Well Wairarapa

Wairarapa District Health Board Annual Report 2003/2004

Our Vision

Well Wairarapa – health for all
Wairarapa ora – hauora pai mo te katoa

Our Mission

Our mission is to improve, promote and protect the health status of the people of the Wairarapa, and the independent living of those with disabilities, by supporting and encouraging healthy choices.

Our Values

Nga Tikanga Ki Mua Hei Whakawateatia A Muri
Well-being flows from our values. These values underpin all of our work.

Valuing people: *Whakamana Tangata*
Demonstrating mutual respect courtesy, and support for each other, and for the rights of individuals.

Integrity: *Mana Tu*
Acting honestly, openly, and in accordance with ethical principles.

Co-operation: *Whakawhanaungatanga*
Working collaboratively and positively in partnership with the community, other service providers, and other organisations.

Holism: *Kotahitanga*
Taking into account all aspects of a person and their environment.

Taking Responsibility: *Tino Rangatiratanga*
Encouraging all to determine and achieve their own aims and aspirations, and to be accountable for their actions.

Achievement: *Whakatutuki*
Setting realistic goals, for the organisation, and for individuals and ensuring they are achieved.

Excellence: *Taumatatanga*
Striving for the highest standards and best practice in all that we do.

Innovation and learning: *Matauranga*
Valuing learning, and encouraging exploration of new opportunities.

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Statistics

For year ending June 30th, 2004	
Staff	618
Population served	39,000
Revenue	$75.795 million
Hospital Beds	72
Patients admitted to Masterton Hospital	6,653
Specialist outpatient appointments	11,799
Orthopaedic surgery operations	593
Emergency Department attendances	13,156
Radiology examinations at Hospital	24,875
Lab tests by hospital and community laboratories	256,104
Births in the Wairarapa	453
Community and District Nurse Visits	36,800
Children treated by school dental service	6,300
Vision and hearing appointments for children under 6	1,500
People over 65 receiving subsidised residential care	210
Flu vaccinations	7,410
Meals on Wheels delivered throughout Wairarapa	8,422
Prescriptions dispensed by community pharmacies	616,000
People supported by hospital and community mental health services	836

Chair and CEO Comment

The 2003/04 year has been a 'milestone' year of enormous coordinated effort and real health gains. If one phase could sum it up, it would be "Lets do it ... together".

The year will be remembered in particular for the success of our business case for the redevelopment of Masterton Hospital. This process has required teamwork on an unprecedented scale. After many years of uncertainty about ongoing health services, there is now a clear pathway forward for clinically and financially sustainable health services to be provided in the Wairarapa. It is with a real sense of excitement that the DHB moves into the new financial year.

Despite delivering health services within the planned deficit of $1.7 million for the 2003/04 financial year, our year-end position is an actual deficit of $5.7 million. This is the result of the Board making the decision to write-down the value of the current hospital campus properties, given the approval for the development of a new hospital. This means a significant improvement in our operating position is forecast to occur in the new financial year with an anticipated zero deficit target for 2004/05. The forecast recognises the significant period of change that the DHB will be going through in 2004/05 as it moves to implement a new model of care for our new district hospital.

The year has been a period of positive change for many, with strengthening partnerships/ relationships as a dominant theme. There is a growing understanding in our community that real health gains cannot be made in isolation. They require joint approaches, with a community-wide appreciation of all the factors that influence health.

There is a real sense of achievement evident, where developing strategy and policy has resulted in positive action for health improvement. The Wairarapa DHB has developed several significant strategic directions over the year. The Integrated Continuum of Care for Older People sets out our aspirations for our rapidly expanding population of over 65s. The Mental Health strategy requires significant changes in service provision, following extensive research and community consultation. The establishment of a single Wairarapa Community Primary Health Organisation reflects a new way of working with our community, which is already making in-roads into key health issues in the district.

Stronger relationships within our organisation and with other agencies have been critical to achieving health gain for the Wairarapa. We have focussed on forging stronger links within the district's health workforce, with our communities, health and disability support providers, government agencies and non-government organisations. We have also strengthened our relationships with our neighbouring DHBs resulting in on-site provision of new visiting specialist services, more support for clinical services, training opportunities and collegial supervision and support. We recognise that this model of collaboration and cooperation is increasingly important if we are to achieve our vision of a "Well Wairarapa".

Mutual respect and informed decision making are evident in the continuation of our Mana Whenua Relationship Agreement, the successful implementation of year one of the Maori Health Action Plan, and the ongoing participation of the Maori Health committee in improving the health of our community.

Quality has been a key word this year. There was highly motivated preparation for the first accreditation survey undertaken by the Wairarapa District Health Board

and the verbal summation from the accreditation team was very complimentary, not withstanding the facility issues driving the hospital redevelopment project. All of the rest homes in the Wairarapa are also now certified against their relevant national standards, as are individual services such as our ambulance and hospital laboratory services.

Health gain remains the key priority for the Wairarapa DHB. Exciting new initiatives are helping to address inequalities in access to services across the region. Cardiac and respiratory outreach nurses hold marae-based clinics for all ages. The Kura Kaupapa Maori Health Clinic, established in a local primary school but treating family/whanua groups, won a national health innovation award. The Youth Health Clinic established in Greytown gives young rural people an accessible one-stop-shop approach to their health needs.

Other initiatives supported by the Wairarapa DHB in partnership with others are also gaining national recognition. 'Healthy Homes' arranges insulation of households with high health needs. 'Trees for Wairarapa' provides sustainable employment for people with disabilities, while researching and supplying native seedlings to stabilise and regenerate our environment. 'Violence-free Wairarapa' is a community-wide initiative in response to the need to create and maintain safe environments in which to live.

At a more targeted level, there has been an excellent uptake of influenza vaccination, a significant improvement in the rate of diabetes diagnosis and free annual diabetes checks, and a startling improvement in the statistics for children failing hearing tests following a well-planned 'blow your nose' campaign.

In all, this has been an exciting and innovative year making health planning and delivery a 'shot in the arm' to our community. The Board is confident that by continuing to work together as a district, we can achieve efficiencies of scale and prevent duplication of services and facilities, while maintaining the vital requirement of providing local access to services as close to home as possible for our communities.

The Board enters the 2004/05-year with a strong commitment to achieving an expanding level of service provision on a sound financial base. We have been lucky to have a Board who have worked well together and are very competent in representing their constituent communities. They have at all times placed the overall Wairarapa health issues in focus and have made a tremendous personal commitment to improving health outcomes through many levels of involvement.

To the community based providers who work with us to deliver care in the community, thank you for your ongoing work and commitment to making a difference for people in the Wairarapa. Finally, to our staff, a special thank you for your continued professionalism and the extremely high standards of care that you provide to members of our community.

Doug Matheson
Chairman

David Meates
Chief Executive

Reducing Inequities in Access

The fence at the top of the cliff

PHO development

A single Primary Health Organisation covers the whole of the Wairarapa population. The PHO is an umbrella organisation of primary providers, which means there is now a district-wide consistent approach to tackling some of our significant health issues like heart disease, diabetes and smoking-related illnesses. Starting from January 1st this year, the PHO is already making in-roads into issues like access to services by implementing lower GP fees for under 18s and over 65s.The focus is on keeping people well or treating them earlier in their illness.

Taking action for Maori health

Maori Health

A Maori Health Development Action Plan 2003-2005 is now in place and the first year of its implementation is complete. The action plan is closely linked to the DHB's Strategic Plan and sets out Maori-specific objectives. In particular the plan ensures that there is Maori participation in all DHB activities, that Maori development is fostered and that we work in partnership with Wairarapa Maori. A new Director of Maori Health has been appointed to develop and progress the Maori health strategy.

Reaching out to extend vaccination coverage

Immunisation

Reaching out to groups with low immunisation coverage, particularly Maori and Pacific island communities, is the task of the Wairarapa Immunisation Outreach Service. They provide access to services that allow people to make informed decisions about immunisation. The service, delivered by Maori health provider, Whaiora Whanui, now offers flexible arrangements for immunisation services in the home and community. Parents of 0-6 year olds who are overdue for their vaccination are encouraged to visit their GP, and home or community vaccination is offered to those unable to access their doctor. The service achieved a 99% success rate in contacting and vaccinating referred children.

Taking services to the people

Improving access

Nurses from Choice Health, the DHB's shop front for community and public health services, run community clinics throughout the Wairarapa each week. They run outreach clinics at marae, a community house and in colleges as well as community clinics at medical centres throughout the Wairarapa. These clinics are easily accessible and very popular.

Clinic staff, including a cardiac nurse, nurses with specialist training in diabetes and asthma, and a dietician work in collaboration with the GPs and at times with a specialist doctor. They also work alongside nurses from Whaiora Whanui, a Maori Health provider.

These mobile nurse-led clinics assist patients through education to manage and maintain their own health, resulting in fewer hospital admissions.

Extended to the family...

Kura Clinic

If the people don't come to the doctor – take the doctor to the people. A sizable percentage of the Maori population of Wairarapa have little or no contact with a GP, often because they feel uncomfortable or they can't access mainstream services owing to cultural, financial or location barriers. This results in a wide range of untreated sickness and subsequent hospital admissions. The Kura GP Clinic at Te Kura Kaupapa Maori O Wairarapa (total immersion Maori language school) is having considerable success in encouraging Maori to have regular contact with a GP.

Funded by Wairarapa DHB and the PHO, the clinic offers free consultation to students and their whanau one day a week. 120 children attend the school which caters to some low-decile areas where the costs involved in seeing a GP are definitely an issue. Often the extended family hitch a ride into town in the school mini van to attend the clinic for just the $3 cost of a prescription. The extended families are from all over the Wairarapa, some from very remote locations, and may be treated for chronic diseases such as diabetes, hypertension or congestive heart failure. Women and children are bringing the Maori men in for their check-ups, which is a real break-through.

The clinic had 600 patient visits in the first year. It is supported by agencies such as Whaiora Whanui, Te Hauora Runanga O Wairarapa, public health nurses and Plunket nurses. People are now more confident and assertive about getting medical care, especially after hours, which can avoid emergency admissions to hospital.

The Kura GP Clinic recently won the "People's Choice" award at the NZ Health Innovations Awards in June 2004.

Working Together

Active participation

Relationship with Mana Whenua

To improve Maori health the Wairarapa DHB actively promotes Maori representation and participation in health planning and decision making. The Relationship Agreement between the Board and Mana Whenua was reviewed and endorsed this year reaffirming partnership principles and practices. As a result, Ngati Kahungunu, Rangitaane Iwi and the DHB will continue to work together on Maori health issues. There is a clear focus on reducing the differences between Maori and non-Maori health status and improving Maori health outcomes.

The Maori Health Committee meets on a monthly basis to support and advise the CEO and management on the Maori perspective of the DHB operations. It has a wide membership of the local Maori community including kaumatua, Maori Women's Welfare League, Maori health providers, Kura Kaupapa and Kohanga Reo, hospital-based Maori health staff, Women's Refuge, government agencies (Police and CYFS) and the DHB Maori Health Unit which provides administrative services.

Increasing capacity

Growing our own workforce

Recruitment issues plague smaller DHBs, and nurses are a large part of our workforce. Maori are under-represented across the region in the nursing workforce. The long-term answer is to train local people who have a commitment and ties to the region.

By working collaboratively with UCOL, a new three-year Bachelor of Nursing programme began in Masterton this year. 10 of the 30 students are Maori. Supporting the students is seen as an investment in the future of our health services in the Wairarapa and in particular, the future of Maori health. Students will spend most of their practice time in local clinical placements, both at the hospital and in community settings.

Room to share clinical practice

Clinical Skills Lab

A Clinical Skills Lab at Masterton Hospital opened in March 2004. This was the result of shared planning between the DHB and UCOL.

The Lab provides a place for hospital staff, student nurses from the Bachelor of Nursing programme and external providers to do hands-on clinical training. It has been well used since opening, with several programmes like the pain management programme attracting staff from both the hospital and primary care sectors.

A regional approach

Shared planning

Many agencies have responsibility for protecting and promoting the health of our population. The local district and regional councils have a key role. There are regular meetings between the DHB and the Territorial Local Authorities, to ensure that the health goals identified for our region are reflected in regional planning, and joint initiatives are developed where responsibilities coincide.

Healthy Population

Smokefree DHB – walking the talk

Smokefree DHB

On May 31 this year Wairarapa DHB joined ranks with many others around the country and became smokefree in all Wairarapa DHB grounds, buildings and vehicles. It was widely advertised to our community, clearly stating the need for the DHB to actively support a healthy lifestyle.

A four-month lead-in time was established earlier in the year, and staff were surveyed to determine numbers of smokers employed, attitudes to supported smoking cessation, and potential pitfalls in becoming a smokefree organisation. There was a good response rate, indicating around 15% of staff smoked.

The District Health Board agreed to subsidise cessation activity for staff employed before 31 May 2004, for up to one year. Overall, most staff, patients and visitors have supported or respected the the DHB's stance and there has been substantive compliance with our smoke-free status.

Warm and well

Healthy homes

More than 350 Wairarapa people are now feeling the mid-winter effects of having their homes insulated as part of a project which aims to improve the health of Wairarapa people and conserve energy.

As well as providing funding, the Wairarapa DHB follows up occupants of homes selected for insulation to determine health needs and make sure they have access to other health services.

Since April 2003 the Wairarapa Healthy Homes Project has installed insulation in selected low-income houses throughout the Wairarapa at no cost to the occupants. A further 250 such households will be selected over the next year through referrals from Work and Income, health professionals and specified social agencies.

Results from a Wairarapa pilot project in 2002 mirrored a national study of 1,400 homes, which showed that there was a significant improvement in the health of the occupants after their homes were insulated.

The project is also funded by the Energy Efficiency and Conservation Authority (EECA), the three Wairarapa district councils, Wairarapa PHO, Work and Income, Trust House, Eastern and Central Community Trust, Powerco and Genesis Energy.

The Wairarapa Healthy Homes project is the first step towards what is seen as a long-term plan to insulate every home in the region. This includes an ongoing public education campaign about how home insulation improves health and saves energy.

Breaking down barriers between services

Working together to make a difference

The Wairarapa needed a wake-up call to help break down the barriers that prevent like-minded people and organisations working together to make a difference in areas of obvious health need. There is a large number of services in the Wairarapa that support health and wellbeing, but a common theme is that not enough people know about or access them.

The Wairarapa DHB has begun a series of quarterly magazine-style publications delivered to every household in the Wairarapa. Each one addresses one of the strategic health priority areas. Given the high-profile statistics about some Wairarapa children's poor health, the first issue, 'Our Children, their Health', made national headlines as it blended hard facts with community-based initiatives that are beginning to turn the tide.

The second issue, 'Living well, Ageing well', has been equally enthusiastically received by the community. The directory of services on the back of each issue is the first time the range of services available in the Wairarapa has been easily accessible in one place. Future issues requiring the same degree of community ownership will include both mental health and Maori health.

Healthy teeth

Dental health

Wairarapa five year olds have a similar number of fillings to their peers around the country, but by year eight, they have fewer fillings than other NZ kids. The region also has one of the highest rates in New Zealand of adolescents enrolled with a dental practice. As with the rest of the country, Maori children and those from lower socio-ecomic groups have more holes in their teeth. A five year toothbrushing programme was started in December last year in Wairarapa's only decile one primary school and has already shown significant behavioural changes. As dental caries take 1-2 years to develop, the programme aims to align the year eight decayed, missing or filled statistics with those of higher decile schools.

Hearing well

Reversing hearing loss statistics

A new initiative by Wairarapa's vision hearing technicians has dramatically improved the hearing test pass rates for new school entrants at 5 years. From a high of 19.5% failure overall in the 97/98 year, the rate has dropped to 2.5% failure in the 02/03 year. These rates are the second lowest in NZ for new entrants. The 3 year old failure rate is also below the national average.

The Vision Hearing Testers designed a pre-school 'Blow your Nose' programme supported by a tissue manufacturer which supples free tissues.

The effect of the programme is testimony to the collaborative relationship between the Vision Hearing Testers, Well Child staff, and staff in the preschools and Kohanga Reo.

Community Action

Young people are our future

Youth health initiatives

Following a Youth Health public forum in December, the DHB's Youth Health advisory group was established in March to investigate options for services specifically for youth and develop a plan for these services.

Support for the 'Health Promoting Schools' programme increased. The DHB now supports two schools running the healthy or mentally healthy schools programmes. Several more schools have expressed interest in these.

An inter-agency child health liaison group was set up in April 2004. This group will oversee the local introduction of the National Immunisation Register and the meningococcal vaccine strategy in 2004/05.

Forty families took part in the new Tamariki Toa parenting programme. Four two-day programmes provided opportunities for them to take part in new experiences while also helping them to build support networks.

The DHB supports a free Youth Health clinic which has been established in the South Wairarapa by the Primary Health Nurses Innovation Group.

Local teamwork

Co-ordinated diabetes action

Wairarapa DHB has set up a Local Diabetes Team (LDT) to reduce the incidence and impact of diabetes in the Wairarapa. The LDT takes an overview of the health services available to ensure programmes are designed to reduce the risk of diabetes and ensure services available to people with diabetes are as effective as possible.

The LDT has introduced a small pocket-sized card for diabetics. The card gives patients a quick reference guide to the self care of their diabetes with room for appointments, details of diabetes interventions and results. Another important initiative takes education about diabetes to the workplace. This is about reaching groups of workers who need information about the disease. Regular practice nurse education sessions have also begun.

A local optometrist now provides retinal screening to approximately 32 people a month using a new retinal camera funded by the community.

By Maori, for Maori

Maori Health collective

In response to problems of fragmentation of services Wairarapa Maori health providers formed a collective and developed a strategic plan which was launched in March, 2004. The collective, Te Hauora o te Karu o te Ika, addresses health-related issues that affect Wairarapa Maori. They aim to provide services without duplication, using each other,s expertise. This is kaupapa Maori service that is available to all cultures. Together the collective tackles issues such as mental health, drug and alcohol, child health, family support and community health and well-being.

Improving Quality and Services

Certainty for secondary services

A new hospital

Certainty about the future delivery of secondary health services in the Wairarapa was finally established in December 2003, when the Minister announced approval of $27.2 million to upgrade Masterton hospital. This was the result of many years of investigating the way forward for secondary services in the region.

The development of the business case for our new hospital required teamwork and community consultation on an unprecedented scale. A User Group process enabled staff to present some innovative and exciting suggestions to improve services, and a series of meetings in towns and on marae gathered valuable community views and concerns.

The approach to planning has looked well beyond new buildings and describes a new partnership model of integrated health care practice, demolishing historical barriers and forging new pathways for seamless health care. This new approach requires new ways of working across the health professions and with our neighbouring DHBs.

In the months following December the option of a completely new, one-storey hospital was developed as the most practical and affordable option. This required a further $2.3 million investment which was subsequently approved.

Increasing on-site services

Increasing services for Wairarapa people

Fewer Wairarapa people now have to travel out of the region for health services, thanks to the developing relationship with our neighbouring DHBs. The difficulties associated with travel for children, older people, and those on low incomes are well documented in the Wairarapa which is poorly served by public transport. This results in real difficulty for some, causing many missed appointments both locally and for referrals out of the region.

Visiting specialist servcies now include ENT – including insertion of grommets, plastics, endocrinology, rheumatology, audiology, oncology and urology.

Contracting for quality

New contracting arrangements

The Planning and Funding section of the Wairarapa DHB has developed a good process of prioritisation and allocation of funds, based on research into the health needs of the region. Coupled with some significant service reviews, this has resulted in a robust process for re-allocation of funding for better service coverage and outcomes. A schedule of provider reviews against contracted services means that the Wairarapa DHB has reasonable certainty that services funded by the DHB are targeting the areas of greatest need.

Technology advances

Upgrade of IT clinical support systems

This year the Board has given approval to progress a project to upgrade clinical information systems. The DHB is using Orion Systems and is in the process of implementing 'Concerto', a web-based portal design specifically for clinical staff.

We have continued with the roll-out of 'thin client' technology, replaced outdated leased computers, replaced the UPS with one of greater capacity, and we are moving from a Novell based environment to a Microsoft environment.

Now that the digital imaging project has begun we have digital radiology with faster reading of films. We are building the capacity to report results of lab tests and radiology to GPs. With enhanced links to Wellington providers for teleradiology, we are moving towards filmless radiology within the next 18 months.

Clinical leadership

Establishment of the Clinical Board

The recent Health Practitioners Competency Assurance Act provides exciting opportunities for wider initiatives in Clinical Leadership. It is now 12 months since the establishment of the Clinical Board. The Clinical Board is influential in determining the quality of both clinical processes and the clinical services we provide. The Clinical Board has representation from a wide clinical spectrum including primary care. The recent focus has been on accreditation with the development of policies and plans to stimulate the continuous improvement in the provision of clinical care.

Credentialling medical staff

Senior medical staff are actively involved in a credentialling process, using the national guidelines. Credentialling is a process of peer review, which helps maintain the quality of our services. All senior medical staff are involved with the anaesthetists, orthopaedic surgeons and obstetricians and gynaecologists completing the process this year. Other professional groups will be credentialled in future.

Exceeding expectations

Accreditation and Certification

The DHB has been preparing throughout 2003/2004 for its first accreditation against Quality Health New Zealand standards and at the same time mandatory Certification with the Ministry of Health.

An Accreditation survey team visited the DHB at the end of June and will report back later in the year. There was an organisation-wide effort to fine-tune processes, policies and procedures in preparation for the visit and the surveyors gave a very positive verbal summation. There has been an improvement in documentation, improved systems and processes and an increased awareness of continuous quality improvement across the whole DHB.

Achieving accreditation status is recognition that Wairarapa DHB complies with nationally-recognised health standards. It provides the community with an assurance that we are providing a high quality of service and that we are continually working to improve all aspects of care.

Successful diabetes pilot

Diabetes pilot

Studies have proven that aggressive management of blood pressure, diabetes control, cholesterol, smoking cessation, retinal screening and podiatry review significantly improve the quality and quantity of life for people with diabetes.

In October 2003 the Wairarapa District Health Board funded an innovative diabetes project for 40 patients who either had or were at high risk of developing serious complications of diabetes. Of the 40 patients 58% are Maori, 2% Indian and 40% Pakeha. The average age is 54 years.

The aim of the 12 month project is to establish a successful cost-effective model of diabetes care that could be extended to other patients and possibly adapted to other areas of chronic disease, such as heart disease.

The six-month mid-term review of performance has shown that all people on the programme have had their annual review, which includes checks of blood pressure, cholesterol, kidneys, feet and eyes. They have been very successful at improving their diabetes control, which if maintained will reduce their risk of eye and kidney complication by 33%. In addition, they have achieved excellent reductions in their blood pressure, which has reduced further their risk of eye and kidney problems and also their risk of heart disease and strokes. The fall in cholesterol levels and reduction in smoking has also significantly contributed to a further risk reduction in heart attack and premature death.

Spreading the screening net

Diagnosing diabetes, and preventing complications

Screening and checking are two of the most effective ways of managing the diabetes epidemic, and reducing the complications often associated with diabetes.

Both screening and checking activity have increased substanitally in the Wairarapa this year. As well as increased screening of people at risk resulting in an increase in detection rates, the PHO now offers two free doctor's visits and an annual review 12 months after diagnosis. The number of people accessing free annual checks has increased by 67% this year. Routine foot checks are funded by the DHB. Maori health providers are making sure people have transport and support and encouraging annual checks.

Growing public understanding of the importance of early education and free checks should make a substantial difference to diabetes management in the future.

An Holistic Approach

Let the service fit the consumer...

New Mental Health strategy

A new strategic plan for Mental Health Services was completed this year. This will result in a new range of mental health services to be available to the people of Wairarapa.

The process started with a review of existing services and a reassessment of the needs of our community. There was extensive consultation with the community. The new plan recognises the benefits of both DHB and non-government community-based mental health services, which support people in their own environments.

The DHB has now started the process of contracting with providers for the range of services needed. Changes include an acute day service, enhancement of acute community support services and a crisis respite service which will be based at Masterton hospital. The key to accessing these services will be through a newly developed Access Centre which will bridge all contacts.

The plan provides for a greater focus on recovery and hope, improved responsiveness of services to Maori and improved coordination and partnership between services.

Breaking down barriers

Multidisciplinary teams

Patients are benefiting from the strategy of strengthening multidisciplinary teams, particularly in the areas of mental health, rehabilitation medicine and community outreach clinics. This 'one-stop-shop' approach is a key part of the patient-centred care model that is part of our hospital redevelopment.

Integrating services

Older people

Older people form a larger part of the Wairarapa population than in New Zealand in general and by 2021, it is predicted that more than a quarter of the local population will be over 65 years.

The Wairarapa DHB is addressing this issue and in 2004 developed 'The Integrated Continuum of Care For Older People within a Partnership Model'. It describes a way forward for the DHB to develop an integrated approach to health and disability support services that is responsive to older people's varied and changing needs. This document, 'The Wairarapa Elder Local Links (WELL)', is our strategic framework to implement an integrated continuum of care for older people/kaumatua over the next ten years.

It was developed in response to feedback provided and in consultation with older people, their advocates and service providers and addresses the gaps identified in services within the Wairarapa.

Encouraging participation

Organisational cultural survey

There is substantial research to suggest that organisational culture can positively influence motivation, satisfaction with the job, intention to stay, levels of stress and commitment to the organisation. In May 2004 all DHB staff were given an opportunity to complete a survey reflecting their views on our organisational culture, following the implementation of a new organisation structure. The survey used the OCI (Organisational Culture Inventory) tool. There was a 50% response rate and results showed a positive trend towards a more dynamic and satisfying environment compared with the survey done 14 months earlier.

Community engagement

There have been several reasons for active community consultation and engagement this year, including the plans to redevelop Masterton Hospital, the review of mental health services in the region, the needs of our older people, and the provision of antenatal through preschool health services.

Opportunities for public participation have included public meetings in various towns and marae, provision of written material, newspaper columns and stories, access to web based material, opportunities for submissions or verbal presentations, and an open invitation to present matters of concern directly to the Board prior to each monthly meeting. In addition, the Planning and Funding team work with a wide range of advisory groups, each of which has wide representation from relevant stakeholder groups. Advisory groups meet monthly or bi-monthly to provide input and guidance to all Planning and Funding work programmes.

Staff commitment

In all the major developments this year, staff input has been an important factor. Staff are kept informed of DHB developments with a fortnightly update from the CEO and direct feedback is invited on major issues like the management restructure. A 'user group' process was a very successsful way of staff having input into the redesign of services and buildings as part of the hosptial redevelopment project.

Secondary Intervention

More on-site services

New ENT and Plastic services

Research showed that there was a significant issue with glue ear in Wairarapa children but there was no local public access to an ENT specialist. This is now provided on-site in Masterton through an arrangement with DHB Health for both outpatients and secondary level surgery. A similar arrangement has been made for provision of outreach plastic surgery services. The difficulties with public transport caused a significant barrier to access especially for the elderly. The Plastic Surgery team now visit monthly and only those needing high-level intervention have to travel.

Visiting Specialists

Specialists from Capital & Coast DHB and MidCentral DHB visit Masterton Hospital or the South Wairarapa up to twice a month to see patients who have endocrine, rheumatological, audiological, or oncology needs. In addition, orthopaedic and general surgical services at Masterton Hospital are supported by colleagues in neighbouring DHBs.

Improving the standard of services

Our Emergency Department continues to lead the country in meeting the national guidelines for time in which we see our sickest patients.

The Ambulance Service is owned by the DHB, and achieved TELARC accreditation against the ISO 9000 Standards, with no corrective actions required. Likewise our Laboratory achieved accreditation against IANZ standards this year.

The trend of day surgery admission is growing, and the number of day case procedures increased by 10% over the previous year.

Emergency response

Many protocols and practices related to infection control have been streamlinedas a result of sector-wide exercises when the SARS epidemic threatened. Wairarapa DHB is working with Hutt DHB on the establishment of Community Assessment Centres to ensure the hospital is effectively used during a major health event. The DHB is now better prepared to deal with a major community emergency.

Improving access to hospital services

Given the pockets of high deprivation in Wairarapa, access to hospital services is an issue for many. The Wairarapa DHB introduced an 0800 number to the hospital for South Wairarapa residents, who face a toll charge when calling Masterton.

New management structure

The new flatter management structure, introduced mid-year, gives better access to information and input into decision-making. It also emphasises organisational development and clinical leadership.

Summary of Healthcare Provision Over Three Years

	2001/02	2002/03	2003/04	02/03 to 03/04 Variance %
Discharges				
Inpatient Discharges	4,671	4,668	4,706	1%
Day Patient Discharges	1,586	1,772	1,947	10%
Births	413	398	453	14%
Average Discharges per day	**18.3**	**18.7**	**19.5**	**4%**
Outpatient				
First Specialist Assessments Attendance	4,350	4,393	4,433	1%
Follow-up Attendance	6,551	7,537	7,366	-2%
Total	**10,901**	**11,930**	**11,799**	**-1%**
Waiting List as at 30 June				
For First Specialist Assessments	1,814	1,448	990	-32%
For Surgical Procedure	268	296	283	-4%
Beds Utilisation (1)				
Average Occupancy	82%	81%	81%	0%
Average Length of Stay	4.2	4.3	4.2	-3%
Other				
Emergency Department Attendance	12,322	12,940	13,156	2%
Rehab Outpatient Clinics Attendances	884	530	829	56%
Rehab Day Hospital & Day Programmes Attendances	461	430	436	1%
Rehab Domiciliary Services Attendances	662	1,461	1,307	-11%
District Nursing Contacts	28,980	24,494	27,977	14%
Radiology Examinations	23,082	23,113	24,875	8%
Laboratory Tests	125,666	126,603	129,536	2%

(1) Excludes newborns and mental health patients.

Board Profile

Wairarapa District

The Wairarapa district encompasses a large geographic area characterised by relative isolation and a mainly low-density population of around 39,000.

Wairarapa District Health Board

The Wairarapa District Health Board (Wairarapa DHB) was established under the New Zealand Public Health and Disability Act 2000. Wairarapa DHB is responsible for the local planning of healthcare services, setting priorities, allocating funds, managing service provision for greater effectiveness and achieving an improved health status within the framework of the New Zealand Health Strategy.

The Wairarapa DHB provider arm provides services at and from Masterton Hospital, Buchanan House in Greytown and Choice Health in downtown Masterton.

Services provided include medical, surgical, women's health, child health, elderly, disability support, mental health, public health and related support services.

Wairarapa DHB also provides biomedical equipment servicing through its wholly owned subsidiary Biomedical Services New Zealand Limited, and has a one-sixth ownership of a joint venture the Central Region Technical Advisory Service Limited.

Role of the Board

The Board concentrates on setting policy, approving strategy, and monitoring progress toward meeting objectives.

The Board's governance responsibilities include:

- Setting policy
- Approving strategy
- Planning
- Communicating with the Minister and other stakeholders to ensure their views are reflected in the District Health Board's planning
- Delegating responsibility for achievement of specific objectives to the chief executive
- Reporting to stakeholders on plans and progress against them
- Maintaining effective systems of internal control
- Monitoring organisational performance towards achieving objectives

Board members

Doug Matheson	Board Chair; Chair of Community and Public Health Advisory Committee; Chair of Audit and Risk Committee
Martin Easthope	Board Deputy-Chair; Chair of Hospital Advisory Committee; Member of Community and Public Health Advisory Committee; Member of Audit and Risk Committee
Cheryl-Anne Broughton-Kurei	Member of the Disability Support Advisory Committee; Member of the Hospital Advisory Committee
Robyn Daglish	Member of Community and Public Health Advisory Committee; Member of the Disability Support Advisory Committee
Dr Liz Falkner	Member of Disability Support Advisory Committee; Member of the Hospital Advisory Committee
Vivien Napier	Member of Community and Public Health Advisory Committee; Member of the Disability Support Advisory Committee
Linda Nelson	Member of Community and Public Health Advisory Committee; Member of the Hospital Advisory Committee
Lyn Patterson	Resigned in January 2004
Dr Rob Tuckett	Chair of the Disability Support Advisory Committee and a member of the Community and Public Health Advisory Committee
Janine Vollebregt	Member of the Community and Public Health Advisory Committee; Member of the Hospital Advisory Committee
Janice Wenn	Member of the Community & Public Health Advisory Committee; Member of Audit and Risk Committee

Co-opted Committee Members

Ruth Carter	Member of Disability Support Advisory Committee
Anne Savage	Member of Disability Support Advisory Committee
Alan Sadler	Member of Audit and Risk Committee

Financial Statements

Statement of Responsibility

For the year ended 30 June 2004

The Board and management of Wairarapa DHB accept responsibility for the preparation of the financial statements and judgements used in them.

The Board and management of Wairarapa DHB 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.

In the opinion of the Board and management of Wairarapa DHB the financial statements for the year ended 30 June 2004 fairly reflect the financial position and operations of Wairarapa DHB.

Chairman
Doug Matheson

Chief Executive
David Meates

Chief Financial Officer
Eric Sinclair

Dated 28 October 2004

Statement of Accounting Policies

Reporting Entity

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

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

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

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

Measurement Base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain Property, Plant and Equipment.

Accounting Policies

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

1. Basis of Consolidation – Purchase Method

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

   All significant inter-entity transactions are eliminated on consolidation.

2. Budget Figures

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

3. Goods and Services Tax

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

4. Taxation

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

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

5. Trust and Bequest Funds

Donations and bequests to Wairarapa DHB are recognised as revenue when control over assets is obtained. A liability, rather than revenue, is recognised where fulfilment of any restrictions attached to those assets is not probable. Those donations and bequests with restrictive conditions are appropriated from retained earnings to the trust funds component of equity. When expenditure is subsequently incurred in respect of these funds it is recognised in the statement of financial performance and an equivalent amount is transferred from the trust funds component of equity to retained earnings.

6. Accounts Receivable

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

7. Inventories

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

8. Investments

Investments, including those in subsidiary and associated companies, are stated at the lower of cost and net realisable value. Any decreases are recognised in the Statement of Financial Performance.

9. Property, Plant and Equipment

Property, Plant and Equipment Vested from the Hospital and Health Service

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

Property, Plant and Equipment Acquired Since the Establishment of the Wairarapa DHB

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

Revaluation of Land and Buildings

Land and buildings are revalued every three years to their fair value as determined by an independent registered valuer by reference to their highest and best use. Additions between revaluations are recorded at cost. The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the asset revaluation reserve, the debit balance is expensed in the Statement of Financial Performance.

Disposal of Property, Plant and Equipment

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

Properties Intended for Sale

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

10. Depreciation

Depreciation is provided on a straight line basis on all Property, Plant and Equipment other than freehold land, at rates that will write off the cost (or revaluation) of the assets to their estimated residual values over their useful lives.

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

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

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

11. Employee Entitlements

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

12. Leases

Finance Leases

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

Operating Leases

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

13. Financial Instruments

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

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

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

14. Statement of Cash flows

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

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

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

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

15. Foreign Currency Translations

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

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

16. Cost of Service Statements

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

17. Cost Allocation

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

Cost Allocation Policy

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

Criteria for Direct and Indirect Costs:

Direct costs are those costs directly attributable to a Wairarapa DHB activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific Wairarapa DHB activity.

Cost Drivers for Allocation of Indirect Costs

The cost of internal services not directly charged to board activities is allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area. For the year ended 30 June 2004, indirect costs accounted for 17% of Wairarapa DHB's total costs.

18. Changes in Accounting Policies

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

Consolidated Statement of Financial Performance

For the year ended 30 June 2004

	Notes	Group Budget 2004 $000	Group Actual 2004 $000	Group Actual 2003 $000	Parent Actual 2004 $000	Parent Actual 2003 $000
Revenue		68,669	75,795	51,033	74,862	50,345
Expenses		69,349	76,386	51,085	75,520	50,441
Capital Charge	19	982	1,027	616	1,027	616
Operating Surplus/(Deficit) before Taxation	**1**	**(1,662)**	**(1,618)**	**(668)**	**(1,685)**	**(712)**
Write-down of property	7	0	4,071	0	4,071	0
Tax Expense	2	17	22	14	0	0
Net Surplus / (Deficit) after Taxation		**(1,679)**	**(5,711)**	**(682)**	**(5,756)**	**(712)**

Consolidated Statement of Movements in Equity

For the year ended 30 June 2004

	Group Budget 2004 $000	Group Actual 2004 $000	Group Actual 2003 $000	Parent Actual 2004 $000	Parent Actual 2003 $000
Net Surplus / Deficit for the Year	**(1,679)**	**(5,711)**	**(682)**	**(5,756)**	**(712)**
Other Recognised Revenue and Expenses					
(Decrease)/Increase in Revaluation Reserve	0	(3,445)	3,445	(3,445)	3,445
Total Recognised Revenue and Expenses	**(1,679)**	**(9,156)**	**2,763**	**(9,201)**	**2,733**
Contribution from Owners	0	1,620	1,500	1,620	1,500
Movements in Equity for the Year	**(1,679)**	**(7,536)**	**4,263**	**(7,581)**	**4,233**
Equity at Start of the Year	9,976	10,328	6,065	10,183	5,950
Equity at End of the Year	**8,297**	**2,792**	**10,328**	**2,602**	**10,183**

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

Consolidated Statement of Financial Position

As at 30 June 2004	Note	Group Budget 2004 $000	Group Actual 2004 $000	Group Actual 2003 $000	Parent Actual 2004 $000	Parent Actual 2003 $000
EQUITY						
General Funds	3a	11,975	10,495	12,320	10,495	12,320
Trust Funds	13	180	241	221	241	221
Retained Earnings	3b	(3,678)	(7,944)	(2,213)	(8,134)	(2,358)
Total Equity		**8,477**	**2,792**	**10,328**	**2,602**	**10,183**
Represented by:						
ASSETS						
Current Assets						
Cash		177	982	138	838	0
Receivables and Prepayments	4	5,146	6,880	5,068	6,775	4,982
Inventories	5	495	436	499	436	499
Properties Intended for Sale	7	0	79	125	79	125
Total Current Assets		**5,818**	**8,377**	**5,830**	**8,128**	**5,606**
Non Current Assets:						
Trust Funds	6	0	241	221	241	221
Property, Plant and Equipment	7	20,285	8,640	17,617	8,484	17,494
Properties Intended for Sale	7	0	1,775	0	1,775	0
Investments	8 & 9	0	0	0	103	103
Total Non-Current Assets		**20,285**	**10,656**	**17,838**	**10,603**	**17,818**
Total Assets		**26,103**	**19,033**	**23,668**	**18,731**	**23,424**
LIABILITIES						
Current Liabilities:						
Bank Overdraft (secured)	10	958	0	159	0	159
Payables and Accruals	11	4,376	6,537	4,299	6,468	4,218
Employee Entitlements	12	2,140	2,762	2,479	2,721	2,463
Finance Lease Liability (current)	14	0	343	0	343	0
Current Portion of Term Loans (secured)	14	0	6,000	32	6,000	32
Total Current Liabilities		**7,474**	**15,642**	**6,969**	**15,532**	**6,872**
NON-CURRENT LIABILITIES:						
Employee Entitlements	12	352	361	371	359	369
Finance Lease Liability (non-current)	14	0	238	0	238	0
Term Loans (secured)	14	9,800	0	6,000	0	6,000
Total Non-Current Liabilities		**10,152**	**599**	**6,371**	**597**	**6,369**
TOTAL LIABILITIES		**17,626**	**16,241**	**13,340**	**16,129**	**13,241**
NET ASSETS		**8,477**	**2,792**	**10,328**	**2,602**	**10,183**

For and on behalf of the Board:

Board Member

Board Member

Dated 28 October 2004

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

Consolidated Statement of Cash Flows

As at 30 June 2004

	Note	Group Budget 2004 $000	Group Actual 2004 $000	Group Actual 2003 $000	Parent Actual 2004 $000	Parent Actual 2003 $000
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash was provided from:						
Receipts from Ministry of Health and Patients		68,074	73,896	50,301	73,052	49,611
Interest Received		65	76	93	71	91
		68,139	**74,062**	**50,394**	**73,123**	**49,702**
Cash was distributed to:						
Payments to Suppliers		42,527	47,703	27,170	47,340	26,866
Payments to Employees		23,906	24,413	23,077	23,978	22,776
Capital Charge		968	1,007	616	1,007	616
Interest Paid		607	440	500	440	500
Goods and Services Tax (net)		(176)	26	243	(8)	247
		67,832	**73,589**	**51,606**	**72,757**	**51,005**
Net Cash Inflow/(Outflow) from Operating Activities	15	**307**	**473**	**(1,212)**	**366**	**(1,303)**
CASH FLOWS FROM INVESTING ACTIVITES						
Cash was provided from:						
Proceeds from Sale of Property, Plant and Equipment		100	178	222	175	222
Cash was applied to:						
Purchase of Property, Plant and Equipment		4,885	1,216	920	1,112	876
Net Cash Inflow / (Outflow) from Investment Activities		**(4,785)**	**(1,038)**	**(698)**	**(937)**	**(654)**
CASH FLOWS FROM FINANCING ACTIVIES						
Cash was provided from:						
Capital Introduced		3,800	1,620	1,500	1,620	1,500
Cash was applied to:						
Repayments of loans		32	32	94	32	94
Restricted Fund Movement		0	20	7	20	7
Net Cash Inflow/(Outflow) from Financing Activities		**3,768**	**1,568**	**1,399**	**1,568**	**1,399**
Net Increase in Cash Held		**(710)**	**1,003**	**(511)**	**997**	**(558)**
Add Opening Cash		(71)	(21)	490	(159)	399
CLOSING CASH BALANCE		**(781)**	**982**	**21**	**838**	**(159)**
Made up of: Cash		177	916	85	838	0
Bank Overdraft		(958)	0	(159)	0	(159)
Short Term Deposits		0	66	53	0	0
CLOSING CASH BALANCE		**(781)**	**982**	**21**	**838**	**(159)**

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

Consolidated Statement of Contingent Liabilities

As at 30 June 2004

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Legal Proceedings and Disputes by Third Parties	190	205	190	205

Consolidated Statement of Commitments

As at 30 June 2004

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Capital Commitments	**583**	**193**	**583**	**193**
Operating Lease Commitments:				
Less than One Year:	779	1,031	745	1,009
One to Two Years	350	865	306	830
Two to Five Years	10	374	9	351
Five Years	0	0	0	0
Total Operating Lease Commitments	**1,139**	**2,270**	**1,060**	**2,190**
Non-cancellable Contracts for the Provision of Services				
Not Later Than One Year				
Non Funder	1,023	1,602	1,023	1,602
Funder	2,870	3,083	2,870	3,083
Later Than One Year and Not Later Than Two Years				
Non Funder	129	449	129	449
Funder	890	687	890	687
Later Than Two Years and Not Later Than Five Years				
Non Funder	145	74	145	74
Funder	568	368	568	368
Over Five Years				
Non Funder	0	0	0	0
Funder	0	0	0	0
Total Non-Cancellable Contracts	**5,625**	**6,263**	**5,625**	**6,263**
TOTAL COMMITMENTS	**7,347**	**8,726**	**7,268**	**8,646**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2004

1.Net Operating Surplus / (Deficit) Before Taxation

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
After Charging:				
Remuneration of Auditor				
Audit Fees	48	50	41	43
Other Services	7	0	7	0
Deprecation Total	1,501	1,495	1,437	1,438
Made up of:				
Buildings	777	792	777	792
Plant and Equipment	646	622	592	576
Motor Vehicles	78	81	68	70
Net Gain on Sale of Property, Plant and Equipment	(129)	(112)	(129)	(115)
Board Member's Fees	247	230	230	228
Interest Expense	439	440	439	440
Finance Charge on Leased Assets	0	1	0	1
Rental and Operating Lease Costs	1,411	1,610	1,386	1,586
Bad Debts Written Off	15	13	15	13
Changes in Provision for Bad Debts	11	48	11	48
After Crediting:				
Donations	43	37	43	37
Interest Income	76	94	71	91

2. Tax Expense

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

	Group	
	2004 $000	2003 $000
Operating surplus / (deficit) before Taxation	67	42
Prima Facie Taxation of 33% on Subsidiary	22	14
Plus / (Less) Taxation Effect On:		
Prior Period Adjustment	0	0
Permanent Differences	0	0
Timing Differences Not Recognised	0	0
Taxation Expense	**22**	**14**

Biomedical Services New Zealand Limited has not recognised deferred tax asset accumulative timing differences of $132,548 (June 2003: $124,170) as these are not expected to reverse in the foreseeable future. The tax effect of the timing differences not recognised is $43,741 (June 2003: $40,976).
At balance date there were imputation credits of $73,888 available to shareholders.

3. Equity

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
(a) General Funds				
Opening Balance	12,320	7,375	12,320	7,375
Movement in Revaluation Reserve	(3,445)	3,445	(3,445)	3,445
Issued During the Year	1,620	1,500	1,620	1,500
Balance At 30 June	**10,495**	**12,320**	**10,495**	**12,320**
(b) Retained Earnings				
Retained Earnings at 1 July	(2,213)	(1,524)	(2,358)	(1,639)
Net Surplus / (Deficit)	(5,711)	(682)	(5,756)	(712)
Transfers from Trust Funds (note 13)	0	8	0	8
Transfer to Trust Funds (note 13)	(20)	(15)	(20)	(15)
RETAINED EARNINGS AT 30 JUNE	**(7,944)**	**(2,213)**	**(8,134)**	**(2,358)**

4. Receivables and Prepayments

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Trade Debtors	893	1,134	783	1,046
Provision for Doubtful Debts	(98)	(87)	(98)	(87)
Accrued Income	5,848	3,779	5,845	3,779
Prepayments	236	238	236	236
Sundry	1	4	1	1
Receivables and Prepayments Excluding Owing by Subsidiary	**6,880**	**5,068**	**6,767**	**4,975**
Amount Owing by Subsidiary	0	0	8	7
RECEIVABLES AND PREPAYMENTS INCLUDING OWING BY SUBSIDIARY	**6,880**	**5,068**	**6,775**	**4,982**

5.Inventories

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Pharmaceuticals	67	70	67	70
Surgical and Medical Supplies	135	135	135	135
Theatre Supplies	189	232	189	232
Other Supplies	45	62	45	62
TOTAL INVENTORY	**436**	**499**	**436**	**499**

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

6. Trust Fund Investments

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Money Market and other Trading Banks	241	221	241	221

These investments are all held as trust funds.

7. Property, Plant and Equipment

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Land				
At Valuation	228	690	228	690
Land – Net Current Value	228	690	228	690
Buildings				
At Valuation	4,417	13,664	4,417	13,664
At Cost	24	24	24	24
Accumulated Depreciation	177	15	177	15
Buildings – Net Current Value	4,264	13,673	4,264	13,673
Plant and Equipment				
At Cost	9,919	9,492	9,417	9,042
Accumulated Depreciation	7,459	6,868	7,099	6,517
Plant and Equipment – Net Book ValueMotor Vehicles	2,460	2,624	2,318	2,525
Motor Vehicles				
At Cost	795	225	753	183
Accumulated Depreciation	545	136	517	118
Motor Vehicles – Net Book Value	250	89	236	65
Capital Work in Progress				
At Cost	857	302	857	302
Capitalised Finance Leases				
Motor Vehicles:				
At Cost	0	570	0	570
Accumulated Depreciation	0	331	0	331
Motor Vehicle – Net Book Value	0	239	0	239
Information Technology				
At Valuation	581	0	581	0
Information Technology – Net Book Value	581	0	581	0
Total Property, Plant and Equipment				
At Cost and Valuation	16,821	24,967	16,277	24,475
Accumulated Depreciation	8,181	7,350	7,793	6,981
TOTAL CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT	**8,640**	**17,617**	**8,484**	**17,494**

Valuation

Revalued freehold land and buildings are stated at net current value as determined by CB Richard Ellis (Registered Valuers), as at 30 June 2003 under a Financial Reporting Standard No3 (FRS-3) methodology to their highest and best use.

Valuation Impact from Hospital Redevelopment Plan and Write-down of Property

In December 2003 the Board received approval from the Ministers of Health and Finance to redevelop the current hospital buildings on the Masterton campus. The approved funding for this redevelopment was $27.2 million. On 30 September 2004 the Ministers approved a further $2.3 million (giving a total of $29.5 million) for the Board to build a new purpose built hospital on the campus (a "Greenfield development").

Subject to the approval for the Greenfield development, the Board resolved on 4 June 2004 to dispose of the buildings and associated land at the completion of the project. Subsequently the Board has revalued the buildings and associated land under a Statement of Standard Accounting Practice No. 17 (SSAP-17) methodology to the lower of cost and net realisable value. The valuation was completed by CB Richard Ellis (Registered Valuer) as at 30 June 2004.

This revaluation reduces the carrying value for Property, Plant and Equipment by $9.3 million and recognises the buildings and associated land as Properties Intended for Sale which are separately identified on the Statement of Financial Position. The value assigned under SSAP-17 is $1.775 million. This resulted in a write-down against the revaluation reserve of $3.445 million which brought the balance of the reserve to Nil. The remaining write-down balance of $4.071 million has been separately disclosed on the Statement of Financial Performance.

Capitalised Finance Leases

The Ambulance fleet, which were previously included in Capitalised Finance Leases, now appear within Motor Vehicles as all lease liabilities have now been paid (see Note 14).

At 30 June 2004 the Board reclassified leasing arrangements for Information Technology equipment as finance leases. These leases have been valued at the present value of the minimum lease payments. In previous years they have been classified as operating leases (Refer also to Note 14).

Restrictions

Wairarapa DHB does not have full title to Crown land it occupies but transfer is arranged if and when land is sold. Some of the Wairarapa DHB's land is subject to Waitangi Tribunal claims. The disposal of certain properties may be subject to the provisions of section 40 of the Public Works Act 1981.

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

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

8. Investment in Subsidiary

	Parent	
	2004 $000	**2003 $000**
Share in subsidiary (non current)	103	103
Advances to subsidiary (current)	0	0
TOTAL INVESTMENTS	**103**	**103**

Biomedical Services New Zealand Limited is 100% owned by Wairarapa DHB (2003 100%). The principal activity of the subsidiary is the testing and maintenance of biomedical equipment. The latest audited financial statements were used as the basis for consolidation.

The balance date of Biomedical Services New Zealand Ltd is 30 June.

9. Investment in Joint Venture Share

Wairarapa DHB has a 16.7% share holding in Central Region's Technical Advisory Services Limited (TAS). TAS was incorporated on 6 June 2001. TAS has a total share capital of $600 of which Wairarapa DHB's share is $100. At 30 June 2004 all share capital remains uncalled.

The balance date of TAS is 30 June.

10. Bank Overdraft

The bank overdraft is secured by a negative pledge which requires the Wairarapa DHB to operate within it's approved overdraft facility. The facility available totals $2,500,000. The current interest rate on the group's bank overdraft is 9.60% per annum (2003 9.85%).

11. Payables and Accruals

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Trade Creditors and Accruals	5,689	3,825	5,614	3,747
Capital Charge Due to the Crown	544	159	544	159
GST / FBT Payable	224	315	222	302
Income Received in Advance	80	0	80	0
Amount Owing to Subsidiary	0	0	8	10
TOTAL PAYABLES AND ACCRUALS	**6,537**	**4,299**	**6,468**	**4,218**

12. Employee Entitlements

	Group		Parent	
	2004 000	2003 $000	2004 $000	2003 $000
Accrued Pay	651	588	642	591
Annual Leave	1,586	1,396	1,554	1,377
Retirement Leave	275	298	273	296
Long Service Leave	265	254	265	254
Maternity Grant	38	8	38	8
Conference Leave	308	306	308	306
Total Employee Entitlements	3,123	2,850	3,080	2,832
Made up of:				
Current	2,762	2,479	2,721	2,463
Non-current	361	371	359	369
TOTAL EMPLOYEE ENTITLEMENTS	**3,123**	**2,850**	**3,080**	**2,832**

13. Trust Funds

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

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

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Opening Balance	221	214	221	214
Transfer to retained earnings in respect of:				
Funds Received	14	5	14	5
Interest Received	9	10	9	10
Total Receipts	**23**	**15**	**23**	**15**
Transfer to retained earnings in respect of:				
Funds Spent	3	8	3	8
BALANCE AT 30 JUNE 2004	**241**	**221**	**241**	**221**

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

	2004 $000	2003 $000
Brownette Bequest	20	19
Cameron Bequest	2	2
Greytown Hospital Patient Comfort Fund	98	94
Macintosh Bequest	3	3
Mason Bequest	6	6
Masterton Hospital Patient Comfort Fund	33	32
Ross Bequest	18	17
Toogood Bequest	5	5
Tyacke Bequest	21	20
Funds Donated to Specific Departments	35	23
TOTAL	**241**	**221**

14.Term Loans and Finance Lease Liability

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Crown Funding Agency	6,000	6,000	6,000	6,000
Finance Leases	581	32	581	32
TOTAL	**6,581**	**6,032**	**6,581**	**6,032**
Made up of:				
Current Portion	6,343	32	6,343	32
Non-current Portion	238	6,000	238	6,000
Repayable as follows:				
Less Than One Year	6,343	32	6,343	32
One To Two Years	166	6,000	166	6,000
Two to Five Years	72	0	72	0
TOTAL	**6,581**	**6,032**	**6,581**	**6,032**
Interest Rates Summary:				
Crown Financing Agency	7.09%	7.09%	7.09%	7.09%

Term Loan Secured

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

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

Term loans are not guaranteed by the Government of New Zealand

Analysis of Finance Lease Liabilities

	Group		Parent	
	2004 $000	**2003 $000**	**2004 $000**	**2003 $000**
Payable no Later than One Year	359	32	359	32
Later than One, not Later Than Two Years	191	0	191	0
Later than two, not later than five years	91	0	91	0
Later than five years	0	0	0	0
	641	**32**	**641**	**32**
Future finance charges	(60)	0	(60)	0
Recognised as a liability	**581**	**32**	**581**	**32**
Representing lease liabilities:				
Current	343	32	343	32
Non-current	238	0	238	0

At 30 June 2004 the Board reclassified leasing arrangements for Information Technology equipment as finance leases. In previous years they have been classified as operating leases. In accordance with the Public Finance Act 1989 the approval of the Minister of Finance has been obtained for the financing lease arrangements. The lease arrangements have been accounted for as operating leases for the 2003/04 financial year and any difference in treatment for the calculation of the net deficit is not considered material for the financial year.

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

	Group		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
Net Surplus/(Deficit) After Tax	**(5,711)**	**(682)**	**(5,756)**	**(712)**
Add/(less) Non-Cash Items				
Depreciation	1,501	1,495	1,436	1,439
Write-down on property valuation	4,071	0	4,071	0
Increase/(Decrease) Employee Entitlements	248	9	248	9
Total Non-Cash Items	**5,820**	**1,504**	**5,755**	**1,448**
Add/(less) Items classified as Investment Activity				
Net Loss/(Gain) on Sale of Property, Plant and Equipment	(128)	(112)	(129)	(115)
Total Investing Activity Items	**(128)**	**(112)**	**(129)**	**(115)**
Add/(less) Movements in Working Capital Items				
(Increase)/Decrease in Receivables and Prepayments	(1,809)	(599)	(1,793)	(589)
(Increase)/Decrease in Inventories	63	(24)	63	(24)
Increase/(Decrease) in Payables and Accruals	2,238	(1,305)	2,226	(1,311)
Increase/(Decrease) in Taxation	0	6	0	0
Working Capital Movement – Net	**492**	**(1,922)**	**496**	**(1,924)**
Net cash (Outflow)/Inflow from Operating Activities	**473**	**(1,212)**	**366**	**(1,303)**

16. Related Party Disclosure

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

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

Related Party Transactions and Balances

(a) Funding and Capital Charge Payments

Wairarapa DHB received $69 million from the Ministry of Health to provide health services to the Wairarapa area in the year ended 30 June 2004. Wairarapa DHB paid $1.027 million to the Ministry of Health for Capital Charge (see Note 19).

The amount receivable at year end was $5.3 million. The amount payable at year end was $0.544 million.

(b) Inter – group Transactions and Balances

Biomedical Services New Zealand Limited

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

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

	2004 $000	2003 $000
Purchases	89	94
Management Fee	30	30
Insurance Cover	4	4
Taxation Advice	1	0

The following balances as at 30 June 2004 resulted from the above transactions and are payable on normal trading terms:

	2004 $000	2003 $000
Accounts Payable	8	10
Accounts Receivable	8	7

Doug Matheson (Chairperson, Wairarapa DHB) and David Meates (Chief Executive, Wairarapa DHB) are Directors of Biomedical Services New Zealand Ltd. Maureen Breukers (previous Chief Financial Officer and General Manager Corporate Services, Wairarapa DHB) was a Director of Biomedical Services from 4 March 2003 to 1 August 2003.

(c) Key Management and Board Members

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

Cheryl-Ann Broughton-Kurei	Executive Director, Whaiora Whanui Trust Incorporated (until December 2003)
Martin Easthope	Executive Committee Member, Cancer Society (Wairarapa Branch)
Doctor Liz Falkner	General Practitioner, The Doctors (Masterton)
Vivien Napier	Board Member, Te Mauri a Iwi (Family Start)
Doctor Rob Tuckett	General Practitioner (Part Time), Carterton, Greytown, Featherston and Martinborough Medical Centres and Masterton Medical.
Janine Vollebregt	Trustee, Wairarapa Community PHO Interim Trust Board and part time employee Wairarapa DHB (Project Manager of Primary Nursing Innovations Project)

All transactions were carried out on an arm's length basis and amounted to $2,943,000 (2003 $1,247,000). The current year includes all payments to the Wairarapa Community PHO Trust, which began operating on 1 January 2004.

(d) Other Related Parties

Payments to the Central Region Technical Advisory Service Limited in the year ending 30 June 2004 totalled $81,452.

The amounts outstanding at year end are payable on normal trading terms.

No related party debts have been written off or forgiven during the year.

17. Financial Instruments

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

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

Interest Rate Risk

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

The interest rates on the group's borrowings are disclosed in Notes 10 and 14. There was no interest rate swap agreement in place as at 30 June 2004. (There was no interest rate swap in place at June 2003). Interest rates on investments and credit funds range from 1.75% to 5.05%.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency forward exchange contracts (and option agreements) can be used to manage foreign currency exposure. There were no foreign currency forward exchange contracts in place as at 30 June 2004 (June 2003 nil).

Credit Risk

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

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

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

The Wairarapa DHB receives 93% (June 2003 92%) of its revenue from the Crown through the Ministry of Health. Accordingly, the Wairarapa DHB does not consider there is any risk arising from the concentration of credit with respect to accounts receivable.

Fair Value

The fair value of financial instruments is approximated by the carrying amount disclosed in the Statement of Financial Position.

18. Patient Funds

Wairarapa DHB administers certain funds on behalf of patients. These funds are held in a separate bank account and any Interest earned is allocated to the individual patient balances. Therefore, the transactions during the year and the balance at 30 June are not recognised in the Statements of Financial Performance, Financial Position or Cash Flows of Wairarapa DHB.

	2004 $000	2003 $000
Opening Balance	677	664
Monies Received	0	0
Interest Earned	5	13
Payments Made	0	0
CLOSING BALANCE	**682**	**677**

19. Capital Charge

Wairarapa DHB pays a capital charge quarterly to the Crown based on the greater of its actual or budgeted closing equity balance for the month. The capital charge rate for the year ended 30 June 2004 was 11% (2003 11%).

20. Board Members' Remuneration

Board members' remuneration, including reimbursements, received or receivable for the year ended 30 June 2004:

	2004 $000	2003 $000
Doug Matheson – Chairperson	37	36
Doctor Rob Tuckett	20	19
Janice Wenn	19	18
Robyn Daglish	20	19
Cheryl-AnnBroughton-Kurei	19	18
Martin Easthope	26	24
Doctor Liz Falkner	19	18
Linda Nelson	19	20
Janine Vollebregt	20	19
Vivienne Napier	20	19
Lyn Patterson (resigned 10 January 2004)	11	18
TOTAL	**230**	**228**

21. Employee Remuneration

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

Total Annual Remuneration and Other Benefits	Number of Employees	Number of Employees
$	2004	2003
100,000–110,000	2	3
110,001–120,000	0	3
120,001–130,000	0	5
130,001–140,000	2	1
140,001–150,000	0	4
150,001–160,000	3	2
160,001–170,000	2	1
170,001–180,000	0	1
180,001–190,000	1	2
190,001–200,000	6	0
200,001–210,000	1	0
210,001–220,000	0	0
220,001–230,000	2	0
230,001–240,000	0	1

The chief executive's total annual remuneration and other benefits falls in the $190,001 to $200,000 bracket.

Of the 19 employees shown above, 17 are or were medical employees.

If the remuneration of part-time employees were grossed-up to a fulltime equivalent (FTE) basis, the total number of employees with FTE salaries of $100,000 or more would be 21, compared with the actual total number of employees of 19.

Termination Payments

During the year the Board made the following payments to former employees in respect of the termination of the employment with the Board.

Number of Employees	Amount $
1	3,696
1	3,804
1	4,023
1	6,828
1	8,263
1	15,301
1	16,508
1	18,333
1	19,148
1	19,674
1	21,130
1	21,216
1	22,001
1	31,676
1	42,053

22. Post Balance Date Events

During the financial year the Board received approval for the redevelopment of the Masterton hospital to a value of $27.2 million. On 30 September 2004 the Ministers of Health and Finance approved an additional $2.3 million for the development. This resulted in the write-down at 30 June 2004 of a number of buildings and the associated land as disclosed in Note 7.

On 24 September 2004 the sale of the final block of land on the old Greytown hospital campus was completed. This land is included in Properties Intended for Sale noted on the Statement of Financial Position.

Other than noted above there has been no significant events between the year end and the signing of the financial statements.

23. Explanation of Major Variations

Revenue was $7.126 million higher than planned resulting from Third Order in Council contracts devolved from the Ministry of Health after the budget was completed. The largest of these was for Disability Support Services (DSS) for those aged over 65 years which was devolved from 1 October 2003 and amounted to $6.1 million for the period 1 October 2003 to 30 June 2004.

Operating expenditure was $7.037 million higher than planned due to expenses relating to the Third Order in Council contracts, higher personnel, clinical supplies and outsourced services costs. This was balanced by cost containment strategies for infrastructure and non-clinical supplies.

The deficit of $5.711 million is $4.032 million adverse to Budget and is attributable to the write down on the value of property as disclosed in note 7.

In June 2004 the Wairarapa DHB received $1.62 million of crown equity to support the deficit. This was not budgeted and results in the higher than planned cash balance at the end of the year.

The plan included a draw down of $3.8 million additional term debt for major capital expenditure related to the site redevelopment. Site redevelopment was delayed while a further Business Case was prepared seeking funding from the Ministry of Health to enable a "Greenfields" approach to the project. Therefore, term loans are $3.8 million lower than planned.

Statement of Objectives and Service Performance

For the year ended June 2004

The Minister of Health purchased personal health and disability support services from Wairarapa DHB during the year ended 30 June 2004. The Wairarapa DHB sets objectives with key deliverables as specified in the Statement of Intent for each of the three activity classes as follows:

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

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

Objective Group A – Improvement of Health & Disability Services

Ensuring long term clinical & financial viability of DHB provider services

Deliverables & Targets	Achievement	Comment
Completion of DHB provider clinical services plan & business for site redevelopment *Business case provided to Ministry of Health by 15 August 2003*	Achieved	The business case for site redevelopment was completed case and submitted to the MOH on 28 August 2003 meeting the capital guidelines timeframe.

Improving Child, Family & Youth Health

Deliverables & Targets	Achievement	Comment
Establish child health inter-agency liaison group *Terms of reference & work programme approved by Board by 28 February 2004*	Partially Achieved	An inter-agency child health liaison group was established in April 2004 – its work programme for 2004 and 2005 is to ensure effective implementation of NIR and MVS. Inter-agency liaison and advisory groups are also established and running well for Pregnancy and Parenting Education Services and for Youth Health. Terms of Reference and work programmes have yet to be approved by the Board. The Ministry of Health approved the work programme for NIR implementation in June. Completion of the work programme for roll-out of the Meningococcal Vaccine Strategy has been delayed as the vaccine did not receive licensure until July 2004. A work programme for this campaign will be submitted to the Ministry of Health for approval in September 2004.
Implement Tamariki Toa parenting programme *One parenting programme in place by 30 June 2004*	Achieved	Four two-day programmes took place over 2003/04 at three-month intervals. During each programme, a range of sporting, art, cultural and educational activities were provided. The activities were provided voluntarily by community organisations. These activities provided families with opportunities to participate in new experiences together, while also enabling them to create networks of support.

Deliverables & Targets	Achievement	Comment
		The programmes took place at three different venues (a farm, a camp, and the beach) and were provided free to participants including food, travel and accommodation. The programme was targeted and promoted to single parent families who have many social and economic challenges. The numbers attending each of the programmes are as follows: Programme 1 – 25 (8 families) Programme 2 – 36 (10 families) Programme 3 – 50 (14 families) Programme 4 – 26 (8 families) **Evaluation:** The feedback from all 4 programmes was very positive and the organising agencies were generally very happy with the way the programme ran.
Establish immunisation outreach programme *The service was fully operational by June 30, 2004*	Achieved	Service commenced in mid January 2004. The service is subcontracted to a Maori provider with mentoring support from the DHB's Immunisation Coordinator. The service was fully operational by June 30, 2004 and had achieved 99% success in contacting and vaccinating referred tamariki.
Investigate options for youth specific services & develop plan for youth services *First draft plan approved by Board by 30 April 2004*	Work in progress, timeline deferred.	A Youth Health forum was held in December 2003, followed by formal establishment of the DHB's Youth Health Advisory Group in March 2004. This group has wide intersectoral representation. Since March regular monthly meetings have been held and several working sub-groups established. Due to research based, iterative, consultative approach being taken the timeline for completion of the plan has been extended to March 2005.
Increase support for health promoting schools *South Wairarapa schools programme established by 30 June 2004*	Achieved	Interest in health promoting schools and mentally healthy schools has increased since the publication of 'Our Children-Their Health'. Martinborough School continues to be supported in their health promoting schools programme and Kuranui College has continuing support for the mentally healthy school programme. In Masterton, Douglas Park school and Te Kura Kaupapa Maori o Wairarapa have expressed an interest in becoming both healthy and mentally healthy schools. The schools involved in mentally healthy schools will choose a topic from the Mental Health Key Learning Area of Health & Physical Education Curriculum. The contract will be facilitated by the Wellington College of Education with support from both Regional Public Health and Choice Health staff.

Better Mental Health

Deliverables & Targets	Achievement	Comment
Develop plan for provision of services by Wairarapa DHB that ensures ongoing clinical & financial viability. *Strategic directions agreed & facility implications incorporated in site redevelopment planning by 31 December 2003*	Achieved	Proposed strategic directions identified in December 2003 and consulted on widely during January – May. Mental Health facility needs, based on the proposed strategic directions, have been included in site development planning. The new Mental Health services strategy for Wairarapa confirmed the strategic directions proposed earlier and was formally agreed by the DHB Board in June 2004.
Implementation plan developed to address relevant recommendations from the HDC report on the Burton case & new provider arm mental health service plan *Plan approved by Board by 31 March 2004*	Partially achieved	Most of the recommendations have been included into the Mental Health Services Client Pathway and Professional Development processes that are underway for Accreditation. The need for a separate implementation plan on the Burton case is being reviewed.
Work with other central region DHBs to develop region-wide service planning *Approval by the Board of the Central Region Mental Health Strategic Plan by 31 May 2004*	Partially achieved – Timeframe delayed	The Board's Community and Public Health Advisory Committee considered the draft plan in April 2004. Final revisions were completed by 25 May. The revised plan was approved by the Ministry of Health and is appended to the DHB's DAP, which was approved by the Board in May.
Complete plan for development of Kaupapa Maori Mental Health Services *Plan approved by Board by 30 April 2004*	Partially achieved – Timeframe delayed	Recommendation for the development of Kaupapa Maori Mental Health Services is included in the completed new Mental Health Services Strategy for Wairarapa. The Board approved the plan in June 2004.

Reducing the Incidence & Impact of Diabetes

Deliverables & Targets	Achievement	Comment
Continue to improve rates for annual checks, case detection & retinal screening *Annual checks increase to 553 (45%). 90% of people on the diabetic register have a retinal screening in the last 2 years*	Achieved	Measurement and reporting for diabetes KPIs is by calendar year, with data reported during quarter 3 of the financial year. 682 people (57.4% of estimated diabetes population) received annual checks during the 2003 calendar year. Of the 682 people who had annual checks within the past two years, 600 had retinal screening (88%).
Establish a locally based retinopathy service *Establish by 30 April 2004*	Achieved	A locally based retinal screening service began in August 2003. Administrative systems have been subsequently refined and the service was well established by 30 April 2004.
Implement pilot chronic disease management programme for 40 people *Implement by 30 July 2003 & evaluation by 31 May 2004*	Achieved	The trial programme commenced in October 2003 and a midway evaluation report was presented in April 2004. A full evaluation will be completed following the end of the year's trial. Of the 40 'high risk' patients recruited for the programme 58% are Maori, 2% Indian and 40% others. The programme is proving successful in reducing risks of complications from diabetes. Midway evaluation results have shown a drop in the average Hba1c of 9.75% (median 9.6) to 8.7% (median 8.4) representing an approximate risk reduction of 33% for retinopathy and 33% for nephropathy. A drop in the average systolic and diastolic blood pressures has also been identified.

Reducing the Incidence & Impact of Respiratory Disease

Deliverables & Targets	Achievement	Comment
Agree districtwide protocol for identification & management of respiratory disease *Hutt DHB community COPD pathway adapted for Wairarapa use & implemented by PHO & DHB provider by 31 March 2004*	Not achieved	Protocol development is dependent on appointment of a respiratory nurse. To date recruitment activity has been unsuccessful.
Establish a respiratory rehabilitation programme with identified improvement in 75% of attendees *Programme established by September 2003 with a progress report to the Board by 30 June 2004*	Not Achieved	A respiratory nurse was to be recruited to establish the programme. Recruitment efforts have been unsuccessful. The position was re-advertised in Quarter 4. A nurse was unable to be appointed to the service. Successful respiratory outreach in other areas will be visited with a view to re-thinking options for Wairarapa.

Elective Services

Deliverables & Targets	Achievement	Comment
Continue to ensure all eligible patients receive an initial outpatient assessment within 6 months of referral *100% of all referrals are seen within 6 months by June 2004*	Significant Achievement	At 30 June 2004 only 93 patients were waiting over 6 months.
Continue to ensure all those assessed as eligible for surgery are operated on within 6 months of first specialist assessment *100% are operated on within 6 months of assessment*	Significant Achievement	At 30 June only 85 patients were awaiting surgery over 6 months.

Primary Care

Deliverables & Targets	Achievement	Comment
Facilitate & support PHO development *PHO established by 1 October 2003*	Partially achieved – Timeframe delayed	During the period July-December the DHB continued to support the PHO establishment process. The PHO was finally established in November 2003 and became fully operational on 1 January 2004.
Implement 'Innovations in Primary Health Nursing' pilot programme *First pilot service operational by 30 September 2003*	Partially achieved – Timeframe delayed	The innovations service opened its first pilot service – a youth health drop in clinic in South Wairarapa in January 2004. The free youth service has gone from strength to strength and has grown into a multidisciplinary clinic with youth also attending mental health services and addiction service counsellors at the same site. The Primary Health Nursing Innovations programme has also provided regular nurse support to the new Kura GP clinic.
Improve monitoring & management of demand driven spending, particularly pharmaceuticals & laboratory tests *Progress report on initiatives introduced by 30 June 2004*	Achieved	Pharmacy facilitation introduced for all Wairarapa GPs from 1 July 2003. All GPs now receive regular feedback on their prescribing, and monthly data reports are analysed. The pharmacy facilitator provided a progress report to the DHB in February 2004.

Objective Group B – Inclusion of People with Disabilities

NZ Disability Strategy

Deliverables & Targets	Achievement	Comment
Implement Wairarapa DHB Disability Strategy Action Plan *Board approve the Wairarapa DHB Disability Strategy Action Plan by 28 February 2004*	Achieved	The Board approved the Plan on 2 March 2004.

Capability & capacity to undertake DSS funding

Deliverables & Targets	Achievement	Comment
Undertake due diligence processes for contracts to be devolved – ensure risks known & understood *By 1 October 2003*	Achieved	Due diligence completed during September 2003 by Central Region Technical Advisory Service Ltd.

Objective Group C – Maori Health

He Korowai Oranga

Deliverables & Targets	Achievement	Comment
Implement year 1 of Wairarapa DHB Maori Health Action Plan *By 30 June 2004*	Achieved	Actions indicated in the plan for year one have been completed. These include: a Wairarapa DHB Treaty of Waitangi Policy has been developed and is now in place; a cultural enabling framework has been developed and is ready for implementation; a survey of cultural training needs of DHB staff was carried out and a cultural training programme has been implemented; the DHB has supported Maori providers in their successful establishment of a collective "Te Hauora o Te Karu oTe Ika"; and the Planning and Funding provides a report to the Maori Health Committee monthly.
Consolidate & build on Mana Whenua partnership agreement *Report on developments to the Board by 30 June 2004*	Achieved	The Relationship Agreement between Mana Whenua and the DHB has been reviewed and confirmed and a joint work programme agreed. Regular progress reports are provided to the DHB Board.
A Wairarapa Maori provider development strategy is completed *By 31 March 2004*	Achieved	The Maori provider collective "Te Hauora o Te Karu oTe Ika," supported by the DHB, has completed a strategic plan for their development, and presented this to the DHB Board

Inequalities

Deliverables & Targets	Achievement	Comment
Implement 2 Maori specific research projects in line with Strategic Plan priorities *By 30 June 2004*	Achieved	A survey was undertaken to identify DHB staff knowledge and needs in relation to Maori culture, history and protocol. This research then provided the basis for the DHB's cultural training programme. Research was completed into the support needs of Maori students enrolled in the local bachelor of nursing programme, and effectiveness of strategies used elsewhere in NZ to support Maori students. Findings from this research have informed the development of a local support programme for the students.
Increase immunisation rates for Maori & Pacific children	Achieved	Until the National Immunisation Register is implemented (in 2005) it is not possible to know immunisation rates. However we do know that immunisations of Maori, Pacific, and other "hard to reach' children have increased markedly since January 2004, when an Outreach Immunisation Service was implemented. This service, provided by Maori, visits those not enrolled in regular primary care, provides immunisations in the home, and is achieving excellent results. To date the service has shown 99% success in reaching and immunising tamariki Maori, not previously immunised.

Objective Group D – Community Participation

Community engagement: Consultation and Community

Deliverables & Targets	Achievement	Comment
Hold at least 3 public meetings/hui to discuss site redevelopment proposals *Meetings/hui held in each territorial local authority by 31 December 2003*	Achieved	A number of public meetings/hui were held.
Support proposed PHO in process of public engagement & consultation on its business case *Support provided for PHO public meetings in at least 2 locations*	Achieved	
Copies of plans & proposals are made widely available *Copies of DAP, SOI, Annual Report & final site redevelopment proposals are available in all public libraries* *Board & Statutory Committee agendas & papers are placed on Wairarapa DHB website by 30 June 2004*	Achieved	Copies of the various reports & plans have been made publicly available. After receiving formal approval, all of these documents are available on the website and in all public libraries.

Objective Group E – Quality of Services

Industrial relations strategies

Deliverables & Targets	Achievement	Comment
Implement safe rostering guidelines *By 31 December 2003*	Partially achieved	The target date was not been achieved. We are joining with neighbouring DHBs and NZNO to provide training to senior nursing staff on the guidelines. This joint training is ongoing.
Develop staff performance assessment tools that meet accreditation standards *By 28 February 2004*	Timeline delayed.	Work is ongoing. The policy has been reviewed to meet the accreditation standards.

Clinical workforce planning

Deliverables & Targets	Achievement	Comment
Complete health workforce plan for the Wairarapa in conjunction with central region DHBs *By 31 March 2004*	Timeline delayed	Ongoing work with Central region. This will be dependant on the model of care developed as part of the site redevelopment project.

Achieving accreditation

Deliverables & Targets	Achievement	Comment
Achieve full QHNZ accreditation of all district health board provider services *By October 2004.A progress report will be provided by 30 June 2004*	Achieved (Awaiting confirmation)	QHNZ surveyed the organisation on the 28th June 04. Provisional report indicated that the requirements for certification and accreditation have been met. Awaiting a formal report from QHNZ.

Objective Group F – Financial Responsibilities

Keeping infrastructure costs as low as possible

Deliverables & Targets	Achievement	Comment
Develop arrangements for shared clinical staffing across 2 or more different provider organisation or services *By 30 June 2004*	Achieved	Plastics & ENT services now provided locally in conjunction with Hutt DHB. Joint Urology services are being provided locally with MidCentral DHB. Discussions are being held with Hutt DHB re long term General Surgery strategy.
Supply side efficiencies in laboratory services – develop plan to implement findings from regional project *By 30 November 2003*	Partially achieved – objective changed	Regional project was delayed. Local DHB project to address Wairarapa laboratory services issues was developed and implemented from October 2003.

Managing within budget

Deliverables & Targets	Achievement	Comment
Develop & implement pharmaceutical expenditure management strategy *By 31 December 2003*	Partially achieved – timeline delayed	Phase one of local strategy – provision of pharmacy facilitation for GPs was implemented from 1 July 2003. Nationwide implementation of stat dispensing from 1 October 2003 has reduced growth in total expenditure during 2003/04. Further local strategy development and implementation is focused on development of joint initiatives between pharmacists and prescribers. Progress has been slow while the PHO becomes fully established, and local contracts are developed for pharmacy services.
Complete new financial plan showing a credible path to break-even, & the service changes required to achieve this *Submission of a revised services & financial plan to the MOH by 22 December 2003*	Achieved	A revised financial plan, based on the financial plan within the site redevelopment business case was sent to the Minister of Health on 22 December.

Summary of Revenues and Expenses by Output Class

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

	Funder	Governance and Administration	Provision of Hospital and Health Services	Eliminations	Total Parent
	$000	$000	$000	$000	$000
Total Revenue	**69,059**	**1,066**	**38,003**	**(33,266)**	**74,862**
Expenditure					
Operating Expenditure	(68,974)	(1,208)	(37,167)	33,266	(74,083)
Depreciation	0	(22)	(1,415)	0	(1,437)
Capital Charge	0	(29)	(998)	0	(1,027)
Write-down on property	0	0	(4,071)	0	(4,071)
Total expenditure	(68,974)	(1,259)	(43,651)	33,266	(80,618)
Overhead Allocation	0	(25)	25	0	0
Net surplus/(deficit)	**85**	**(218)**	**(5,623)**	**0**	**(5,756)**

Reconciliation to accumulated funds

	Funder	Governance and Administration	Provision of Hospital and Health Services	Eliminations	Total Parent
	$000	$000	$000	$000	$000
Opening equity	(60)	(293)	10,536	0	10,183
Plus/(less) surplus/ (loss) for period	85	(218)	(5,623)	0	(5,756)
Movement in Revaluation Reserve	0	0	(3,445)	0	(3,445)
Equity Injection	0	0	1,620	0	1,620
Closing equity	**25**	**(511)**	**3,088**	**0**	**2,602**

Audit Report

TO THE READERS OF WAIRARAPA DISTRICT HEALTH BOARD AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

The Auditor-General is the auditor of Wairarapa District Health Board (the Health Board) and group. The Auditor-General has appointed me, Laurie Desborough, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Health Board and group, on his behalf, for the year ended 30 June 2004.

Unqualified opinion

In our opinion the financial statements of the Health Board and group on pages 22 to 52:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Health Board and group's financial position as at 30 June 2004;
  - the results of operations and cash flows for the year ended on that date; and
  - the service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 28 October 2004, and is the date at which our opinion is expressed. The basis of the 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 our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements 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. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. 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 disclosures are adequate.

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

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

Responsibilities of the Board and the Auditor

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Health Board and group as at 30 June 2004. They must also fairly reflect the results of operations and cash flows and service performance achievements for the year ended on that date. The Board's responsibilities arise from the New Zealand Public Health and Disability Act 2000 and the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001, section 43(1) of the Public Finance Act 1989 and section 43 of the New Zealand Public Health and Disability Act 2000.

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.

In addition to the audit we have carried out a review in the areas of taxation compliance, which is compatible with those independence requirements. Other than the audit and this review, we have no relationship with or interests in the Health Board or any of its subsidiaries.

L H Desborough
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

Directory

Board Office	Wairarapa DHB
	PO Box 96
	Masterton
	Telephone: (06) 946-9800
	Fax: (06) 946-9801
	Website: www.wairarapa.dhb.org.nz
Board Members:	Doug Matheson *Chairman*
	Martin Easthope *Deputy Chairman*
	Cheryl-Ann Broughton-Kurei
	Robyn Daglish
	Doctor Liz Falkner
	Vivien Napier
	Linda Nelson
	Lyn Patterson (resigned 10 January 2004)
	Doctor Rob Tuckett
	Janine Vollebregt
	Janice Wenn
Chief Executive	David Meates
Executive Managers	Joy Cooper *Director Service Planning and Funding*
	Julie Fidoe *Clinical Support and Mental Health Services Manager*
	Anne McLean *Quality and Risk Manager, and General Manager Hospital Services*
	Maggie Morgan *Community and Public Health Services Manager*
	Helen Pocknall *Director of Nursing*
	Jenny Prentice *General Manager Organisational Development*
	Alan Shirley *Chief Medical Officer*
	Eric Sinclair *Chief Financial Officer and General Manager Corporate Services*
	Piri Te Tau *Director of Maori Health*
Auditor	Audit New Zealand on behalf of the Office of the Controller
	and Auditor-General
Bankers	ANZ Banking Group (New Zealand) Ltd
	Crown Financing Agency
Solicitors	Impact Legal
	Broadmore Barnett

Notes

Wairarapa DHB
Wairarapa District Health Board
Te Poari Hauora a-rohe o Wairarapa

Wairarapa District Health Board
P.O. Box 96 Masterton, New Zealand
www.wairarapa.dhb.org.nz