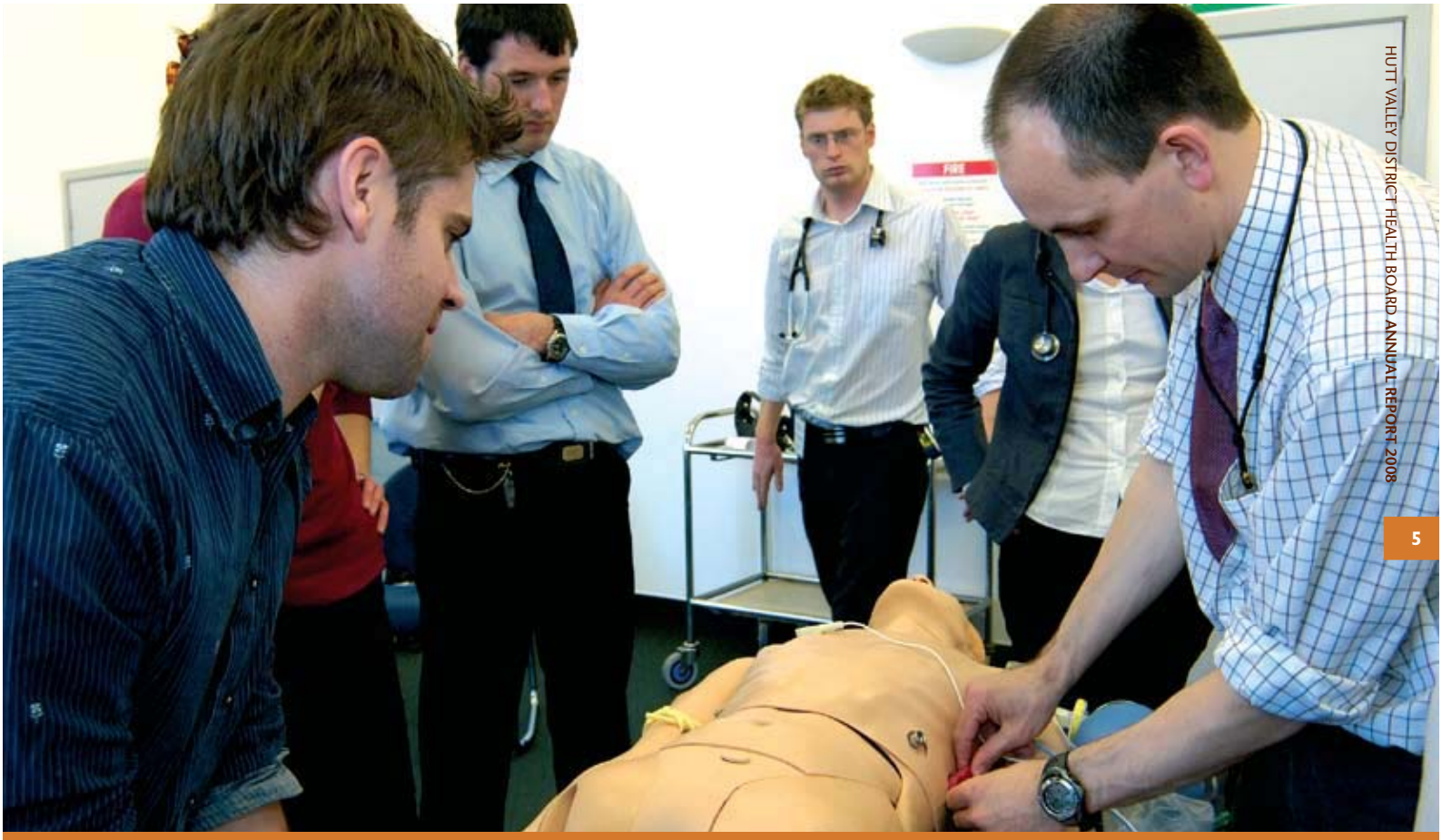


...to provide great opportunities!

Chair's Foreword

The vision, mission and values set out here are incorporated in the Hutt Valley District Health Board's 2006-2011 Strategic Plan. They lie at the heart of our organisation.

I am pleased to present Hutt Valley District Health Board's annual report for the year ended 30 June 2008.

During the year we have faced significant financial pressure, but we are well placed to continue developing effective health services for the Hutt Valley community

Overall, we made very good progress during the year under review.

Financial Result

Our final result for the financial year to 30 June 2008 was a net operating deficit of $9.4 million. In this report last year I sent a clear signal about the DHB's financial position.

In the previous year we were told that, because of demographic changes (our population was supposedly not growing as fast as in other parts of the country), our DHB was now classified as being over-funded. In practical terms that meant we did not receive any increased funding for population growth, only cost-of-living increases.

In spite of this, and because of our very strong financial management record, the Board took the view that it could again return a break-even position and was determined to do so.

However, a number of issues, several of them out of our control, conspired to work against us.

Firstly, settlements of national industrial agreements, including that with senior doctors, were above budgeted levels. This was compounded by the need to change our accounting treatment of accrued leave for nurses, which was responsible for $1.7 million.

Two strikes by junior doctors during the year were also costly. Included in the costs was the need to pay senior doctors to work extra shifts to cover.

Increased Elective Surgery

The DHB unable to reach its elective surgery targets for the 2007/2008 financial year. The government funded a 10% increase in elective surgery over previous levels. However, to access those funds from the Ministry of health, DHBs had to meet a 'threshold' target. So, despite incurring the cost of delivering the extra surgery, we did not receive all the extra revenue.

In Hutt Valley DHB's case, providing extra elective surgery is particularly difficult, because of our lack of operating theatre capacity and an on-going increase in acute surgery.

In order to meet the needs of our population, we undertook surgery at private hospitals, often using our own surgeons. This was done with the proviso that we would not pay more than the price we receive for that work. This was meant to be a break-even exercise. Unfortunately because we could not reach the 'threshold' it cost us approximately $2.4 million.

Hospital Service Development

During the year we took the decision to re-organise Hutt Hospital's radiology department. For some years the department has been understaffed, particularly with radiologists. This year we reformed the department, with the help of an Australian group of radiologists.

These changes resulted in hugely increased productivity and we now have a new permanent clinical head and a new permanent service manager, both of whom are making significant on-going changes.

The shortages had meant that the department was unable to take referrals from GPs. That situation has now changed, and the department is now even in the position that it can help Capital & Coast DHB address its MRI backlog.

However, the whole change process also contributed $1 million to the DHB's deficit.

So the items outlined above were at the root of the DHB's deficit. They are substantial, but are, in most cases, one-offs.

'Over-funded' Status

As a result of updated population figures, our status as an 'over-funded' DHB has now been rescinded. While the Board was always skeptical about the 'over-funded' status, we understood the Ministry of Health's need to direct funding to those areas with the greatest growth.

That is why, instead of expending valuable energy fighting the decision, we just got on and worked in the best interests of our community and continued to develop services which would benefit the health and treatment of Hutt Valley people.

The upshot of all this however is that the removal of the 'over-funded' status is worth some millions of dollars to the Board. If we had received our normal level of funding in the 2007/2008 financial year we would have been very close to achieving break-even status for the sixth year in a row.

That gives us a great deal of confidence that we are on the right track for the future.

Hospital Services

Hutt Hospital is known as an effective, high quality service with excellent team-work and great relationships between the various professional groups, including management.

However, for some years the Hospital has been labouring under severe resource constraints. For that reason the Board has been planning a major expansion of the emergency department and the operating theatre suite.

I am delighted to report that our $82 million business case has now been given Ministerial approval to proceed.

This is one of the most significant decisions for health services in the Hutt Valley in the last 10 years.

It preserves Hutt Hospital's future and gives the DHB the ability to address on-going clinical and financial issues.

It will allow us to undertake, and be paid for, growing levels of elective surgery, which will benefit both the community and the DHB, because of the extra revenue being earned. We'll also be able to do more acute surgery without off-setting elective surgery. And we'll be able to do a lot more day surgery, so people won't have to spend so much time in hospital.

The expansion of our emergency department is important for health services in the Hutt Valley and the Wellington region generally. The current unit is under-sized, and Wellington Hospital would not be able to cope with the numbers of people requiring care if the Hutt ED was not available in the long term.

Primary Care

I have written at length about hospital services, but Hutt Valley DHB has a deserved reputation for its emphasis on community based services.

When primary health organisations (PHOs) were set up some years ago this Board made it clear that it would not dictate how this system looked, but that it would facilitate wide community involvement.

As a result six PHOs were set up to meet the needs of the varying communities in the Hutt Valley, as those communities saw them. In the last year, Valley PHO, and Mid-Valley

Board Members **(top)** Peter Glensor (Chair), Sharron Cole (Deputy Chair), Chai Chuah (Chief Executive), Sandra Greig, Peter McCardle, Keith Hindle **(bottom)** Catherine Love, Wayne Guppy, David Ogden, Katy Austin, Ken Laban, Pat Brosnan.

PHO have joined together to form one PHO covering the largest number of general practices in the Valley.

This is a positive step in the development of the PHO system and will have benefit in bringing greater co-ordination and support to a large number of practices.

The number of GPs in the Hutt Valley has been an on-going problem. Our DHB has the lowest ratio of GPs per head of population of any urban area in New Zealand. For some time, members of the community have had trouble either registering with a GP or obtaining an appointment in a reasonable time.

In the last 12 months, we have made considerable progress in addressing these issues, and we expect results in the 2008/2009 financial year.

Our management team has been working hard on a range of initiatives to support primary care and bring more GPs into the Valley. We have now appointed Dr Liz Fitzmaurice as Hutt Valley's first Primary Care Liaison. She is also New Zealand's first person in that position reporting directly to the Chief Executive, which is an indication of how seriously we are taking these issues.

Dr Fitzmaurice has been working with local PHOs and GP practices on initiatives which should see the numbers of GPs in the Hutt Valley beginning to grow from the beginning of the 2009 calendar year. This will be an on-going priority.

We will also be working to improve co-ordination and integration between the primary and hospital sectors, to provide better services to people in our community.

The DHB is extremely proud of many other activities going on in the community – a healthy housing programme, our cancer journey project, a programme on long-term conditions. These are all activities which make a difference to people's lives by strengthening ways to keep them well.

And they are the sorts of programmes that DHBs are continuing to deliver within a national framework that are making a real difference to people's lives.

Never before has the health sector been able to take such a big-picture view of health and do something about it.

The Future

In the 2008/2009 financial year we will be continuing to develop the sorts of programmes outlined above, which make a difference to our community. We have to do that while remaining financially viable and prudent, and we intend to return to a break-even position as quickly as possible. As outlined above, the need for greater capacity at Hutt Hospital is crucial to our achieving this goal.

The next 12 months will see real progress in addressing capacity shortages, solving GP access problems, and bedding in healthy eating, healthy action programmes which make a difference to the health and well-being of our whole Hutt Valley community. "Healthy People, Healthy Families, Healthy Communities" remains our vision – and we are getting there.

Acknowledgements

Finally, I want to acknowledge my fellow Board members for their work and commitment over the last 12 months.

In late 2007 we had local body elections. My warmest thanks to out-going Board members Chris Cunningham, Ray Wallace and Pat Christianson for their contributions, and a welcome to Pat Brosnan, Sandra Greig and Wayne Guppy who have joined the Board.

As always, I want to thank Chai Chuah and his team for their exceptional work during very pressing times. A strong, committed team makes all the difference.

Peter Glensor
Chair

Chief Executive's review

"Management is very mindful of the balance that needs to be maintained between fiscal management, quality service delivery, and efficient, effective and productive management of resource..."

In many ways, the 2007/2008 financial year was the most challenging we have faced since I joined Hutt Valley District Health Board in 2002.

Certainly the fact the DHB has gone into deficit for the first time in those years has had an impact on all involved in the Hutt Valley's health sector at every level. From my management team to those involved providing care on the front line. We care deeply about maintaining a strong financial position because to do so is to be able to continue developing health services for our community.

As the Chair has pointed out in his foreword, last year's deficit of $9.4 million was due to a combination of factors contributed to this result – more services being performed by other DHBs for Hutt residents which we have to pay for, the extra costs in delivering extra electives, the costs associated with rebuilding and maintaining our radiology service, the costs of strike action and high wage settlements.

Against this deficit we need to reflect on quite significant increases in health services to our community – for example, just in Hutt Hospital, more inpatient bed days, more operations, more operating theatre minutes, more emergency department presentations and more births. To say nothing of the service development which is occurring in the community health sector.

The deficit does present a challenge but at the same time provides a compelling reason for us to focus on how, what and where we need to operate in the next few years.

Going into this current year there will be greater focus on financial management in areas that we can control locally. In the provider arm a number of departments have been identified as key focus areas, as well as a number in the funding arm.

A different process and reporting structure is in place from the first month to ensure that there is greater proactive early management. What we have to watch for are the factors that are not controllable by us and measure to what extent these be mitigated by what we can control.

Management is very mindful of the balance that needs to be maintained between fiscal management, quality service delivery, and efficient, effective and productive management of resources, and the need to keep an eye on the present and another on the future.

Workforce development and organisational culture

In last year's annual report I talked about our mission, vision and values, and I am even more convinced that we must continue to work increasingly hard to reflect our values in everything we do.

We have a wide number of programmes and activities that staff participate in and benefit from. However a number of workforce indicators are pointing us in the direction of a need to refocus, realign, and link our various initiatives to our organisational strategies.

In addition the revised workforce and organisational development pathways have to address not only technical skills but cognitive, relationship and communications skills.

In the current year we have fewer but more focused and linked programmes. Some of the specific areas that we are changing include how we engage with the local schools and tertiary institutions; recruitment activities; training, coaching, mentoring programmes (with greater focus on cognitive skills and behaviours).

Primary care

The issues of community access to GP care, and the associated workforce issues, dominated this priority area during the 2007/08 year.

Like many outer urban areas in larger cities, Hutt Valley has a low ratio of GPs measured against the population requiring care. This has resulted in two problems – closed books so that people are having trouble getting registered with a GP, and long waiting times for an appointment for those people who do have a GP.

The work plan carried out lays the foundation for significant progress being made in 2008/2009.

Progress against this work plan includes the appointment of a Primary Care liaison reporting directly to me; the development of a GP registrar training proposal; involving primary care in a strategy to attract Otago University 2nd and 3rd year medical students to complete their training in the Hutt Valley; the involvement of general practice doctors in addressing emergency department presentations; the roll-out of electronic referrals by GPs to Hutt Hospital.

In the current year, we will focus on better integration between primary and secondary care (service delivery as well as facilities planning), implementing the GP registrar programme and other workforce initiatives (medical mentoring and development of primary nursing initiatives) which will quickly lead to improving access to primary care.

Elective services

This was the first full year for the national elective services programme aimed at increasing the number of publicly funded elective operations. By a tremendous effort from Hutt Hospital staff and by also using private facilities to overcome our severe capacity shortage we not only achieved base but provided an extra 145 operations to our community.

As we start the current year we have applied some learnings from the 2007/08 year. With the exception of Orthopaedics, we will only continue to use external facilities where we can have our own staff operating there. This approach is consistent with developing our workforce for our theatres when they open in 2012 and it works for us financially as well.

Until our new theatres are commissioned in 2012 we will need to find additional interim theatre capacity and we are looking at a number of opportunities.

Being able to achieve increased elective surgery targets is important not only for the people of the Hutt Valley but also for the Hutt Valley DHB itself. It is one of the few areas we can use to increase revenue and, therefore, has a significant impact on our financial, as well as our clinical, sustainability.

Emergency Department and Theatre redevelopment project

We have been working on developing a new emergency department and operating theatre block for some years. Several milestones were achieved during this year including the submission of the business case in November 2007 and approval by the Minister in early June 2008.

Keeping the confidence of our staff, community, local and national stakeholders has been fundamental to our success and needs to be maintained over the next four years.

There are still many more bridges to cross before the first patient is seen in the new facilities. In the current year our focus will be on getting the detailed designs completed,

Small Enough...

...so we know your name!

"We finished last year in a position that sets a significant challenge for the future. This does not take away the significant contribution, energy and hard work put in by so many people for the benefit of our community."

progressing the resource consent issues, car parking, appointment of the contractor and starting preliminary construction activities.

This is a very important development for health services throughout the Valley, both primary and secondary. It is particularly important if the DHB is to be able to meet our community's needs in the future.

The emergency department had a mixed year. For a portion of the year we had significant shortages of junior doctors and could not fill all the rosters. The combined efforts of the emergency department staff, hospital senior medical staff (some stepped in to fill gaps in the rosters) and hospital management in supporting this department through the year is another step up in demonstrating our mission – 'working together for health and well being' – and one of our values – 'acting courageously, with openness, passion and honesty'.

We are at this point over the medical staffing shortage, with a full complement of both senior and junior doctors, but we are continuing to work on bedding in our new consultants, forging links with the primary sector and other hospital departments and on planning for the new department.

Hospital departments

All our hospital's departments worked extremely hard this year.

Our obstetrics and gynaecology department continued to reestablish itself under a new clinical head.

At a time when there is a regional shortage of midwives, improving relationships with the specialists is an important factor in not only attracting but also retaining staff. The continued growth in birth rates and a decrease in caesarean births are positive indicators of the improving quality of service provided by this department. The skillful negotiation of an appropriate funding contract with the Ministry is crucial in making sure that we are appropriately reimbursed for our work. Well done to Mark and Sarah.

In the coming year we need to keep strengthening the department at a time when there is pressure on these services at some of our regional colleagues.

Our imaging department went through a significant restructure in 2007/08 including changes in radiologists and an interim arrangement with a private radiology provider to supply back-up which allowed us to maintain services. We appointed a new head of department and a new service manager, and started to implement digital radiology which has set the department on a new and better course. This is already very noticeable

The focus in the current year is to firm up the radiologist staffing, electronic radiology and look at facility improvements. We will also explore the possibility of a partnership model with third party providers.

The regional plastic and burns service remains Hutt Hospital's flagship service. Development of sub specialties within this service continues to provide opportunities for regional and national referrals. The major limitation continues to be sufficient operating theatre space. This service is already operating in leased private theatres but could provide more service if more theatre sessions can be found. As mentioned above finding additional theatre sessions is one of the major focus areas for the provider in the current year.

We continue to work with the Plastic Research Foundation to progress the establishment of a national plastics research facility at Hutt Hospital. The Foundation is currently fund raising for this multi-million dollar facility. We have also been working with the Otago University to progress the establishment of a chair for plastic surgery to be based at Hutt Hospital.

Industrial action

During the year there were two major industrial actions that impacted on our community. The medical radiation therapists (MRTs) and the junior doctors (RMOs) strikes took place in the first and second half of the year respectively. In terms of services the most significant impact was in the area of elective surgery. The need to postpone and reschedule appointments was a major disruption for the community and our staff, not to mention the financial costs of covering for the strikes.

On a positive side the contingency planning has worked well, our senior doctors, nurses and others stepped up and patients were appropriately cared for and respectful relations between striking and non-striking staff members were maintained.

Regional collaboration

Our DHB continues to be a strong contributor to regional collaboration. The emphasis by the regional Boards on clinical networks is already a model that is operating for a number of our services such as plastics and rheumatology. In the current year we will advance and explore greater clinical networks in urology, renal, and ENT. In non-clinical areas laundry and regional IT programmes (the later led by clinicians) will be focus areas.

Open disclosure, serious and sentinel events

In February there was a collective 21 DHBs release of serious and sentinel events. When patients experience such events despite the very best efforts of clinicians an open disclosure policy ensures that issues and lessons from such events are appropriately responded to. As an organisation we are explicit in our open disclosure policy and work closely with our clinicians when such events occur. We are also committed to sharing summaries of sentinel events with local media as we believe it is important that we share the learnings and are open with our community as well as with the affected patients and their families.

Conclusion

We finished last year in a position that sets a significant challenge for the future. This does not take away the significant contribution, energy and hard work put in by so many people for the benefit of our community.

In recognising the many significant positive milestones achieved this last year we acknowledge the very significant challenge ahead in the next few years. The unique strength of relationship and trust between board, management, clinicians and our community provides a solid foundation for us.

Whilst there are some factors that we cannot control, we will focus on those that we can control. As we start the current year we are already making changes. These changes, along with the progress towards the planned Hutt Hospital extensions and the developments we are achieving in primary care, give me great confidence for the future of health care in the Hutt Valley in the coming years.

Chai Chuah

Chief Executive

Statement of Purpose

The vision, mission and values set out here are incorporated in the Hutt Valley District Health Board's 2006-2011 Strategic Plan. They lie at the heart of our organisation.

Vision Mission and Values

The vision, mission and values set out here are incorporated in the Hutt Valley District Health Board's 2006-2011 Strategic Plan. They lie at the heart of our organisation.

Vision

Whanau Ora ki te Awakairangi

Healthy people, healthy families and healthy communities are so inter-linked that it is impossible to say one comes first and then leads to another – hence we have placed them in a circle.

Mission

Working together for health and wellbeing

Our mission shows the DHB's commitment to a co-operative way of working – that includes our staff working co-operatively; working together with the people and organisations we fund, organisations from other sectors, and with our community.

Values

'Can do' – leading, innovating and acting courageously

Hutt Valley DHB is already acknowledged in the New Zealand health sector as an organisation that will try new things in order to make a difference. We will continue to do that and to be ever more innovative, in order to improve the health of Hutt Valley people.

Working together with passion, energy and commitment

Hutt Valley DHB's people work with passion, energy and commitment to each other, to their clients and their community.

Trust through openness, honesty, respect and integrity

The trust of those we work with and those we work for is fundamental to achieving good results. To be trusted, we will be open, honest, respectful and act with integrity in everything we do.

Striving for excellence

Striving for excellence in everything we do is a key Hutt Valley DHB value – we look for excellence in ourselves as individuals and collectively as an organisation. We look for it in the services we provide, the way we treat each other, the systems we put in place and the achievements we make.

Hutt Valley DHB Profile

The Hutt Valley District Health Board (DHB) is responsible for planning, funding and providing government-funded health care and disability support services for the 141,400 people who live in the Hutt Valley. Of these 101,500 people live in Hutt City and 39,900 live in Upper Hutt City.

Approximately 17% of the people who live here are Maori and 8% are Pacific peoples. Fewer Maori and Pacific people (as a percentage of the population) live in Upper Hutt than Hutt City. More of the Maori and Pacific people who live here are younger than other ethnic groups - half of the Maori and Pacific people here are aged under 25.

We also have significant Asian and refugee populations.

The Hutt Valley DHB employs over 2200 people, most of whom work at Hutt Hospital and for our community and regional health services. This part of the DHB is often referred to as our 'provider' arm.

An 11 member Board has governance and strategic oversight of the Hutt Valley DHB. The Board is comprised of seven community-elected members in addition to the four members who are appointed by the Minister of Health.

The Board has responsibility for delivering objectives in local and national health within a current annual budget of approximately $360 million.

The Hutt Valley DHB was established on 1 January 2001. Over the 2007/2008 year the DHB has provided a wide range of services and implemented a number of initiatives in order to meet its commitment to:

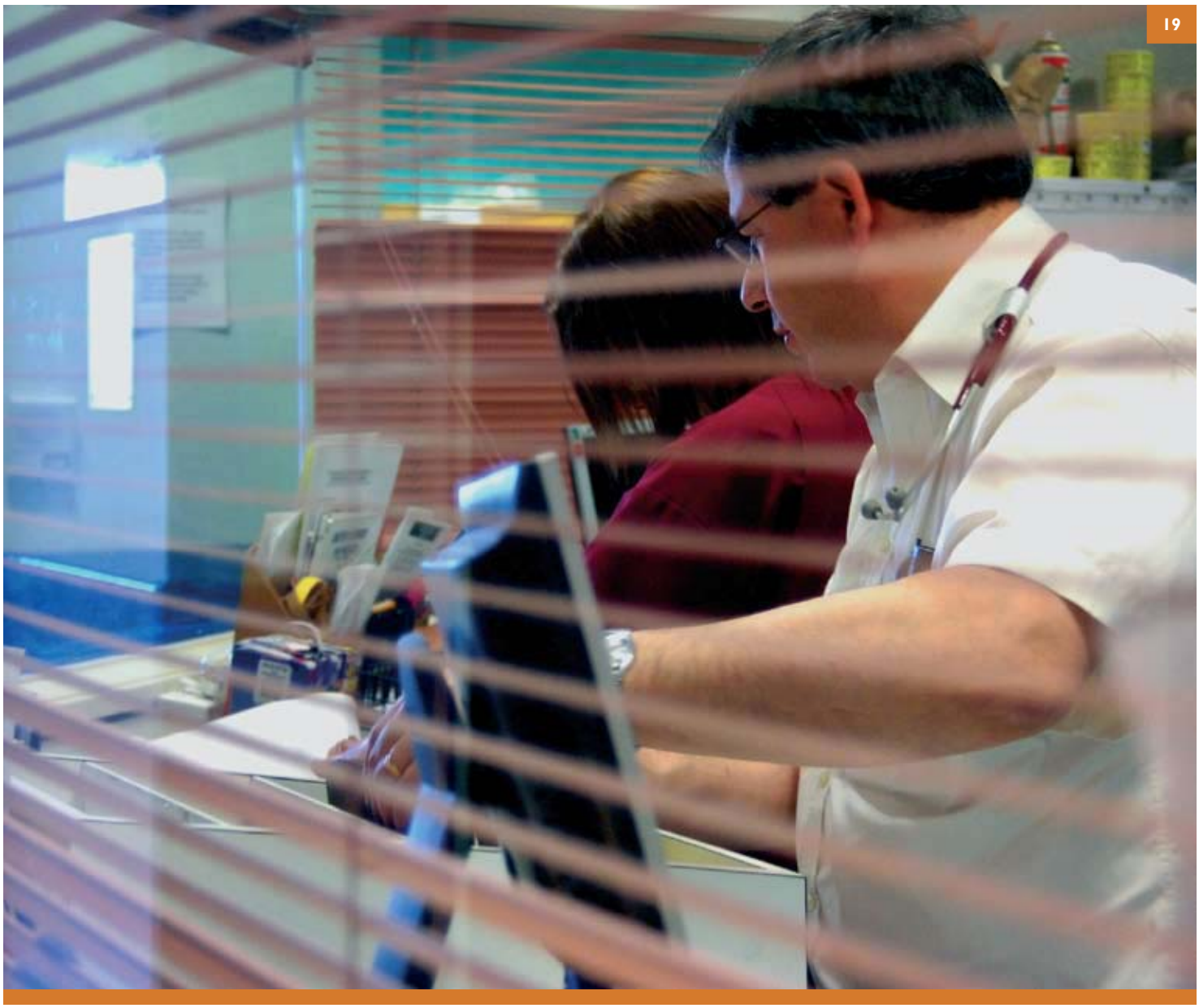
- Improve, promote and protect the health of communities within the Hutt Valley.
- Reduce health disparities by improving health outcomes for Maori and other population groups.
- Encourage community participation in health improvement, and in planning for the provision of health services and any significant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

Providing the wide range of services involves buying services from a diverse range of health and disability service providers which includes:

- General Practitioners.
- Maori and Pacific Island health providers.
- Mental health providers.
- Rest homes.
- Pharmacies.
- Private laboratories and hospitals.

Hospital Service Indicators

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
Inpatient Discharges	16,724	16,797	17,571	17,243	17,236	17,272	17,835
Daycase Discharges	7,771	8,689	9,364	9,349	9,397	9,079	9,365
Total Discharges (Inc Newborns)	24,495	25,486	26,935	26,592	26,633	26,351	27,200
Discharges per day	67.1	69.8	73.8	72.9	73.0	72.2	74.3
Available Bed Days	91,250	91,615	91,615	93,075	93,075	93,075	95,526
Occupied Bed Days	77,745	76,159	78,876	79,084	80,863	80,076	85,183
Average Occupancy	85.2%	83.1%	86.1%	85.0%	86.9%	86.0%	89.2%
Inpatient Operations	4,706	4,612	5,012	5,319	5,299	5,347	5,542
Daypatient Operations	1,997	2,159	2,244	2,281	2,217	2,268	2,550
Total operations (theatre cases)	6,703	6,771	7,256	7,600	7,516	7,615	8,092
Elective operations	3,467	3,584	3,405	3,412	3,288	3,308	3,954
Acute Operations	3,236	3,187	3,851	4,188	4,228	4,307	4,138
Total operations (theatre cases)	6,703	6,771	7,256	7,600	4,516	7,615	8,092
Inpatient Waiting List total 30 June	907	1,047	1,263	1,407	1,322	1,279	1,312
Outpatient attendances							
- Surgical	43,262	44,165	46,255	46,761	46,204	43,245	43,687
- Medical	16,130	17,203	17,754	18,959	20,901	22,123	22,455
- Paediatric	4,366	4,463	4,249	4,568	5,032	5,706	5,718
Emergency Attendances							
- First attendances	29,439	29,188	30,748	33,397	35,219	37,039	39,099
- Total attendances	30,851	30,234	31,741	34,254	35,730	37,440	39,360
Community Contacts							
Community Contacts - District Nursing	36,652	36,625	34,893	35,461	35,706	37,489	42,616
Births - Hospital	2,061	1,866	1,979	2,236	1,954	2,035	2,182
Radiology examinations	46,853	46,462	48,461	49,772	49,787	47,375	52,833
Labaoratory tests performed	643,678	638,458	621,398	788,016	836,034	864,759	901,154



"Striving for excellence in everything we do is a key Hutt Valley DHB value – we look for excellence in ourselves as individuals and collectively as an organisation. We look for it in the services we provide, the way we treat each other, the systems we put in place and the achievements we make."

Close Enough...

...to our community!

TheNewDowse

Statement of Accounting Policies

For the year ended 30 June 2008

HVDHB's activities involve delivering health and disability services and mental health services in a variety of ways to the community.

Reporting Entity

Hutt Valley District Health Board (HVDHB) is a Health Board established by the New Zealand Public Health and Disability Act 2000. HVDHB is a crown entity in terms of the Crown Entities Act 2004, owned by the Crown and domiciled in New Zealand. HVDHB is a reporting entity for the purposes of the New Zealand Public Health and Disability Act 2000, the Financial Reporting Act 1993, the Public Finance Act 1989 and the Crown Entities Act 2004

HVDHB is a public benefit entity, as defined under NZIAS 1.

HVDHB's activities involve delivering health and disability services and mental health services in a variety of ways to the community.

The financial statements were authorised for issue by the Board on 23rd October 2008.

Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

These are HVDHB's first NZ IFRS financial statements and NZ IFRS 1 has been applied.

The financial statements are presented in New Zealand Dollars (NZD), rounded to the nearest thousand. The financial statements are prepared on the historical cost basis modified by the revaluation of land and buildings.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening NZ IFRS Statement of Financial Position at 1 July 2006 for the purposes of the transition to NZ IFRS.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is

revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Particular Accounting Policies

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

Budgets

The budget figures are those approved by the Health Board in its District Annual Plan and included in the Statement of Intent as tabled in Parliament. The budget figures have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards as appropriate for public benefit entities. Those standards are consistent with the accounting policies adopted by Hutt Valley District Health Board for the preparation of these financial statements.

Revenue

Crown Funding

The majority of revenue is provided through an appropriation in association with a Crown Funding Agreement. Revenue is recognised monthly in accordance with the Crown Funding Agreement payment schedule, which allocates the appropriation equally throughout the year.

Goods Sold and Services Rendered

Revenue from goods sold is recognised when HVDHB has transferred to the buyer the significant risks and rewards of ownership of the goods and does not retain either continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from services is recognised, to the proportion that a transaction is complete, when it is probable that the payment associated with the transaction will flow to HVDHB and that payment can be measured or estimated reliably, and to the extent that any obligations and all conditions have been satisfied by HVDHB.

Borrowing Costs

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

Leases

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred to HVDHB, are classified as finance leases. The assets acquired by way of finance leases are stated at an amount equal to the lower of the present value of the minimum lease payments (at the inception of the lease), less accumulated depreciation and impairment losses; and their fair value. The leased item is recognised as an asset at the beginning of the lease term and depreciated on the same basis as equivalent fixed assets. A corresponding liability is also established and each minimum lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

Operating Leases

Operating lease payments, where lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are recognised in the statement of financial performance on a straight-line basis over the term of the lease.

Cash Equivalents

Cash and cash equivalents include cash in hand and deposits with original maturities of less than three months held with banks.

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, it is recognised as part of the related asset or expense.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as they are incurred.

Employee Entitlements

Short-term entitlements:

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

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

HVDHB recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent HVDHB anticipates it will be used by staff to cover those absences.

Long-term employee entitlements:

Entitlements that are payable beyond 12 months, such as long service and retirement leave, have been calculated on an actuarial basis.

The calculations are based on likely future entitlements accruing to staff, based on years of service, years to entitlement etc, the likelihood that staff will reach the point of retirement and contractual entitlements information, and the present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Defined Contribution Schemes

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of financial performance as incurred.

Defined Benefit Contribution Scheme

HVDHB is a participating employer in the NPF Superannuation Scheme ("the Scheme") that is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, the employer could be responsible for the entire deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, the employer could be responsible for an increased share of the deficit.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

This means HVDHB has used defined contribution style reporting.

Debtors and Other Receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that HVDHB will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

Inventories

Inventories are stated at the lower of cost, determined on a weighted average basis, and current replacement cost. This valuation includes allowances for slow-moving inventories.

Obsolete inventories are written off.

Property, Plant and Equipment

Property, plant and equipment asset classes consist of land, buildings, site improvements, plant and equipment, fit-outs and motor vehicles.

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

Revaluations:

Land and buildings are revalued with sufficient regularity to ensure that the carrying value amount does not differ materially from fair value and at least every five years. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are reviewed at each balance date to ensure that those values are not materially different from fair value. Additions between revaluations are recorded at cost.

Accounting for revaluations:

HVDHB accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

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

Disposal of Property, Plant and Equipment

Where an item of property, plant and equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the net sale price and the carrying amount of the asset. When revalued assets are sold the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to HVDHB and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as they are incurred.

Capital work in progress is not depreciated. The total cost of a project is transferred to a fixed asset category on its completion and then is depreciated.

Depreciation of Property, Plant and Equipment

Depreciation is provided on a straight-line basis on all tangible property, plant and equipment, other than freehold land, at rates which will write off the cost of the assets, less their estimated residual value, over their useful lives.

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

Asset Class - Building structure
Useful Life - 4 – 80 years
Associated Depreciation Rates - 1.25% - 25%

Asset Class - Building fit-out and Services
Useful Life - 2 – 36 years
Associated Depreciation Rates - 2.8% - 50%

Asset Class - Plant and equipment
Useful Life - 2 – 19 years
Associated Depreciation Rates - 5% - 50%

Asset Class - Motor vehicles
Useful Life - 5.5 – 12.5 years
Associated Depreciation Rates - 8% - 18%

Asset Class - Computer equipment
Useful Life - 3 – 5.5 years
Associated Depreciation Rates - 18% - 30%

Asset Class - Leased assets
Useful Life - 3 – 8 years
Associated Depreciation Rates - 12.5% - 33%

Capital work in progress is not depreciated. The total cost of a project is transferred to a fixed asset category on its completion and then is depreciated.

Intangible Assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by HVDHB are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software – useful life 5 years, amortisation rate 20%

Taxation

HVDHB 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 2004.

Trust and Bequest Funds

Donations and bequests received are treated as revenue on receipt in the statement of financial performance, except where the restrictive conditions are such that the Board has a liability to the donor.

Cost of Services Statements

(Statement of Objectives and Service Performance)

The cost of services statements, as reported in the Statement of Objectives and Service Performance report the net cost of services provided by each significant activity. The net cost is the significant activity's cost of providing the service, less revenue collected by the activity.

Cost Allocations

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

Cost allocation policy

Direct costs are charged directly to output classes. Indirect costs are charged to output classes based on cost drivers and related activity/usage information.

Criteria for direct and indirect costs

Direct costs are those costs directly attributable to an output class. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output class.

Cost drivers for allocation of indirect costs

The cost of internal services not directly charged to outputs is allocated as overheads using appropriate cost drivers such as full time equivalent staff numbers, staff head count numbers and floor space used.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Board invests as part of its day-to-day cash management, net of bank loan facilities.

Operating activities include all transactions and other events that are not investing or financing activities.

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

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

Impairment

The carrying amounts of assets other than inventories, and inventories held for distribution are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of financial performance.

An impairment loss on property, plant and equipment revalued on a class of asset basis is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for the same class of asset.

Financial Instruments

HVDHB is risk averse and seeks to minimise exposure arising from its treasury activity. The Board is not authorised by its treasury policy to enter into any transaction that is speculative in nature.

Financial instruments reflected in the statement of financial position include cash and bank balances, receivables, trade creditors and borrowings. These instruments are, generally, carried at their estimated fair value. For example, receivables are carried net of the estimated doubtful receivables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Under the ACC Partnership Programme HVDHB is effectively providing accident insurance to employees and this is accounted for as an insurance contract.

Provisions

A provision is recognised when HVDHB has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

ACC Partnership Programme

HVDHB belongs to the ACC Partnership Programme whereby HVDHB accepts the management and financial responsibility of work related illnesses and accidents of employees that are generally the result of an isolated event to an individual employee. Under the ACC Partnership Programme HVDHB is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to accidents and illnesses occurring up to the balance sheet date for which HVDHB has responsibility under the terms of the Partnership Programme. HVDHB has chosen a stop loss limit of $250,000, which means HVDHB will only carry the total cost of claims up to $250,000.

Explanation of Transition to NZ IFRS

HVDHB's financial statements for the year ended 30 June 2008 are the first financial statements that comply with NZ IFRS. HVDHB has applied NZ IFRS 1 in preparing these financial statements.

HVDHB's transition date is 1 July 2006. HVDHB prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2008. HVDHB's NZ IFRS adoption date is 1 July 2007. (See Note 23)

In preparing these financial statements in accordance with NZ IFRS 1, HVDHB has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

New standards adopted and interpretations not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published that are not yet effective for the year ended 30 June 2008, and have not been applied in preparing these financial statements. The adoption of the following standards is not expected to have a material impact on the DHB's financial statements.

- NZIAS 1, Presentation of Financial Statements (revised) - (effective annual periods beginning on or after 1 January 2008).
- NZIAS 23, Borrowing costs (revised) - (effective from annual periods beginning on or after 1 January 2009).

Statement of Financial Performance

For the year ended 30 June 2008

	Notes	Year to June 2008 Actual $000	Year to June 2008 Budget $000	Year to June 2007 Actual $000
Operating income				
Total Government & Crown Agency Sourced Revenue		358,564	344,215	331,346
Interest		1,469	887	1,037
Other income		3,801	891	4,114
Total expenses		(358,325)	(330,372)	(321,790)
Operating Surplus before Depreciation, Capital Charge and Interest	**1**	**5,509**	**15,621**	**14,707**
Gain / (loss) on sale of assets		(7)	0	(14)
Depreciation	1	(7,545)	(8,242)	(7,410)
Capital charge		(6,163)	(6,197)	(6,093)
Interest expense		(1,222)	(1,182)	(1,185)
Net Operating Surplus/(Deficit)		**(9,428)**	**0**	**5**

Supplementary Information

The following table shows the consolidation of service statements for each output class including the elimination of internal transactions.

	June 2008 Provider $000	June 2008 Governance $000	June 2008 Funder $000	June 2008 Elimination $000	June 2008 Consolidated $000
Operating income	166,844	3,144	331,692	(137,846)	363,834
Operating expenses	(162,706)	(3,176)	(330,289)	137,846	(358,325)
Operating Surplus before Depreciation, Capital Charge and Interest	**4,138**	**(32)**	**1,403**	**0**	**5,509**
Gain / (loss) on sale of assets	(7)	0	0	0	(7)
Depreciation	(7,541)	(4)	0	0	(7,545)
Capital charge	(6,163)	0	0	0	(6,163)
Interest expense	(1,222)	0	0	0	(1,222)
Net Operating (Deficit) / Surplus	**(10,795)**	**(36)**	**1,403**	**0**	**(9,428)**
Reconciliation to Retained Earnings					
Opening Balance	(12,493)	755	11,091	0	(647)
Net operating (deficit) / surplus for the year	(10,795)	(36)	1,403	0	(9,428)
Closing Balance	**(23,288)**	**719**	**12,494**	**0**	**(10,075)**

The accompanying notes and accounting policies on pages 22 to 28 and 34 to 49 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2008

	Notes	Year to June 2008 Actual $000	Year to June 2008 Budget $000	Year to June 2007 Actual $000
Opening Balance 1 July	2	77,948	77,836	77,843
Surplus/(Deficit) for the period		(9,428)	0	5
Total recognised income and expense		68,520	77,836	77,848
Equity repayment to Crown	2	(207)	0	(207)
Equity contribution from Crown		0	0	307
Closing Balance		**68,313**	**77,836**	**77,948**

Mental Health Ring Fence for the year ended 30 June 2008

Hutt Valley District Health Board is required by its Crown Funding Agreement to ensure Mental Health funding is used to provide Mental Health Services. Included in the Funder accumulated funds of $ 12.494 million is $804,000 that is required to be used for future mental health service provision ($1.095 million 2007).

The accompanying notes and accounting policies on pages 22 to 28 and 34 to 49 form an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2008

	Notes	Year to June 2008 Actual $000	Year to June 2008 Budget $000	Year to June 2007 Actual $000
Equity				
Crown equity	2	28,020	27,468	28,227
Revaluation reserves	2	50,368	50,368	50,368
Retained earnings	2	(10,075)	0	(647)
Total Equity		**68,313**	**77,836**	**77,948**
Represented by:				
Current Assets				
Cash and cash equivalents		8,486	7,396	12,330
Receivables and prepayments	3	13,942	17,208	12,538
Inventories	4	1,195	972	1,244
Total Current Assets		**23,623**	**25,576**	**26,112**
Current Liabilities				
Payables and accruals	5	30,230	36,019	26,723
Employee entitlements and provisions	6	20,836	18,523	17,552
Borrowings	7	0	0	19,002
Total Current Liabilities		**51,066**	**54,542**	**63,277**
Net Working Capital Deficit		**(27,443)**	**(28,966)**	**(37,165)**
Non Current Assets				
Property, Plant and Equipment	9	114,359	126,104	113,564
Intangible Assets	10	1,822	0	2,520
Trust and bequest funds	12	848	798	798
Total Non Current Assets		**117,029**	**126,902**	**116,882**
Non Current Liabilities				
Employee entitlements and provisions	6	1,425	0	971
Borrowings	7	19,000	20,100	0
Trust and bequest funds	12	848	0	798
Total Non Current Liabilties		**21,273**	**20,100**	**1,769**
Net Assets		**68,313**	**77,836**	**77,948**

For, and on behalf of, the Board

Board Member | Board Member | 23rd October 2008

The accompanying notes and accounting policies on pages 22 to 28 and 34 to 49 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2008

	Notes	Year to June 2008 Actual $000	Year to June 2008 Budget $000	Year to June 2007 Actual $000
Cashflows from Operating Activities				
Cash was provided from:				
Cash receipts		364,749	341,885	335,963
Interest received		1,469	887	1,037
		366,218	**342,772**	**337,000**
Cash was disbursed to:				
Payments to providers		192,434	177,049	171,287
Payments to suppliers & employees		161,017	144,490	147,521
Net goods and services tax paid		896	0	(605)
Interest paid		1,174	1,182	1,185
Capital charge paid		6,878	6,012	5,115
		362,399	**328,733**	**324,503**
Net cash Inflow from Operating Activities	**8**	**3,819**	**14,039**	**12,497**
Cashflows from Investing Activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		0	0	0
Realisation of trust funds		0	0	0
		0	**0**	**0**
Cash was applied to:				
Increase in investments and Trust Funds		0	0	0
Purchase of propety,plant and equipment		(7,454)	(11,756)	(7,650)
		(7,454)	**(11,756)**	**(7,650)**
Net cash Outflow from Investing Activities		**(7,454)**	**(11,756)**	**(7,650)**

The accompanying notes and accounting policies on pages 22 to 28 and 34 to 49 form an integral part of these financial statements.

Statement of Cash Flows continued...

	Notes	Year to June 2008 Actual $000	Year to June 2008 Budget $000	Year to June 2007 Actual $000
Cashflows from Financing Activities				
Cash was provided from:				
Equity Contribution		0	0	307
Loans raised		0	0	0
		0	**0**	**307**
Cash was applied to:				
Repayment of Equity		(207)	0	(207)
Repayment of loans/finance leases		(2)	0	(29)
		(209)	**0**	**(236)**
Net Cash Inflow / (Outflow) from Financing Activities		**(209)**	**0**	**71**
Net Increase / (Decrease) in Cash Held		**(3,844)**	**2,283**	**4,918**
Add opening cash and cash equivalents		12,330	5,113	7,412
Ending Cash and Cash Equivalents Carried Forward		**8,486**	**7,396**	**12,330**
Cash and Cash equivalent balances in the Statement of Financial Position:				
Cash and Cash Equivalents		8,486	7,396	12,330
Ending Cash and Cash Equivalents carried Forward		**8,486**	**7,396**	**12,330**

The GST (net) component of operating activities reflects the the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes and accounting policies on pages 22 to 28 and 34 to 49 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2008

	Year to June 2008 $000	Year to June 2007 $000
1. Operating surplus		
After crediting revenue:		
Interest income	1,469	1,037
Other Income	3,801	4,114
Total Government & Crown Agency Sourced Revenue	358,564	331,346
After charging expenses:		
Fees paid to external auditors:		
Audit fees - year end financial statements	94	89
Audit fees - impact of IFRS on financial statements	12	6
Board and Committee member fees:		
Board Member Fees	300	273
Committee Member Fees	20	18
Rental and operating lease costs	1,533	1,057
Bad debts - movement in provision	58	59
Bad debts written off	31	80
Net loss on sale of assets	7	14
Personnel costs	121,984	111,295
Depreciation:		
Building Structure	1,503	1,496
Building Services & Fitout	2,387	2,186
Site Improvements	61	54
Plant & Equipment	1,825	1,950
Motor Vehicles	41	47
Computer Equipment	523	1,361
Computer Software	880	0
Leased Plant & Equipment	325	316
Total depreciation	**7,545**	**7,410**
Interest expense:		
Crown Health Financing Agency	1,216	1,175
BNZ	0	0
Finance leases	6	10
Total interest expense	**1,222**	**1,185**

Notes to the Financial Statements continued...

For the year ended 30 June 2008

	Year to June 2008 $000	Year to June 2007 $000
2. Equity		
(a) Crown Equity		
Opening balance	28,227	28,127
Equity Contribution	0	307
Equity Repayment	(207)	(207)
Closing Balance	**28,020**	**28,227**
(b) Revaluation Reserves		
Land		
Opening balance	8,659	8,659
Adjustment to reserves	0	0
Revaluation	0	0
Closing Balance	**8,659**	**8,659**
Buildings		
Opening balance	41,709	41,709
Adjustment to reserves	0	0
Revaluation	0	0
Closing Balance	**41,709**	**41,709**
Total Revaluation Reserves	**50,368**	**50,368**
(c) Retained Earnings		
Opening balance	(647)	(652)
Net operating surplus/(deficit)	(9,428)	5
Closing Balance	**(10,075)**	**(647)**
Total Equity	**68,313**	**77,948**

Notes to the Financial Statements continued...

For the year ended 30 June 2008

	Year to June 2008 $000	Year to June 2007 $000
3. Receivables and Prepayments		
Trade debtors - Ministry of Health	1,649	1,337
Trade debtors - other	12,288	11,149
Provision for doubtful debts	(302)	(244)
	13,635	**12,242**
Prepayments	307	296
	13,942	**12,538**
4. Inventories		
Pharmaceuticals	148	136
Surgical and medical supplies	1,057	1,118
	1,205	**1,254**
Provision for obsolescence	(10)	(10)
	1,195	**1,244**

Certain inventories are subject to retention of title (Romalpa clauses). The value of stocks subject to such clauses cannot be quantified due to inherent difficulties in identifying the specific inventories affected at year-end.

5. Payables and Accruals		
Trade creditors	7,890	1,650
Accrued expenses	16,274	20,986
Income in advance	3,694	0
GST and other taxes payable	707	1,578
	28,565	**24,214**
Capital charge payable to shareholders	1,539	2,253
Fixed assets payable	126	256
	30,230	**26,723**

Notes to the Financial Statements continued...

For the year ended 30 June 2008

	Year to June 2008 $000	Year to June 2007 $000
6. Personnel Costs		
Increase/(decrease) in employee entitlements (see below)	3,738	2,929
	3,738	**2,929**
Employee Entitlements & Provisions		
Annual Leave	10,203	8,838
Long Service Leave	1,179	411
Retirement Gratuities	926	933
Other Employee Provisions	9,953	8,341
	22,261	**18,523**
Made up of:		
Current		
Annual leave	10,203	8,838
Long Service Leave	571	134
Retirement Gratuities	277	239
Other Non-Current	9,785	8,341
	20,836	**17,552**
Non-current		
Long Service leave	608	277
Retirement gratuities	649	694
Other entitlements and provisions	168	0
	1,425	**971**

The present value of the retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

In determining the appropriate discount rate HVDHB considered the risk free rates as calculated from the yields on NZ Government bonds that have terms to maturity that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 7.05% (2007: 7.50%) and an inflation factor of 2.75% were used.

If the discount rate were to differ by 1% from HVDHB's estimates, with all other factors constant, the carrying amount of the liability would be an estimated $107/$97 higher/lower. If the salary inflation factor were to differ by 1% from HVDHB's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated $107/$97 higher/lower.

Notes to the Financial Statements continued...

For the year ended 30 June 2008

	Year to June 2008 $000	Year to June 2007 $000
7. Borrowings		
Crown Health Financing Agency	19,000	19,000
Finance leases	0	2
	19,000	**19,002**
Crown Health Funding Agency Loans are repayable as follows:		
Current (*payable to 30 June 2009*)	0	19,000
One to two years (*payable to 30 June 2010*)	0	0
Two to five years (*payable subsequent to 30 June 2010*)	19,000	0
	19,000	**19,000**
Finance leases are repayable as follows:		
Current (*payable to 30 June 2009*)	0	2
One to two years (*payable to 30 June 2010*)	0	0
Two to five years (*payable subsequent to 30 June 2010*)	0	0
	0	**2**
Total current portion of loans	0	19,002
Total non-current portion of loans	19,000	0
Total Loans	**19,000**	**19,002**
Interest rates per annum:	%	%
Crown Health Financing Agency Loan	6.535	6.2
Finance leases	0	8.5 to 11.0
Line of credit restricted access		
Bank loan facilities	6,000	6,000
Used at balance date:	0	0
Unused at Balance Date	**6,000**	**6,000**

	Year to June 2008 Actual $000	Year to June 2007 Actual $000
Finance Leases:		
- current	0	2
- non-current	0	0
Total	**0**	**2**
Repayable as follows		
One to two years	0	2
Two to five years	0	0
Beyond five years	0	0
	0	**2**

Notes to the Financial Statements continued...

For the year ended 30 June 2008

	Year to June 2008 Actual $000	Year to June 2008 Budget $000	Year to June 2007 Actual $000
8. Reconciliation of Net Operating Surplus with Net Cash Inflow From Operating Activities			
Net operating surplus	(9,428)	0	39
Add back non-cash items:			
Depreciation	7,545	8,242	7,410
Increase/(decrease) in Employee entitlements	3,455	2,000	2,929
Total Non-cash Items	**11,000**	**10,242**	**10,339**
Add/(subtract) items classified as investment activity:			
Net gain/(loss) on sale of property, plant and equipment	(7)	0	14
Total Investing Activity	**(7)**	**0**	**14**
Add/(subtract) items classified as financing activity:			
Repayment of loans/finance leases	(2)	0	0
	(2)	**0**	**0**
Movements in working capital:			
Decrease/(increase) in receivables and prepayments	(1,314)	1,663	709
(Increase)/decrease in inventories	49	(223)	(179)
(Decrease)/increase in capital charge payable	(714)	(714)	978
Increase/(decrease) in payables and accruals	4,235	3,071	597
Total Net Working Capital Movement	**2,256**	**3,797**	**2,105**
Net Cash Inflow from Operating Activities	**3,819**	**14,039**	**12,497**

9. Property, Plant and Equipment

Movement for each class of property plant and equipment are as follows:

	Land	Site Improve-ments	Buildings Services Fitout	Plant & Equipment	Leased Assets	Motor Vehicles	Total
Cost or valuation							
Balance at 1 July 2006	10,570	800	89,657	31,190	1,241	549	134,007
Additions	0	231	5,936	2,619	0	0	8,786
Revaluations	0	0	0	0	0	0	0
Disposals	0	0	0	(386)	(1,143)	0	(1,529)
Balance 30 June 2007	**10,570**	**1,031**	**95,593**	**33,423**	**98**	**549**	**141,264**
Balance 1 July 2007	10,570	1,031	95,593	33,423	98	549	141,264
Additions	0	69	2,522	4,872	0	3	7,466
Revaluations	0	0	0	0	0	0	0
Disposals	0	0	0	(851)	0	0	(851)
Balance 30 June 2008	**10,570**	**1,100**	**98,115**	**37,444**	**98**	**552**	**147,879**
Accumulated depreciation							
Balance at 1 July 2006	0	1	133	19,761	1,398	385	21,678
Depreciation expense	0	55	3,713	3,526	(1,317)	45	6,022
Balance 30 June 2007	**0**	**56**	**3,846**	**23,287**	**81**	**430**	**27,700**
Balance at 1 July 2007	0	56	3,846	23,287	81	430	27,700
Depreciation expense	0	61	3,888	1,817	13	41	5,820
Balance 30 June 2008	**0**	**117**	**7,734**	**25,104**	**94**	**471**	**33,520**
Carrying Amounts							
At 1 July 2006	10,570	799	89,524	11,429	(157)	164	112,329
At 30 June & 1 July 2007	10,570	975	91,747	10,136	17	119	113,564
At 30 June 2008	10,570	983	90,380	12,340	4	81	114,359

Restrictions:

Land is not subject to any restrictions or claims under the Treaty of Waitangi Act 1975.

Notes to the Financial Statements continued...

For the year ended 30 June 2008

10. Intangible Assets

Movements for each class of intangible asset are as follows:

	Computer Software
Cost	
Balance 1 July 2006	0
Additions	6,982
Disposals	0
Balance 30 June 2007	**6,982**
Balance 1 July 2007	6,982
Additions	182
Disposals	0
Balance 30 June 2008	**7,164**
Accumulated Amortisation	
Balance 1 July 2006	0
Amortisation expense	4,462
Disposals	0
Balance 30 June 2007	**4,462**
Balance 1 July 2007	4,462
Amortisation expense	880
Disposals	0
Balance 30 June 2008	**5,342**
Carrying amounts	
At 1 July 2006	0
At 30 June & 1 July 2007	2,520
At 30 June 2008	1,822

11. Other Investments

Other investments comprise the 16.7% shareholding in Central Region's Technical Advisory Services Limited (CRTAS). CRTAS is a joint venture company incorporated on 6 June 2001 and owned by the six DHBs within the central region.

CRTAS has a total share capital of $600 of which Hutt Valley DHB's share is $100. At balance date all share capital remains uncalled.

Notes to the Financial Statements continued...

For the year ended 30 June 2008

12. Trust and Bequest Funds

Hutt Valley DHB receives donations and bequests for specific purposes. If for any reason Hutt Valley DHB is not able to use the funds as specified, then Hutt Valley DHB is obligated to return the donation to the donor. Funds are held in a separate bank account and any interest earned is allocated to the individual trust balances.

	Year to June 2008 $000	Year to June 2007 $000
Opening balance	798	773
Funds received	167	47
Interest received	65	49
Funds disbursed	(182)	(71)
Closing Balance	**848**	**798**

13. Statement of Commitments

Operating lease commitments		
Less than one year	1,546	1,252
One to two years	1,275	1,121
Two to five years	2,905	1,989
Over five years	1,089	785
	6,815	**5,147**
Provider funding commitments		
Less than one year	33,758	34,676
One to two years	25,939	29,432
Two to five years	34,920	52,332
Over five years	0	0
	94,617	**116,440**
Capital commitments		
Less than one year	3,360	3,937
One to two years	535	
	3,895	**3,937**
Total Commitments	**105,327**	**125,524**

The District Health Board is also obligated to funding significant streams of "demand driven" health purchasing expenditure. Commitments of this nature are in place for the purchase of pharmacy and GP services. Since this expenditure is "demand driven" it is not possible to quantify the obligation in this note. Actual costs are as follows:

Health of Older Persons	33,607	31,373
Primary Care	52,028	54,485
	85,635	**85,858**

Notes to the Financial Statements continued...

For the year ended 30 June 2008

14. Statement of Contingencies

There are no contingent liabilities as at 30 June 2008 (Nil: 30 June 2007).

15. Segmental Reporting

Hutt Valley DHB provides health and disability support services to the Wellington region. It also provides some specialist health and plastic surgery/burns services for the lower half of the North Island as well as the Nelson and Marlborough region.

Segmental reporting is not applicable.

16. Financial Instruments

Hutt Valley DHB is risk averse and seeks to minimise exposure arising from its treasury activity. Hutt Valley DHB does not enter into any transaction that is speculative in nature.

Hutt Valley DHB has a series of policies providing risk management for interest and currency rates and the concentration of credit.

Interest Rate Risk

Interest risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Hutt Valley DHB has fixed rate borrowings from the Crown Health Funding Agency and other sources that are used to fund ongoing activities. Hutt Valley DHB policy is to monitor the interest rate exposure with a view to refinancing if appropriate. The interest rates on borrowings as at 30 June 2008 are disclosed in Note 7.

There are no interest rate options or swap agreements in place as at 30 June 2008.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Hutt Valley DHB has no exposure to currency risk.

Concentration of Credit Risk

Credit risk is the risk that a third party will default on its obligation to Hutt Valley DHB thereby causing Hutt Valley DHB to incur a loss.

Financial instruments that potentially expose Hutt Valley DHB to concentrations of risk consist principally of cash, short-term investments and trade receivables.

Hutt Valley DHB places its cash and short-term investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution.

Concentrations of credit risk with respect to accounts receivable are high due to the reliance of Hutt Valley DHB's revenue from the Ministry of Health. The Ministry of Health is a high quality financial institution, being the Government purchaser of health services.

Liquidity Risk

Liquidity risk is the risk that Hutt Valley DHB will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate amounts of committed credit facilities and the ability to close out market positions. Hutt Valley DHB aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Hutt Valley DHB maintains a target level of investments that must mature within specified timeframes.

The following methods and assumptions were used to estimate fair value of each class of financial instrument for which it is practical to estimate that value:

Trade debtors, trade creditors and bank in funds – the carrying amount of these items is equivalent to their fair value.

Term loans and current portion of term loans – the fair value of term loans is approximated by the carrying amount disclosed in the Statement of Financial Position.

The table below analyses Hutt Valley DHB's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months	6 months to 1 year	Greater than 1 year
Loans and receivables			
2007			
Cash & cash equivalents	12,330	0	0
Debtors & other receivables	12,538	0	0
2008			
Cash & cash equivalents	8,486	0	0
Debtors & other receivables	13,942	0	0
Financial liabilities measured at amortised cost			
2007			
Creditors & other payables (Note 5)	26,723	0	0
Borrowings (Note 7)	19,002	0	0
2008			
Creditors & other payables (Note 5)	30,230	0	0
Borrowings (Note 7)	0	0	0

Notes to the Financial Statements continued...

For the year ended 30 June 2008

17. Transactions with Related Parties

Hutt Valley DHB is a wholly owned entity of the Crown. The Government influences the role of Hutt Valley DHB in the type and volume of services it purchases.

During the period Hutt Valley DHB received 83% (83%: 30 June 2007) of its revenue from the Government, through the Ministry of Health, to fund and provide health services. The amount outstanding at 30 June 2008 was $1.6 million ($1.3 million: 30 June 2007).

Hutt Valley DHB enters into numerous transactions with government departments and other Crown agencies on an arm's length basis where those parties are only acting in the course of their normal dealings with Hutt Valley DHB. These transactions are not considered to be related party transactions

18. Capital Charge

All DHBs are required to pay a capital charge monthly to the Crown based on the greater of their actual or budgeted closing equity balance for the month. The charge was set at 8% for the financial period (8%: 30 June 2007).

19. Post Balance Date Events

There are no significant events subsequent to balance date.

20. Major Variations from the Statement of Intent

Variations within each output class are disclosed following the cost of service statements, included within the Statement of Objectives and Service Performance on the following pages.

Key variations from the Statement of Intent within the Statement of Financial Position are as follows:.

Category	Explanation
Cash and cash equivalents/ Receivables and Prepayments	The cash and cash equivalents has decreased during the year due to increased payments to suppliers and providers.
Payables and Accruals	Payables and accruals have increased mainly due to the increase in accrued expenses by the DHB caused by additional volumes.
Employee entitlements and Provisions	The increases in employee entitlements is due to agreements settled during the year which have increased salaries and also increased year end accrual balances for annual leave liabilities

Notes to the Financial Statements continued...

For the year ended 30 June 2008

21. Board Members Remuneration 2008

Board Members	Year to 30-Jun-08 Board Fees	Year to 30-Jun-08 Com. Fees	Year to 30-Jun-08 Total fees	Year to 30-Jun-07 Total fees
P Glensor (Chair)	40,000	7,250	47,250	44,271
S Cole (Deputy Chair)	25,000	4,875	29,875	27,583
K Austin	20,000	4,250	24,250	23,042
P Brosnan	11,667	1,250	12,917	0
P Christianson	11,667	2,500	14,167	21,167
C Cunningham	11,667	1,000	12,667	21,167
S Greig	11,667	750	12,417	0
W Guppy	11,667	1,750	13,417	0
K Hindle	20,000	4,813	24,813	23,729
K Laban	20,000	5,750	25,750	24,917
C Love	20,000	1,500	21,500	20,917
P McCardle	20,000	5,063	25,063	23,479
D Ogden	20,000	4,000	24,000	22,167
R Wallace	11,667	750	12,417	20,667
Total	**255,002**	**45,501**	**300,503**	**273,106**

Co-opted Committee Members	Year to 30-Jun-08 Total fees	Year to 30-Jun-07 Total fees
G Alcorn	2,000	2,250
A Bain	400	400
N Cutelli	1,000	1,000
W Dunn	1,000	1,000
L Fortune	750	1,750
D Graig	400	300
L Hawkins	400	400
D Judd	300	400
Pacific Youth Advisory Committee	0	290
J Paton	400	400
K Pointon	0	1,000

Co-opted Committee Members	Year to 30-Jun-08 Total fees	Year to 30-Jun-07 Total fees
S Reid	1,250	250
D Rodger	250	750
S Rule	750	750
J Ryall	0	667
F Stowers	750	1,000
K Stuart	1,000	1,750
Te PaePae Arahia	300	533
M Tunoho	1,750	1,250
P Umanga	450	0
I Vaofusi	1,250	1,750
D Wilson	300	400
Total	**14,700**	**18,290**

Notes to the Financial Statements continued...

For the year ended 30 June 2008

22. Employee's remuneration 2007/2008

Range	Year to 30 June 2008	Year to 30 June 2007	Med / Dental Year to 30 June 2008
100,000 - 109,999	20	11	8
110,000 - 119,999	8	14	7
120,000 - 129,999	11	7	7
130,000 - 139,999	10	10	9
140,000 - 149,999	6	8	6
150,000 - 159,999	5	4	3
160,000 - 169,999	8	6	7
170,000 - 179,999	6	11	6
180,000 - 189,999	7	5	7
190,000 - 199,999	12	8	11
200,000 - 209,999	5	2	3
210,000 - 219,999	3	5	3
220,000 - 229,999	7	1	7
230,000 - 239,999	3	1	3
240,000 - 249,999	2	0	2
250,000 - 259,999	1	1	1
260,000 - 269,999	2	0	2
270,000 - 279,999	0	1	0
280,000 - 289,999	0	0	0
290,000 - 299,999	0	0	0
300,000 - 309,999	1	1	1
310,000 - 319,999	0	2	0
320,000 - 329,999	0	0	0
330,000 - 339,999	1	0	0
340,000 - 349,999	0	0	0
350,000 - 359,999	1	0	1
Grand Total	**119**	**98**	**94**

Key Personnel Remuneration

Key personnel comprise Chief Executive Officer, Chief Financial Officer, Director Planning and Funding, Chief Operating Officer, General Counsel, General Manager Communications, Director of Medicine and Director of Nursing. These positions were paid a total of $1,690,130 ($1,595,868 2007) in short term benefits.

Long-term benefits amounted to $24,522 ($Nil: 2007). Termination benefits totalled $70,757 ($Nil: 2007).

Board members were also paid an annual fee and expenses totalling $300,503 ($273,106 2007); see Note 21.

Employee Benefits

Retirement gratuities, in lieu and special leave and other employment settlement payments of $523,635 were paid to 48 staff in the year ending 30 June 2008.

23. Transition to NZ IFRS

Statement Of Adoption Of International Reporting Standards (NZ IFRS) AS AT 30 JUNE 2007

	Note	Previous NZ GAAP 30 June 2007 $000	NZ IFRS Transition Adjustments $000	NZ IFRS 30 June 2007 $000
Operating income		336,497	0	336,497
Total expenses	**a**	**(321,756)**	**(34)**	**(321,790)**
Operating Surplus before Depreciation Capital, Charge and Interest		**14,741**	**(34)**	**14,707**
Gain / (loss) on sale of assets		(14)	0	(14)
Depreciation		(7,410)	0	(7,410)
Capital charge		(6,093)	0	(6,093)
Interest expense		(1,185)	0	(1,185)
Net Operating Surplus		**39**	**(34)**	**5**

Notes to the Financial Statements continued...

For the year ended 30 June 2008

Statement Of Adoption Of International Reporting Standards (NZ IFRS) AS AT 30 JUNE 2007

	Note	Previous NZ GAAP 30 June 2006 $000	NZ IFRS Transition Adjustments $000	NZ IFRS 30 June 2006 $000	Previous NZ GAAP 30 June 2007 $000	NZ IFRS Transition Adjustments $000	NZ IFRS 30 June 2007 $000
Equity							
Crown equity		28,127		28,127	28,227		28,227
Revaluation reserves		50,368		50,368	50,368		50,368
Retained earnings	a	(652)	(28)	(680)	(613)	(34)	(647)
Total Equity		**77,843**	**(28)**	**77,815**	**77,982**	**(34)**	**77,948**
Represented by:							
Current Assets							
Bank in funds		7,412		7,412	12,330		12,330
Receivables and prepayments		13,247		13,247	12,538		12,538
Inventories		1,065		1,065	1,244		1,244
Total Current Assets		**21,724**	**0**	**21,724**	**26,112**	**0**	**26,112**
Current Liabilities							
Payables and accruals	a	24,858	28	24,886	26,689	34	26,723
Employee entitlements and provisions		14,531		14,531	17,552		17,552
Borrowings		29		29	19,002		19,002
Total Current Liabilities		**39,418**	**28**	**39,446**	**63,243**	**34**	**63,277**
Net Working Capital Deficit		**(17,694)**	**(28)**	**(17,722)**	**(37,131)**	**(34)**	**(37,165)**
Non Current Assets							
Fixed assets	b	115,602		115,602	116,084	(2,520)	113,564
Intangible assets	b	0		0	0	2,520	2,520
Trust and bequest funds		773		773	798		798
Total Non Current Assets		**116,375**	**0**	**116,375**	**116,882**	**0**	**116,882**
Non Current Liabilities							
Employee entitlements and provisions		1,063		1,063	971		971
Borrowings		19,002		19,002	0		0
Trust and bequest funds		773		773	798		798
Total Non Current Liabilties		**20,838**	**0**	**20,838**	**1,769**	**0**	**1,769**
Net Assets		**77,843**	**(28)**	**77,815**	**77,982**	**(34)**	**77,948**

a) ACC Partnership Programme - HVDHB belongs to the ACC Partnership Programme whereby HVDHB accepts the management and financial responsibility of work related illnesses and accidents of employees. Under the ACC Partnership Programme HVDHB is effectively providing accident insurance to employees and this is accounted for as an insurance contract.

The value of this liability represents the expected future payments in relation to accidents and illnesses occurring up to the balance sheet date for which HVDHB has responsibility under the terms of the Partnership Programme.

b) Computer Software - In accordance with NZ IAS 38 Intangible Assets, computer software that is not an integral part of the related computer hardware is treated as an intangible asset. The net book value of computer software at 30 June 2007 has been reclassified from computer equipment in fixed assets to intangible assets.

Statement of Objectives & Service Performance

For the year ended 30 June 2008

Introduction

As a crown entity, Hutt Valley DHB is required by the New Zealand Public Health and Disability Act 2000 and the Public Finance Amendment Act 2004 to report on its service performance. In this section the actual performance of Hutt Valley DHB for the year ended 30 June 2008 is measured against the undertakings made in the Board's Statement of Intent. The Auditor-General has audited this performance report for accuracy and reasonableness.

Objective	Measure	Target 2007/08	Results	Comments
Health Target 1: Improving immunisation coverage and District Strategic Plan indicator 1: Immunisation effectiveness.	Percentage of children fully immunized by age two.	Total: 88% Maori: 85% Pacific: 85%	Actuals for year ending 30 June 2008 Total: 83% Maori: 78% Pacific: 84%	Partially achieved, with good progress since the December 2007 results: Total 78%, Maori 74%, Pacific 78%. The high targets are a legacy of reported PHO data before National Immunisation Register data was available for our birth cohort.
Health Target 2: Improving oral health.	Adolescent oral health utilisation.	58%	Actuals for 2007 calendar year (provisional Combined Dental Agreement HealthPac data only). 57%	Utilisation is close to the target level, and may reach the target when the final data is received. Improvements are expected in future years once the Oral Health business case is signed off and implemented
Health Target 3: Improving elective services.	Compliance against Elective Services Patient Flow Indicators (ESPIs) and delivery of agreed number of elective service discharges.	ESPI 1: >90% ESPI 2: <2% ESPI 3: <5% ESPI 4: 0% ESPI 5: <5% ESPI 6: <15% ESPI 7: <5% ESPI 8: >90% Cost Weighted Discharges: 5,788 Discharges: 4,945	Actuals to end of June 2008. ESPI 1: 100% ESPI 2: 0.4-0.7% ESPI 3: 0-0.7% ESPI 4: n/a ESPI 5: 1.6-2.6% ESPI 6: 0% ESPI 7: 1-1.9% ESPI 8: 100% Cost Weighted Discharges: 5,552 Discharges: 4,677	We have achieved all ESPIs. The targets for discharges and CWDs were not fully achieved, reflecting the limits on our capacity arising from a small number of theatres. The business case for our new theatres has been approved, and we are increasing our capacity on a temporary basis while these are being built.
Health Target 4: Reducing cancer waiting times.	Waiting times between first specialist assessment and the start of radiation oncology treatment (excluding category D patients)	No local target set (Capital and Coast DHB is the provider for these services). In 2007/08 the national target was that all patients wait less than 8 weeks.	No local target set (Capital and Coast DHB is the provider for these services). In 2007/08 the national target was that all patients wait less than 8 weeks.	92% of Hutt Valley patients received treatment within the timeframe. Industrial action and the capacity of the second linear accelerator (linac) being reached have impacted on waiting times. Increasing workforce capacity and a third linac should enable targets to be met in future.

Statement of Objectives & Service Performance

For the year ended 30 June 2008

Objective	Measure	Target 2007/08	Results	Comments
Health Target 5: Reducing ambulatory sensitive (avoidable) admissions.	Indirectly standardised (using age, ethnicity and deprivation) ambulatory sensitive admission rates expressed as ratios of observed to expected (DHB's rate relative to the national ethnic rate) where 100 is the benchmark.	Maori 0-74: 117 Pacific 0-74: 105 Other 0-74: 123 Maori 0-4: 128 Pacific 0-4: 121 Other 0-4: 168 Maori 45-64: 108 Pacific 45-64: 87 Other 45-64: 120	Actuals for 2007 calendar year. Maori 0-74: 128 Pacific 0-74: 112 Other 0-74: 117 Maori 0-4: 139 Pacific 0-4: 136 Other 0-4: 152 Maori 45-64: 116 Pacific 45-64: 72 Other 45-64: 109	Admissions are better (lower than the target) for the middle-aged population, although more effort is needed to improve the results for Maori in this age group. Admissions for preschool children are better for the largest population group (Other) but more effort is needed to improve the results for Maori and Pacific children. This is a key priority for our new Primary Care Liaison person.
Health Target 6: Improving diabetes services and District Strategic Plan indicator 4: Diabetes.	Diabetes detection and follow-up rate (percentage of estimated diabetics accessing a Get Checked annual review). Diabetes management (percentage of people receiving an annual review who have good diabetes management – HBA1C <=8%). Diabetic retinopathy screening (percentage of people receiving an annual review who have had a retinal screen in the past two years).	Diabetes detection and follow-up rate Maori: 50% Pacific: 90% Other: 90% Total: 80% Diabetes management Maori: 60% Pacific: 52% Other: 81% Total: 75% Diabetic retinopathy screening Maori: 83% Pacific: 83% Other: 83% Total: 83%	Provisional data for 2007/08 financial year. Diabetes detection and follow-up rate Maori: 42% Pacific: 82% Other: 86% Total: 76% Diabetes management Maori: 53% Pacific: 45% Other: 76% Total: 70% Diabetic retinopathy screening Maori: 65% Pacific: 73% Other: 73% Total: 72%	Targets have not been achieved (based on provisional data). While the final data may show better results, we recognize that additional effort is needed in this area. We are currently developing a Long Term Conditions programme which will give a more concerted focus on diabetes and other chronic conditions. For retinal screening, data quality issues have caused an apparent drop in performance that is probably not real.
Health Target 7: Improving mental health services.	Percentage of long-term clients having an up-to-date relapse prevention plan.	98% [MoH target of 90%]	Actuals as at July 2008. 20 years plus (excluding those with addictions only): 98% 20 years plus (addictions only): 33% [Note: only 6 clients in this group] Child & Youth: 92% Total: 97%	Hutt exceeds the national target of 90 percent and is in the top third of DHBs.

Statement of Objectives & Service Performance

For the year ended 30 June 2008

Objective	Measure	Target 2007/08	Results	Comments
Health Target 8: Improve nutrition, increase physical activity and reduce obesity.	Percentage of infants exclusively and fully breastfeed at six weeks, three months and six months. Percentages of adults consuming at least three servings of vegetables per day and at least two servings of fruit per day.	No local targets set.	In 2006, nationally, the proportion of infants exclusively and fully breastfed was 66 % at six weeks; 55 % at three months and 25 % at six months. In 2002/03, nationally, the proportion of adults consuming three of more servings of vegetables was 68.6% and the proportion of adults consuming two or more servings of fruit was 54.6% in 2002/03.	Our Mum4Mum breastfeeding programme is providing training and peer support to local mothers and caregivers. We have received funding to continue in 2008/09. We are working with Plunket to improve the robustness of local data after discharge from hospital. The last year has seen a large investment in community engagement and stakeholder buy-in for the Hutt Valley Healthy Eating Healthy Action (HEHA) programme. A strong base is now in place for continued work with the education sector and Maori and Pacific communities to support HEHA initiatives. Data from the 2007 Adult Nutrition Survey will be available from March 2009.
Health Target 9: Reduce the harm caused by tobacco.	The prevalence of never smokers among 14 and 15 year olds. The percentage of smokefree homes where there is one or more smoker.	No local targets set.	2007 survey data indicates 58% never smokers among year 10 students nationally. National monitoring data indicates around 75% of homes which contain smokers and children have a smokefree policy.	Regional Public Health provides controlled purchase operations of tobacco retailers, health promotion, regional policy and coordination work, and works with the Healthy Schools project. Supplementing the national Quit Line, we have targeted programmes available for Maori through Kokiri Marae and primary care nurses have been trained in smoking cessation. Our Smokefree policy is backed up with training support for staff and greater access to nicotine replacement therapy for patients.

Statement of Objectives & Service Performance

For the year ended 30 June 2008

Objective	Measure	Target 2007/08	Results	Comments
District Strategic Plan indicator 2: Oral health.	Average number of decayed/missing/filled teeth (DMFT) at year 8.	Maori: 1.5 Pacific: 1.2 Other: 0.7 Total: 0.9	Actuals 2007 calendar year. Maori: 1.5 Pacific: 1.4 Other: 0.7 Total: 0.9	Targets achieved except for Year 8 Pacific children. Improvements are expected in future years once the Oral Health business case is signed off and implemented.
District Strategic Plan indicator 3: Primary health.	Ratio of age-standardised rate of General Practitioner consultations per high need person (decile 9 or 10 or Maori/Pacific) compared to non-high need person.	>1.15	Actuals for year ended March 2008. 1.02 (quarterly average)	While high needs people are receiving slightly more consultations on average, the target level has not yet been achieved. Work is underway to increase the general practitioner workforce in the Hutt valley and to improve access to primary health care for our high need populations.
District Strategic Plan indicator 5: Screening.	Breast and cervical screening coverage rates.	Breast screening Women 45-69: 70% Cervical screening Women 20-69: 78%	Breast screening actuals to two years ended 30 June 2008 Women 45-49: 52% Women 50-54: 66% Women 55-59: 73% Women 60-64: 76% Women 65-69: 76% Women 45-69: 66% Maori Women 45-69: 55% Pacific Women 45-69: 49% Cervical screening Women 20-24: 58% Women 25-29: 72% Women 30-34: 70% Women 35-39: 74% Women 40-44: 74% Women 45-49: 75% Women 50-54: 79% Women 55-59: 74% Women 60-64: 73% Women 65-69: 67% Women 20-69: 72% Maori Women 20-69: 55% Pacific Women 20-69: 47% Asian Women 20-69: 56% Other Women 20-69: 80%	Breastscreening coverage rates continue to increase for all women and for Maori and Pacific particularly. Coverage rates for women between 55 and 69 years are already meeting the national targets. Cervical screening coverage rates continue to increase for all women and for Maori and Pacific. Further work is needed to reach the target, especially for young women, Maori, pacific and Asian women.

Statement of Objectives & Service Performance

For the year ended 30 June 2008

Objective	Measure	Target 2007/08	Results	Comments
District Strategic Plan indicator 6: Mental health services.	Percentage of population accessing mental health services (as reported to the Mental Health Information National Collection) compared to the 3% of the population that are estimated to have severe mental health disorders.	Maori 0-19: 2.3% Maori 20-64: 3.7% Maori 65+: 1.3% Other 0-19: 2.3% Other 20-64: 2.9% Other 65+: 1.5% Total 0-19: 2.3% Total 20-64: 2.9% Total 65+: 1.5%	Actuals to year ended 31 March 2008 Maori 0-19: 1.5% Maori 20-64: 4.1% Maori 65+: 1.4% Other 0-19: 1.6% Other 20-64: 2.4% Other 65+: 1.1% Total 0-19: 1.6% Total 20-64: 2.6% Total 65+: 1.1%	The results are generally an improvement on 2007 figures. The figures may be impacted by limited Mental Health Information National Collection (MHINC) reporting from our contracted mental health service providers. Ethnic 0-19 and 65+ percentages may also be impacted by the relatively small numbers involved.
District Strategic Plan indicator 7: Information.	Percentage of primary care referrals and hospital discharges done electronically.	Increasing percentages over time.	Electronic discharges June 2007 compared with June 2008 Dental: 83% to 79% Specialist Rehab: 97% to 99% Mental Health: 68% to 74% Gynaecology: 82% to 97% Rheumatology: 98% to 100% Ear, Nose & Throat: 60% to 68% Orthopaedics: 82% to 87% Cardiology: 97% to 97% General Surgery: 93% to 82% Obstetrics: 97% to 98% Paediatric Medicine: 60% to 98% Plastics & Burns: 98% to 92% General Medicine: 96% to 98% Electronic referrals Dec 2007 compared with June 2008 Gynaecology: 15% to 43% Rheumatology: 6% to 86% ENT: 13% to 43% Orthopaedics: 17% to 32% Cardiology: 8% to 32% General Surgery: 8% to 38% Obstetrics: 26% to 46% Paediatric Medicine: 12% to 41% Plastics & Burns: 4% to 15% General Medicine: 12% to 31%	There has been generally good progress with the uptake of electronic discharges across services. The rollout for the electronic referrals is reflected in the increasing figures compared to the previous period.

Statement of Objectives & Service Performance

For the year ended 30 June 2008

Objective	Measure	Target 2007/08	Results	Comments
District Strategic Plan indicator 8: Workforce.	Ratio of Full-Time Equivalent General Practitioners (GP) and Practice Nurses (PN) to the population.	Population per GP: <1850 Population per PN: <2775	Actuals as at end of June 2008 Population per GP: 1879 Population per PN: 2231	The situation has improved with the population per practice nurse reducing (compared to previous years). The population per GP has remained static , reflecting the relative shortage of general practitioners. We have initiated several major projects aimed at increasing the primary health care workforce in the Hutt valley
District Strategic Plan indicator 9: Physical activity.	Proportion of population using active modes of transport (walking or cycling) for trips less than 2 kilometers.	Greater Wellington Regional Council (GWRC) targets for 2016 0-1kilometer: 80% 1-2 kilometer: 60%	Greater Wellington Regional Council survey data 2006 0-1kilometer: 74% 1-2 kilometer: 27%	This is an intersectoral indicator with long term targets. It is measured biannually through a GWRC survey.
District Strategic Plan indicator 10: Hospital performance.	Proportion of day case discharges.	>35%	Actuals for 2007/08 financial year. Day case discharges: 9365 Total discharges (including newborns): 27200 Day case discharges: 34%	Same achievement as for 2006/07. Additional theatre capacity could increase day case capacity.

Statement of Objectives & Service Performance

For the year ended 30 June 2008

DHB Funder Output Class

This dimension of the Hutt Valley DHB refers to the receipt of funds from the Crown and the allocation of funds to providers, including its own hospital.

Cost of Services for the year ended 30 June 2008 - Funding and Planning Services

	Year to June 2008 Actual $000	Year to June 2008 Budget $000	Year to June 2007 Actual $000
Operating income	331,692	315,475	307,541
Operating expenses	(330,289)	(314,775)	(302,029)
Net Operating Surplus	**1,403**	**700**	**5,512**

Major Variations from the Statement of Intent

The main variation from the Statement of Intent is due to additional revenue received from net savings in aged care costs that had been budgeted being subsequently covered by additional Ministry revenue. Extra revenue was also received from pharmaceutical costs being offset by Pharmac rebates and for elective services. This additional revenue was offset by increased expenditure in funding the DHB's provider arm and PHOs.

DHB Governance and Administration Output Class

This dimension of Hutt Valley DHB refers to the governance, management and administration activities relating to the allocation of funds. This captures and reports the costs of resources engaged in undertaking funding activities, such as needs assessment, contracting with providers and monitoring the providers.

Cost of Services for the year ended 30 June 2008 - Governance and Administration Services

	Year to June 2008 Actual $000	Year to June 2008 Budget $000	Year to June 2007 Actual $000
Operating income	3,144	3,074	2,751
Operating expenses	(3,176)	(3,074)	(2,647)
Operating Surplus before Depreciation, Capital Charge and Interest	**(32)**	**0**	**104**
Depreciation	(4)	0	(4)
Net Operating Surplus	**(36)**	**0**	**100**

Major Variations from the Statement of Intent

The main variation from the Statement of Intent was higher than anticipated democracy costs.

Statement of Objectives & Service Performance

For the year ended 30 June 2008

Provider Services

This dimension of Hutt Valley DHB refers to the provision of health and disability services incorporating the hospital and public and community health services.

Cost of Services for the year ended 30 June 2008 - Provider Services

	Year to June 2008 Actual $000	Year to June 2008 Budget $000	Year to June 2007 Actual $000
Operating income	166,844	166,429	158,068
Operating expenses	(162,706)	(150,105)	(148,943)
Operating Surplus before Depreciation, Capital Charge and Interest	**4,138**	**16,324**	**9,125**
Gain / (loss) on sale of assets	(7)	0	(14)
Depreciation	(7,541)	(8,242)	(7,406)
Capital charge	(6,163)	(6,197)	(6,093)
Interest expense	(1,222)	(1,185)	(1,185)
Net Operating (Deficit)	**(10,795)**	**700**	**(5,573)**

Major Variations from the Statement of Intent

The main source of increased expenditure was personnel expenditure relating to multi-employer collective agreement settlements exceeding related revenue, the imaging services reorganisation and additional costs for elective surgery.

Statement of Responsibility

1. The Board and management of Hutt Valley District Health Board accept responsibility for the preparation of the financial statements and statement of service performance and judgements used in them;
2. The Board and management of Hutt Valley District Health Board accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. In the opinion of the Board and Management of Hutt Valley District Health Board, the financial statements and statement of service performance for the year ended 30 June 2008 fairly reflect the financial position and operations of Hutt Valley District Health Board.

Peter Glenson

Board Member | Board Member | 23rd October 2008

Audit Report

TO THE READERS OF HUTT DISTRICT HEALTH BOARD'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2008

The Auditor-General is the auditor of Hutt District Health Board (the Health Board). The Auditor General has appointed me, K J Boddy, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Health Board for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Health Board on pages 22 to 57:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Health Board's financial position as at 30 June 2008; and
    - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Health Board on pages 50 to 57:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the expected revenues and proposed output expenses included in the statement of forecast service performance at the start of the financial year.

The audit was completed on 28 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Health Board as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Health Board's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses at the start of the financial year. The Board's responsibilities arise from the New Zealand Public Health and Disability Act 2000 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Health Board.

K J Boddy

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Hutt Valley DHB Directory

Hutt Valley DHB Directory

Head Office
Pilmuir House, Pilmuir Street, Lower Hutt

Bankers
Bank of New Zealand

Postal Address
Private Bag 31-907, Lower Hutt

Website Address
www.huttvalleydhb.org.nz

Auditor

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

Hutt Valley DHB People

Board Members

The Board consists of eleven members, seven elected and four appointed by the Minister of Health including a chair and a deputy chair.

Peter Glensor, *Chair*
Sharron Cole, *Deputy Chair*
Katy Austin
Pat Brosnan
Sandra Greig
Wayne Guppy
Keith Hindle
Ken Laban
Catherine Love
Peter McCardle
David Ogden

Committee Members
The membership of the committees is as follows:

Community and Public Health Advisory Committee (CPHAC)

Katy Austin, *Chair*
Gill Alcorn
Lyndsay Fortune – resigned July 2008
Peter Glensor
Wayne Guppy
Keith Hindle
Ken Laban
Catherine Love
Stewart Reid
Muriel Tunoho
Lunita Vaofusi

Disability Support Advisory Committee (DSAC)

Ken Laban, *Chair*
Pat Brosnan
Natasha Cutelli
Warick Dunn
Peter Glensor
Sandra Greig
Catherine Love
David Ogden
John Ryall
Pati Umaga

Finance, Property and Audit Committee (FAC)

Keith Hindle, *Chair*
Sharron Cole
Wayne Guppy
Peter McCardle
Katy Austin
Peter Glensor

Hospital Advisory Committee (HAC)
Sharron Cole, *Chair*
Pat Brosnan
Peter Glensor
Sandra Greig
Peter McCardle
David Ogden

Executive Management Team

Chai Chuah
Chief Executive

Bridget Allan
Director, Planning, Funding and Public Health

Peter Kennedy
Chief Financial Officer / Acting GM Human Resources

Jill Lane
Chief Operating Officer

Tony Cooke
Chief Information Officer

David Graham
GM Communications

Kuini Puketapu
Maori Health Advisor

Siloma Masina
Pacific Peoples' Health Advisor

Toni Dal Din
Director of Nursing

Dr Robert Logan
Chief Medical Advisor

Michael Hundleby
General Counsel

Cheryll Graham
Disability Advisor

Stephanie Chapman
Project Manager