

Well Wairarapa

WAIRARAPA DISTRICT HEALTH BOARD
ANNUAL REPORT 2005



Wairarapa DHB

Wairarapa District Health Board

Te Poari Hauora a-rohe o Wairarapa

VISION Well Wairarapa – Better health for all
Wairarapa ora – Hauora pai mo te katoa

MISSION 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.

VALUES **Respect – Whakamana Tangata**
According respect, courtesy and support to all

Integrity – Mana Tu
Being inclusive, open, honest and ethical

Self determination – Rangatiratanga
Determining and taking responsibility for one's actions

Co-operation – Whakawhanaungatanga
Working collaboratively with other individuals and organisations

Excellence – Taumatatanga
Striving for the highest standards in all that we do

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HIGHLIGHTS OF THE YEAR

- Under a Memorandum of Understanding, the **Wairarapa DHB and Te Hauora o Te Karu o Te Ika** (Maori Health Collective) worked more closely to support intersectorial collaboration. Both parties provided opportunities for joint training, consultation on discharge planning and supporting community based health programs.
- Construction of the **new Wairarapa Hospital** began in January 2005 and remains on track for completion in March 2006, within budget.
- For the first time in many years our hospital and community services not only **delivered to contract** but delivered \$258,000 more services than they were contracted for, while keeping within their budget.
- Wairarapa DHB was **just \$273,000 in deficit** at the end of the financial year, against a planned deficit of around \$1 million.
- **New work processes** were developed with significant input from staff in preparation for the move to the new hospital. The changes made will ensure that services are clinically safe, sustainable and affordable.
- **Primary health services were expanded** through the Wairarapa Community PHO to include the free or low-cost Care Plus scheme and a free sexual health service. GP consultations increased by 16%.
- **New specialist services** became available in the Wairarapa – ear nose and throat, plastics, endocrinology, rheumatology, audiology, oncology and urology. Visiting specialists increased from 16 to 22 during the year.
- All Wairarapa DHB services **achieved accreditation and certification** and all Wairarapa rest homes achieved **certification** – recognition that they meet nationally-recognised health standards and are continually working to improve standards of care.
- The new mental health strategy was implemented, bringing mental health services together in a co-ordinated way so they can better meet the needs of Wairarapa people.

CHAIRMAN & CHIEF EXECUTIVE'S REVIEW



A year of change & co-operation

Change and community co-operation stood out as themes in an exciting and challenging year for the Wairarapa DHB in which much was achieved.

We continued to make good progress in key health areas through the development, introduction and improvement of health services. This has been achieved with a great deal of input and co-operation from the Wairarapa community; health service providers, other agencies, local authorities, community groups, schools – the list goes on.

Many groups have worked together to develop and improve health services and access to them. To give one example; a transport service to help people get to the doctor or hospital was set up by local authorities, the DHB and the PHO, the Red Cross and Trust House. In another example we achieved 100% return of Meningococcal B consent forms from schools thanks to the joint efforts of the project team, Salvation Army staff, schools and the Maori Women's Welfare League.

Through increased co-operation with neighbouring DHBs more services became available locally, reducing the need for patients to travel outside of the region. The number of visiting specialists increased from 16 to 21, with ear, nose and throat, plastics and dental surgery now available locally. Eye and bladder surgery also increased through the work of visiting specialists.

There is no doubt that these kinds of partnerships amongst health providers and community groups are making a difference.

Over the past year our hospital has undergone the most significant change that it will ever go through. Construction of the new Wairarapa Hospital started in January 2005 and it is on track to open in March 2006, on time and on budget. This has been a remarkable feat for the project team and all involved.

In conjunction with the development of the new hospital a major change process was undertaken to develop new and sustainable ways of delivering health services. Every part of the organisation was reviewed in a process that involved extensive input from both staff and unions. While challenging, this was an essential part of retaining clinically and financially sustainable services in the Wairarapa. The contribution from staff during this process was fantastic.

Staffing establishments have been finalised following extensive benchmarking and staff consultation. In addition, more than 350 user group meetings involving staff and health planners have determined the shape of the new hospital.

For the first time in many years, hospital and associated community services not only delivered on contract but delivered \$258,000 more services than contracted for, while keeping within the budget. This major milestone was achieved during a period of uncertainty for many staff and was a credit to the commitment and professionalism of all involved.

A significant achievement through the year was the accreditation of WDHB Provider Services for the first time. The granting of accreditation for the maximum three-year period reflected the professionalism and hard work of all staff at the DHB. It was also a great accomplishment that all rest home providers were certified against new healthcare standards.

Wairarapa's second Health Status Report was completed during the year. The report presented a multitude of information about the health status and indicators for the Wairarapa population. It provides an informed base for sound decision-making and planning, not only by the DHB but by a range of other Wairarapa organisations, in particular the local authorities in their Long Term Council Community Plans.

During the year the cost of services supplied to Wairarapa people outside of the region by other DHBs exceeded those budgeted for by \$1.3 million. These were mostly complex services such as heart, kidney and brain surgery. The financial impact of this was offset by savings resulting from the revaluation of buildings, lower than expected interest charges and non-clinical supply costs.

We look forward to the next 12 months with great anticipation. It is a year to build on our successes and move into the new Wairarapa Hospital.

Particular challenges we face include ensuring the ongoing viability of the aged care sector, the management of services provided outside of our region and the bringing to life of the Primary Health Care Strategy through the PHO.

We look forward to working together with other agencies and the community to move closer to our vision of a Well Wairarapa.



Doug Matheson
Chairman
Wairarapa DHB



David Meates
Chief Executive
Wairarapa DHB

KEY ACHIEVEMENTS

Primary health initiatives



The effects of a range of Primary Health Organisation initiatives started to show through.

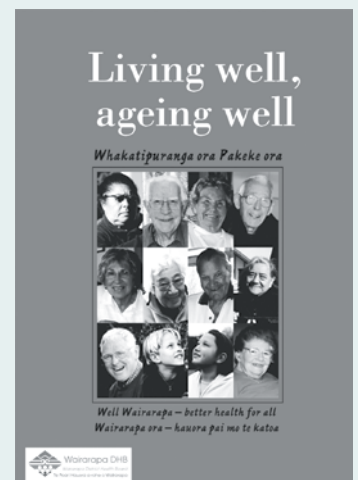
- GP consultations increased by 16%.
- The new sexual health service resulted in earlier and greater access for youth, through more than 2,800 free consultations.
- The Care Plus scheme provided 4,112 free or low-cost consultations for people with high health needs.
- 3,000 GP visits were made under a new scheme to improve access to healthcare – 40% of these were from Maori and Pacific people.
- The cost of GP visits for people aged over 65 and 18-24 years reduced by between 40% and 50% – resulting in more people in these groups seeing their GP.
- Around 2,000 people were assisted with their prescription costs.
- A pilot project to provide extra supports in primary care for people with mild to moderate mental health needs was agreed.
- Wairarapa led the country with its 100% return rate for consent forms for school-age children, with a 92.7% consent rate for this group.



Improving the health of older people

A range of services was developed in caring for older people.

- Extra transport is now available and will help older people get to medical appointments.
- Many older people are living in warmer, healthier homes thanks to the Wairarapa Healthy Homes insulation project which has insulated more than 250 homes.
- Following the pilot in 2003/04 the Health Recovery Programme assisted 42 older people to return home from hospital, when they were well enough, but not safe enough to go straight home. There were fewer or no repeat hospital admissions for those who completed the programme.
- The Early Intervention Service for Koroua and Kuia was established. It provides a range of activities to assist wellness as well as transport for those who need it.
- Support for living at home increased, with 9% more people receiving household management and personal cares.
- 80% of older people in residential care received a Flu vaccination.
- All Wairarapa aged care residential homes received certification that they meet NZ health and disability sector standards.



Child and youth health

Wairarapa DHB made a dramatic improvement in the Paediatric Society's 'national scorecard' which compares DHBs on the availability and responsiveness of their services for children and young people. Wairarapa topped the smaller DHBs, and was ranked 4th overall, a significant turn-around from last year when it was 20th.

Addressing Maori health

Work continued in a variety of areas to address the health needs of Maori, who have poorer health than any other group in the Wairarapa.

- The Kura GP Clinic at Te Kura Kaupapa Maori o Wairarapa continued to encourage Maori from their community to have regular contact with a GP. The clinic provided 613 consultations during the year.
- Whaiora Whanui increased the services they provide with the addition of the Family Start program, MeNZ B campaign and growth in Tamariki Ora. This enabled Whaiora to employ two registered nurses and a community health worker.
- The outreach immunisation service provided by Whaiora Whanui was expanded. The service helps identify people who have not been immunised at their GP and immunises them in their own home.
- The Maori health collective, Te Hauora o Te Karu o Te Ika, saw Maori health providers share expertise and address issues such as mental health, drug and alcohol, child health and family support.
- Maori are entering UCOL nurse's training in greater numbers, with 12 Maori students in the 2005 Year 1 programme.
- The partnership between the Board and Mana Whenua was reviewed and endorsed this year with Ngati Kahungunu, Rangitaane Iwi and the DHB continuing to work together on Maori health issues. The Maori Health Committee also met bi-monthly to support and advise DHB management.
- Tikanga best practice guidelines were introduced to deliver services that are responsive to Maori cultural rites, rights, needs and customs. These have been shared with primary health services, community groups and other DHBs.
- The Maori Women's Welfare League played a key part in achieving 100% return of Meningococcal B immunisation consent forms.
- Mainstream services are increasingly responsive to Maori.



Managing chronic disease



Excellent progress was made in improving the health of people with diabetes.

- During 2004, 10% more people with diabetes had an annual review. Maori with poorly controlled diabetes reduced by 32%. Of all people checked, 15% fewer had poorly controlled diabetes.
- Wairarapa moved from having the highest rate of amputations for diabetes in the DHB Central Region to being below the regional average.
- The Doctors Masterton developed a programme for assessing and monitoring chronic disease risk to enable better health outcomes. There is great interest in this award-winning programme from around New Zealand. It is likely to be rolled out across other Wairarapa GP practices in the future.

Improved services for people with respiratory disease started to show results.

- All GP practices now offer trained 'Quit Coaches' for smoking and more people took part in quit smoking activity programmes.
- The WDHB appointment of a Specialist Respiratory Nurse focusing on workforce education and complex case management began to show an impact.
- A new Pulmonary Rehabilitation programme resulted in fewer hospital re-admissions for complications from respiratory disease.

Mental health services



Mental health services were re-shaped and brought together in a co-ordinated way so they can better meet the needs of Wairarapa people.

- The new way of working recognises the benefits of both WDHB and community-based mental health services working together to support people in their own environments.
- Services are focused on recovery and hope, improved responsiveness to Maori and improved co-ordination and partnership between services.
- The 24-hour Mental Health Access Centre was set up as a single point of entry and enquiry to specialist mental health services.
- The WDHB Mental Health Team continues to provide a wide range of clinical services with a focus on intensive community support, crisis intervention and respite care.
- Masterton Hospital closed its inpatient unit. Acute/intensive inpatient care is now provided by neighbouring DHBs at Hutt and Palmerston North hospitals.
- The relocation of the Child, Adolescent Mental Health Service (CAMHS) to central Masterton improved both access and acceptability of the service.
- Alcohol and Drug services were brought together at Wairarapa Addiction Services to provide a full range of addiction services needed.

More local hospital services



Fewer Wairarapa people now have to travel out of the region for health services thanks to an increase in visiting specialists from neighbouring DHBs.

- The number of specialists from neighbouring DHBs visiting Masterton Hospital or the South Wairarapa increased from 16 to 22 during the year.
- Visiting specialist services now include ear nose and throat (including grommets), plastics, endocrinology, rheumatology, audiology, oncology and urology.
- Bringing plastic surgery to the Wairarapa has been particularly significant, as most people needing these services are elderly and many can't or don't drive.
- The hospital moved to digital x-ray, dramatically improving reporting times.
- Laboratory services were established at the hospital and new practices introduced.
- Plans were completed for the Mobile Surgical Bus to begin regular visits to the Wairarapa early in 05/06.

Elective surgery



- Wairarapa DHB was ranked 4th in the country for managing patients awaiting elective surgery.
- A higher proportion of people received operations in the Wairarapa than in each of our neighbouring areas and across New Zealand.
- Waiting times for first specialist appointments and elective surgery were shorter in the Wairarapa than in neighbouring DHB areas and in NZ as a whole. There is still room for improvement and we will continue to work hard to shorten waiting times.
- Masterton Hospital achieved excellent results in national comparisons with other DHBs. These included communicating well with patients, assessing them effectively and treating them within the expected time frame.

Wairarapa's new hospital



The last year has been an unprecedented period of change for our hospital.

- Following approval for the construction of the new \$30 million hospital campus in October 2004, site work began in January 2005. Wairarapa Hospital will open in March 2006.
- Wairarapa Hospital will be a modern, purpose-built, 92-bed hospital. It will provide increased secondary health services in the region.
- Significant changes are underway in the way healthcare services are delivered that will ensure they are clinically and financially sustainable.
- Over 350 user group meetings were held ensuring significant staff input into the design and layout of the new hospital.
- A range of new clinical equipment was purchased thanks to the clearance of the financial deficit from the last decade and certainty about hospital services. This included theatre tables, portable ultra-sound machines, monitors, lab equipment, sterilising equipment and electric beds.

Professional development

- Analysis of the skills needed in the future was part of the workforce redesign undertaken during the year. Wairarapa DHB worked with its own and neighbouring DHB trainers to up skill staff and prepare them for new roles.
- Staff training and development continued in many other areas. A notable success was the 30 nurses who achieved Advanced Cardiac Life Support.
- 44 Wairarapa DHB midwives, registered nurses and enrolled nurses are now registered in the new Professional Development and Recognition Programme.

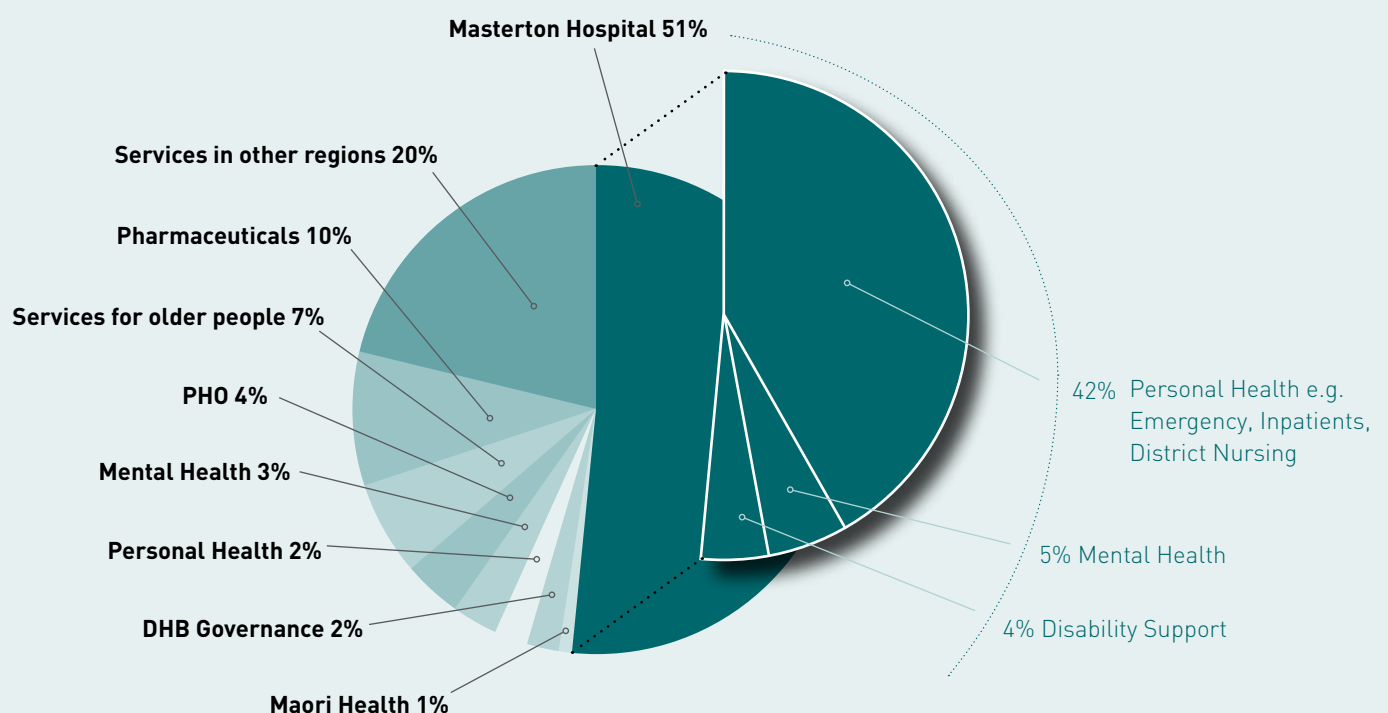
Aligned with national standards, the programme offers a financial incentive for staff to take part, submit portfolios and attain professional recognition at the level of practice they are working at.

- A variety of WDHB education programmes such as pain, wound and diabetes management were opened up to other health interest groups.
- WDHB and NGO staff received diversity awareness training with strong representation from Wairarapa rest-homes and hospitals.

STATISTICS

Population served	39,000
Wairarapa DHB Staff	618 (many work part-time)
Revenue	\$82 million
Primary care consultations	191,000
GPs in the Wairarapa	26
Free sexual health consultations	2,818
Flu vaccinations	6,348
People over 65 receiving subsidised rest home care	247
Meals on Wheels delivered	7,424
Prescriptions dispensed by community pharmacies	530,000
Lab tests by hospital and community Laboratories	258,351
Community and district nurse visits	35,327
Children enrolled in school dental service	5,716
Vision and hearing appointments for children under six	1,500
People supported by hospital and community mental health services	697
Patients admitted to Masterton Hospital	6,638
Specialist outpatient appointments	13,371
Orthopaedic surgery operations	674
Emergency Department attendances	14,763
Radiology examinations at Masterton Hospital	22,516
Births at Masterton Hospital	438

WDHB Expenditure



GOVERNANCE

A Board of eleven members representing the Crown is responsible for the governance of the Wairarapa DHB under Section 25 of the Crown Entities Act 2004. Seven members are elected by the Wairarapa community and four are appointed by the Minister of Health.

The Board is responsible for overseeing the direction and supervision of the Wairarapa DHB's affairs on behalf its 'owner', the Crown. Its principal functions are to:

- delegate responsibility to the Chief Executive
- set strategic direction, goals and policy
- monitor progress towards meeting goals
- ensure compliance with the NZ Public Health and Disability Act 2000, the Crown Entities Act and all other relevant legislation
- foster community participation in health improvement, including participation by Maori
- monitor the Chief Executive's performance with respect to the above.

The Board also has a key governance relationship with Wairarapa Maori through the Mana Whenua Caucus which meets bi-monthly. This ensures Maori participation at all levels of service planning and delivery for the protection and improvement of the health status of Maori.

The Audit and Risk Committee of the Board ensures that financial statements are accurate, appropriate accounting policies, standards and practices are followed, and risks are identified and appropriately managed.

Role of the Chief Executive

The Board delegates management of the day-to-day affairs and management responsibilities of the Wairarapa DHB to the Chief Executive. The Chief Executive delivers the strategy and goals determined by the Board within the framework of the District Strategic Plan, Statement of Intent and District Annual Plan.

Advisory Committees

The Board has three advisory committees: Community and Public Health Advisory Committee; Disability Support Advisory Committee; Hospital Advisory Committee.

Advisory committees operate under statutory terms of reference and comprise Board and community members who advise the Board on issues which have been referred to them.

Advisory Groups

Since its inception the Wairarapa DHB has involved many local people in a range of advisory groups to inform its service planning and development. The advisory groups include those for: Maori health; mental health; health of older people; diabetes; respiratory disease; disabilities; pharmacy services; pregnancy and parenting; and youth health. These groups ensure there is good stakeholder and consumer input into all decisions and that plans and developments are communicated and co-ordinated across the whole range of relevant service providers.

The Board is responsible for overseeing the direction and supervision of the Wairarapa DHB's affairs on behalf its 'owner', the Crown.

BOARD MEMBER PROFILES



Doug Matheson (MNZM) – Chairman

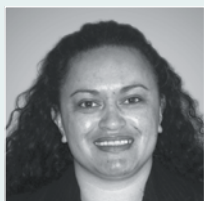
Doug Matheson moved to the Wairarapa in the 1990s and brought with him a wealth of governance experience and business knowledge. Doug has a long-term interest in helping shape organisations so they reach their true potential and has many commitments to associations and businesses both locally and internationally. These include the role of Board Chairman for Go Wairarapa, Board Chairman of Biomedical Services New Zealand Ltd and immediate past National Chairman (and Life Member) of the NZ Institute of Management Inc. In 2002 Doug was appointed a Member of the New Zealand Order of Merit (MNZM) in recognition of his services to business and the community.

Doug's enthusiasm, drive and wisdom have helped the DHB overcome many challenges. He is a key performer in strengthening relationships, bringing improved collaboration and consistency to health and hospital services in the Wairarapa to better serve its population.



Janine Vollebregt – Deputy Chair

A registered nurse, Janine Vollebregt was elected to the Board for a second term in December 2004. Her experience working throughout the Wairarapa community has given Janine wide exposure to the many issues that impact on people's health and well-being, such as access to services, health awareness and satisfaction, and services appropriate to the needs of specific groups. Janine's goal is to enable the Wairarapa to have health facilities and services that everyone can be proud of and feel confident in using.



Cheryl-Ann Broughton-Kurei

Cheryl is of Ngati Kahungunu ki Wairarapa and Rangitaane descent, and was appointed to the Board for a second term. Cheryl has a wide involvement with the Wairarapa community and a strong association with the provision of health services. She has served as the Chairperson of Nga Hapu Karanga (Treaty Claims Collective) since 2000, is Trustee of Nga Kanohi Marae o Wairarapa (collective of eight Wairarapa Marae), Director of Aohanga Incorporation (Maori Farm Inc) since 2003, Board member of Ngati Kahungunu Iwi Inc since 2004 and Trustee of Whaioira Whanui Trust (2001 – 2005).



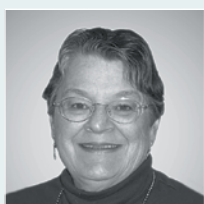
Perry Cameron

Elected to the Board in 2004, Perry Cameron (FCIS CA) brings extensive experience in both public and private sector governance and accountability. He is a Councillor of the NZ Institute of Chartered Accountants and an appointed member of the NZ Psychologists Board. Perry is an advocate for improved access to health services throughout the Wairarapa, with particular emphasis on case management for people with disabilities, for mental health consumers and support for families.



Martin Easthope

A semi-retired businessman, Martin Easthope has a proven background in strategies planning and business management. Martin's key priorities for his second elected term on the Board are to provide integrated health services, improved access and health outcomes for all, and completion of the new Wairarapa Hospital. He supports the growing recognition that to be "well" requires more than just health services; it requires united community action in terms of both relationships and working proactively to reach a positive outcome.



Doctor Liz Falkner

General Practitioner and Masterton doctor since 1973, Liz Falkner was re-elected to the Board for a second term. Liz brings a wealth of life-time experience in the health and disability sector, along with governance, small business and communication skills. She is a key participant in Board/Mana Whenua Caucus meetings. Liz is also Medical Advisor to the Post Polio Support Society NZ (Inc), and President of the Wairarapa Branch and has a vast range of community and committee work experience.

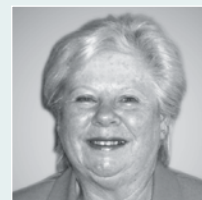
Yvette Hikitapua-Grace

Yvette is of Rangitaane o Wairarapa and Ngati Kahungunu descent and was appointed to the Board in December 2004. Yvette has a background in community social services starting with Cameron Community House and Wairarapa Rape Crisis in the 1980s. Yvette currently sits on the governance boards of Rangitaane o Wairarapa Iwi Authority and the Wairarapa Community Primary Health Organisation (Iwi representative). Yvette has previously served as Chairperson of Te Kura Kaupapa Maori o Wairarapa, and on the collectives of Wairarapa Women's Refuge and Wairarapa Rape Crisis.



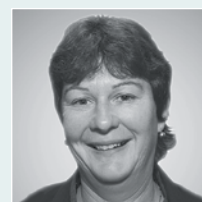
Pamela Jefferies (OBE)

An accountant and company director, Pamela Jefferies lives in the South Wairarapa. Pamela's experience includes the management of professional people, strategic thinking, planning, change management and good governance issues. She is a Director of Bank of New Zealand and Chairman of the Bank of New Zealand Wealth Management Companies. In her former capacity as Chief Human Rights Commissioner she has had input into many health issues ranging from the Right to Health, access to fertility and renal services, rights for the disabled and elderly and Core Health Services Committee Policy.



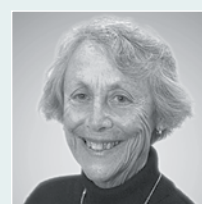
Vivien Napier

A relieving primary school teacher and Deputy Mayor of the South Wairarapa District, Vivien Napier sees continued and improved access to health services as a key goal for the Wairarapa. Vivien brings an important South Wairarapa perspective to the Board. She enjoys the challenges and rewards of developing new and improved health services, particularly with the construction of the new Wairarapa Hospital and with a key emphasis on primary health initiatives.



Trish Taylor

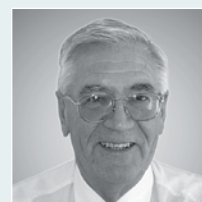
A registered nurse with experience in public and private hospitals, district nursing and mental health, Trish Taylor has a long involvement in the Wairarapa health sector. She was recently re-elected to the Board, having had a break for several terms. Trish's first hand experience of working at the coal face for many years ensures the real staff and patient issues are heard at Board level. Trish has a passion for health, and ensuring hospital and health services serve the people of the Wairarapa.



Doctor Rob Tuckett

GP Rob Tuckett, although retired, is still actively involved in general practice, providing much-needed holiday and locum cover throughout the Wairarapa on a regular basis. Rob was re-elected to the Board for a second term and looks forward to continued work to achieve further gains in the provision of health services.

Doctor Tuckett brings a wealth of GP experience to the Wairarapa, having come to New Zealand from the UK in 1974. He has been a strong advocate for GP involvement in hospital practice and has a special interest in the care of older people and people with disabilities.



BOARD AND COMMITTEE MEMBERSHIP

Board Members	Community & Public Health Advisory Committee	Disability Support Advisory Committee	Hospital Advisory Committee	Audit and Risk Committee
Doug Matheson △	▲			
Janine Vollebregt				
Perry Cameron				
Martin Easthope			▲	
Pamela Jefferies				▲
Cheryl Broughton-Kurei				
Dr Liz Falkner				
Yvette Grace				
Vivien Napier				
Trish Taylor				
Dr Rob Tuckett		▲		

N.B. △ Denotes Chair Committee member

The Disability Support Advisory Committee also has two co-opted members; Mrs Ruth Carter and Mrs Anne Savage.

STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2005

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 2005 fairly reflect the financial position and operations of Wairarapa DHB.



Chairman
Doug Matheson



Chief Executive
David Meates



Chief Financial Officer
Eric Sinclair

Dated 25 October 2005

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Wairarapa DHB is a statutory entity in terms of the Crown Entities Act 2004.

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:

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.

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 accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of these financial statements.

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.

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.

Trust and Bequest Funds

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

Accounts Receivable

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

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.

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.

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.

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	2–50 years	2–50%
Plant and equipment	2.5–15 years	6.5–40%
Motor vehicles	5–12.5 years	8–20%
Leased assets	2.5–15 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.

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.

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.

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.

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.

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.

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.

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 specific 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 2005, indirect costs accounted for 14% of Wairarapa DHB's total costs.

Changes in Accounting Policies

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

Consolidated Statement of Financial Performance

For the year ended 30 June 2005

		Group Budget	Group Actual		Parent Actual	
	Note	2005 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Revenue		78,426	81,994	75,795	81,072	74,862
Operating Expenses		-76,062	-80,132	-74,446	-79,305	-73,644
Depreciation		-1,393	-1,235	-1,501	-1,163	-1,437
Interest Expense		-789	-490	-439	-490	-439
Capital Charge	19	-1,171	-387	-1,027	-387	-1,027
Operating Surplus/(Deficit) before Taxation	1	-989	-250	-1,618	-273	-1,685
Write-down of property	7	0	0	-4,071	0	-4,071
Tax Expense	2	-18	-8	-22	0	0
Net Surplus / (Deficit) after Taxation		-1,007	-258	-5,711	-273	-5,756

Consolidated Statement of Movements in Equity

For the year ended 30 June 2005

	Group Budget	Group Actual		Parent Actual	
	2005 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Net Surplus / Deficit for the Year	-1,007	-258	-5,711	-273	-5,756
Other Recognised Revenue and Expenses (Decrease)/Increase in Revaluation Reserve	0	0	-3,445	0	-3,445
Total Recognised Revenue and Expenses	-1,007	-258	-9,156	-273	-9,201
Contribution from Owners	3,893	0	1,620	0	1,620
Movements in Equity for the Year	2,886	-258	-7,536	-273	-7,581
Equity at Start of the Year	10,218	2,551	10,087	2,361	9,942
Equity at End of the Year	13,104	2,293	2,551	2,088	2,361

Equity is \$10,811,000 less than budget at 30 June 2005. This is because the Group Budget in the Statement of Intent was prepared before the "greenfields" redevelopment option was confirmed leading to the \$9,300,000 write down of the land and buildings that are to be disposed at the completion of the project. The budget also assumed there would be an equity drawdown (Contribution from Owners) of \$3,893,000 to fund the Wairarapa Hospital redevelopment project. This has not been required as we have been able to draw down debt at a lower interest rate than the capital charge which an equity drawdown would attract. The deficit for the year is also \$749,000 lower than planned.

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

Consolidated Statement of Financial Position

As at 30 June 2005

	Note	Group Budget 2005 \$000	Group Actual 2005 \$000	2004 \$000	Parent Actual 2005 \$000	2004 \$000
EQUITY						
General Funds	3a	14,471	10,495	10,495	10,495	10,495
Retained Earnings/(Accumulated Deficit)	3b	-1,367	-8,202	-7,944	-8,407	-8,134
Total Equity		13,104	2,293	2,551	2,088	2,361
Represented by:						
ASSETS						
Current Assets						
Cash		231	125	916	0	838
Short Term Deposits		0	69	66	0	0
Receivables and Prepayments	4	6,540	8,148	6,880	8,008	6,775
Inventories	5	575	484	436	484	436
Properties Intended for Sale	7	0	1,775	79	1,775	79
Total Current Assets		7,346	10,601	8,377	10,267	8,128
Non Current Assets						
Trust Funds	6	230	145	241	145	241
Property, Plant and Equipment	7	30,075	17,207	8,640	17,087	8,484
Properties Intended for Sale	7	0	0	1,775	0	1,775
Investments	8 & 9	0	0	0	103	103
Total Non Current Assets		30,305	17,352	10,656	17,335	10,603
Total Assets		37,651	27,953	19,033	27,602	18,731
LIABILITIES						
Current Liabilities						
Bank Overdraft (secured)	10	7	288	0	288	0
Payables and Accruals	11	7,938	9,944	6,537	9,843	6,468
Employee Entitlements	12	1,906	3,325	2,762	3,282	2,721
Finance Lease Liability (current)	14	0	166	343	166	343
Current Portion of Term Loans (secured)	14	0	6,000	6,000	6,000	6,000
Total Current Liabilities		9,851	19,723	15,642	19,579	15,532
Non Current Liabilities						
Employee Entitlements	12	352	380	361	378	359
Trust Funds	13	230	145	241	145	241
Finance Lease Liability (non current)	14	0	72	238	72	238
Term Loans (secured)	14	14,114	5,340	0	5,340	0
Total Non Current Liabilities		14,696	5,937	840	5,935	838
TOTAL LIABILITIES		24,547	25,660	16,482	25,514	16,370
NET ASSETS		13,104	2,293	2,551	2,088	2,361

For and on behalf of the Board:

Dated 25 October 2005



Board Member



Board Member

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2005

		Group Budget	Group Actual	Parent Actual	
	Note	2005 \$000	2005 \$000	2004 \$000	2005 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Ministry of Health and Patients		79,794	80,460	73,986	79,562
Interest Received		53	162	76	158
Payments to Suppliers		-37,421	-53,067	-47,703	-52,728
Payments to Employees		-39,820	-24,522	-24,413	-24,039
Capital Charge		-1,133	-775	-1,007	-775
Interest Paid		-801	-451	-440	-451
Goods and Services Tax (net)		0	157	-26	151
Net Cash Inflow/(Outflow) from Operating Activities	15	672	1,964	473	1,878
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Sale of Property, Plant and Equipment		0	224	178	224
Purchase of Property, Plant and Equipment		-12,779	-8,238	-1,216	-8,202
Net Cash Inflow / (Outflow) from Investment Activities		-12,779	-8,014	-1,038	-7,978
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans Introduced		8,114	11,340	0	11,340
Capital Introduced		3,893	0	1,620	0
Repayments of loans		0	-6,343	-32	-6,343
Restricted Fund Movement		0	-23	-20	-23
Net Cash Inflow/(Outflow) from Financing Activities		12,007	4,974	1,568	4,974
Net Increase in Cash Held		-100	-1,076	1,003	-1,126
Add Opening Cash		324	982	-21	838
CLOSING CASH BALANCE		224	-94	982	-288
Made up of:					
Cash		231	125	916	0
Short Term Deposits		0	69	66	0
Bank Overdraft		-7	-288	0	-288
CLOSING CASH BALANCE		224	-94	982	-288

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

Consolidated Statement of Contingent Liabilities

As at 30 June 2005

	Group		Parent	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Legal Proceedings and Disputes by Third Parties	15	190	15	190

Consolidated Statement of Commitments

As at 30 June 2005

	Group		Parent	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Capital Commitments	18,494	583	18,494	583
Operating Lease Commitments				
Less than One Year	675	779	636	745
One to Two Years	212	350	164	306
Two to Five Years	34	10	33	9
Over Five Years	0	0	0	0
Total Operating Lease Commitments	921	1,139	833	1,060
Non-cancellable Contracts for the Provision of Services				
<i>Not Later Than One Year</i>				
Non Funder	1,133	1,023	1,133	1,023
Funder	3,834	2,870	3,834	2,870
<i>Later Than One Year and Not Later Than Two Years</i>				
Non Funder	461	129	461	129
Funder	3,087	890	3,087	890
<i>Later Than Two Years and Not Later Than Five Years</i>				
Non Funder	885	145	885	145
Funder	2,408	568	2,408	568
<i>Over Five Years</i>				
Non Funder	0	0	0	0
Funder	0	0	0	0
Total Non-Cancellable Contracts	11,808	5,625	11,808	5,625
TOTAL COMMITMENTS	31,223	7,347	31,135	7,268

The Capital Commitments of \$18,494,000 includes an amount of \$18,147,000 which is the remaining contract sum due for the construction of Wairarapa Hospital.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2005

1. Net Operating Surplus / (Deficit) Before Taxation

	Group		Parent	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
After Charging:				
<i>Remuneration of Auditor</i>				
Audit Fees	50	48	42	41
Other Services	0	7	0	7
	50	55	42	48
<i>Depreciation</i>				
Buildings	175	777	175	777
Plant and Equipment	611	646	563	592
Information Technology	378	0	362	0
Motor Vehicles	71	78	63	68
Total	1,235	1,501	1,163	1,437
Net Gain on Sale of Property, Plant and Equipment	-137	-129	-137	-129
Board Members' Fees	218	247	215	230
Rental and Operating Lease Costs	1,320	1,411	1,286	1,386
Bad Debts Written Off	59	15	59	15
Changes in Provision for Bad Debts	-22	11	-22	11
After Crediting:				
Donations	142	43	142	43
Interest Income	162	76	158	71

2. Tax Expense

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

	Group	
	2005 \$000	2004 \$000
Operating surplus / (deficit) before Taxation	23	67
Prima Facie Taxation of 33% on Subsidiary	8	22
Plus / (Less) Taxation Effect On:		
Prior Period Adjustment	0	0
Permanent Differences	0	0
Timing Differences Not Recognised	0	0
Taxation Expense	8	22

Biomedical Services New Zealand Limited has not recognised deferred tax asset accumulative timing differences of \$139,556 (June 2004: \$132,548) as these are not expected to reverse in the foreseeable future. The tax effect of the timing differences not recognised is \$46,053 (June 2004: \$43,741). At balance date there were imputation credits of \$88,154 available to shareholders.

3. Equity

	Group		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
(a) General Funds				
Opening Balance	10,495	12,320	10,495	12,320
Movement in Revaluation Reserve	0	-3,445	0	-3,445
Issued During the Year	0	1,620	0	1,620
Balance At 30 June	10,495	10,495	10,495	10,495
(b) Retained Earnings				
Retained Earnings at 1 July	-7,944	-2,213	-8,134	-2,358
Net Surplus / (Deficit)	-258	-5,711	-273	-5,756
Transfers from Trust Funds (note 13)	0	0	0	0
Transfer to Trust Funds (note 13)	0	-20	0	-20
RETAINED EARNINGS AT 30 JUNE	-8,202	-7,944	-8,407	-8,134

4. Receivables and Prepayments

	Group		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Trade Debtors	1,862	893	1,718	783
Provision for Doubtful Debts	-76	-98	-76	-98
Accrued Income	5,933	5,848	5,933	5,845
Prepayments	427	236	427	236
Sundry	2	1	2	1
Receivables & prepayments excluding owing by subsidiary	8,148	6,880	8,004	6,767
Amount Owing by Subsidiary	0	0	4	8
RECEIVABLES & PREPAYMENTS INCLUDING OWING BY SUBSIDIARY	8,148	6,880	8,008	6,775

5. Inventories

	Group		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Pharmaceuticals	73	67	73	67
Surgical and Medical Supplies	177	135	177	135
Theatre Supplies	189	189	189	189
Other Supplies	45	45	45	45
TOTAL INVENTORY	484	436	484	436

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

Money Market and other Trading Banks
These investments are all held as trust funds.

Group		Parent	
2005 \$000	2004 \$000	2005 \$000	2004 \$000
145	241	145	241

7. Property, Plant and Equipment

Land

At Valuation

Land – Net Current Value

Buildings

At Valuation

At Cost

Accumulated Depreciation

Buildings – Net Current Value

Plant and Equipment

At Cost

Accumulated Depreciation

Plant and Equipment – Net Book Value

Motor Vehicles

At Cost

Accumulated Depreciation

Motor Vehicles – Net Book Value

Capital Work in Progress

Buildings

Plant and Equipment

Capital Work in Progress

Capitalised Finance Leases

Information Technology

At Valuation

Accumulated Depreciation

Information Technology – Net Book Value

Total Property, Plant and Equipment

At Cost and Valuation

Accumulated Depreciation

TOTAL CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT

Group		Parent	
2005 \$000	2004 \$000	2005 \$000	2004 \$000
228	228	228	228
228	228	228	228
4,520	4,417	4,520	4,417
0	24		24
-366	-177	-366	-177
4,154	4,264	4,154	4,264
10,263	9,919	9,725	9,417
-7,914	-7,459	-7,490	-7,099
2,349	2,460	2,235	2,318
795	795	753	753
-616	-545	-580	-517
179	250	173	236
9,739	846	9,739	846
320	11	320	11
10,059	857	10,059	857
581	581	581	581
-343		-343	
238	581	238	581
26,446	16,821	25,866	16,277
-9,239	-8,181	-8,779	-7,793
17,207	8,640	17,087	8,484

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

The Board 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 reduced 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 \$1.8 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

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 had been classified as operating leases.

Restrictions

The disposal of certain properties may be subject to the provisions of section 40 of the Public Works Act 1981. 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	
	2005	2004
	\$000	\$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 (2004: 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 2005 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 its approved overdraft facility. The facility available totals \$2,500,000. The current interest rate on the group's bank overdraft is 10.60% per annum (2004: 9.60%).

11. Payables and Accruals

	Group		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Trade Creditors and Accruals	9,171	5,689	9,067	5,614
Capital Charge Due to the Crown	156	544	156	544
GST / FBT Payable	390	224	383	222
Income Received in Advance	227	80	227	80
Amount Owing to Subsidiary	0	0	10	8
TOTAL PAYABLES AND ACCRUALS	9,944	6,537	9,843	6,468

12. Employee Entitlements

	Group		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Accrued Pay	795	651	781	642
Annual Leave	1,872	1,586	1,843	1,554
Retirement Leave	312	275	310	273
Long Service Leave	275	265	275	265
Maternity Grant	21	38	21	38
Conference Leave	430	308	430	308
TOTAL EMPLOYEE ENTITLEMENTS	3,705	3,123	3,660	3,080
Made up of:				
Current	3,325	2,762	3,282	2,721
Non-current	380	361	378	359
TOTAL EMPLOYEE ENTITLEMENTS	3,705	3,123	3,660	3,080

13. Trust Funds

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

	Group		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Opening Balance	241	221	241	221
Funds Received	29	14	29	14
Interest Received	12	9	12	9
Total Receipts	41	23	41	23
Funds Spent	137	3	137	3
BALANCE AT 30 JUNE 2005	145	241	145	241

Trust funds have been classified as non-current liabilities within the Statement of Intent and within this report. Previously they have been classified within the equity section of the statement of financial position. This reclassification has occurred to recognise that the restrictive conditions attached to these trust funds require them to be treated as a liability.

The following funds are held as investments of Wairarapa DHB.

	2005 \$000	2004 \$000
Brownette Bequest	21	20
Cameron Bequest	2	2
Greytown Hospital Patient Comfort Fund	9	98
Macintosh Bequest	3	3
Mason Bequest	7	6
Masterton Hospital Patient Comfort Fund	10	33
Ross Bequest	19	18
Toogood Bequest	5	5
Tyacke Bequest	9	21
Funds Donated to Specific Departments	36	35
Wairarapa Hospital Redevelopment Landscaping Fund	24	0
TOTAL	145	241

The Greytown Hospital Patient Comfort Fund and Masterton Hospital Patient Comfort Fund balances have been utilised during the year for the purchase of 25 new electric beds for use accessing hospital services within the Wairarapa.

The Wairarapa Hospital Redevelopment Landscaping Fund was established during the financial year. This trust fund contains all cash donations received by Wairarapa DHB for the purposes of landscaping within the new hospital development.

14. Term Loans and Finance Lease Liability

	Group		Parent	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Crown Health Financing Agency	11,340	6,000	11,340	6,000
Finance Leases	238	581	238	581
TOTAL	11,578	6,581	11,578	6,581
Made up of:				
Current Portion	6,166	6,343	6,166	6,343
Non-current Portion	5,412	238	5,412	238
Repayable as follows:				
Less Than One Year	6,166	6,343	6,166	6,343
One To Two Years	72	166	72	166
Two to Five Years	5,340	72	5,340	72
Total	11,578	6,581	11,578	6,581
Interest Rates Summary:				
Crown Health Financing Agency	6.60%	7.09%	6.60%	7.09%

A \$6 million term loan was raised with the Crown Health Financing Agency on 12 April 2005. The debt is secured by a negative pledge. Without the Crown Health 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	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Payable no Later than One Year	191	359	191	359
Later than One, not Later Than Two Years	90	191	90	191
Later than two, not later than five years	0	91	0	91
Later than five years	0	0	0	0
	281	641	281	641
Future finance charges	-43	-60	-43	-60
Recognised as a liability	238	581	238	581
Representing lease liabilities:				
Current	166	343	166	343
Non-current	72	238	72	238
	238	581	238	581

At 30 June 2004 the Board reclassified leasing arrangements for Information Technology equipment as finance leases. In previous years they had been classified as operating leases. In accordance with the Public Finance Act 1989 and the Crown Entities Act 2004 the approval of the Minister of Finance has been obtained for the financing lease arrangements. The lease arrangements had 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 2003/04 financial year.

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

	Group		Parent	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Net Surplus/(Deficit) After Tax	-258	-5,711	-273	-5,756
<i>Add/(less) Non-Cash Items</i>				
Depreciation	1,235	1,501	1,163	1,436
Write-down on property valuation	0	4,071	0	4,071
Increase/(Decrease) Employee Entitlements	580	248	580	248
Total Non-Cash Items	1,815	5,820	1,743	5,755
<i>Add/(less) Items classified as Investment Activity</i>				
Net Loss/(Gain) on Sale of Property, Plant and Equipment	-137	-128	-137	-129
Total Investing Activity Items	-137	-128	-137	-129
<i>Add/(less) Movements in Working Capital Items</i>				
(Increase)/Decrease in Receivables and Prepayments	-1,270	-1,809	-1,233	-1,793
(Increase)/Decrease in Inventories	-48	63	-48	63
Increase/(Decrease) in Payables and Accruals	1,862	2,238	1,826	2,226
Increase/(Decrease) in Taxation	0	0	0	0
Working Capital Movement – Net	544	492	545	496
Net cash (Outflow)/Inflow from Operating Activities	1,964	473	1,878	366

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

Funding and Capital Charge Payments

Wairarapa DHB received \$75 million from the Ministry of Health to provide health services to the Wairarapa area in the year ended 30 June 2005. Wairarapa DHB paid \$387,000 to the Ministry of Health for Capital Charge (see Note 19).

The amount receivable at year end was \$5.04 million. The amount payable at year end was \$52,000.

Inter-group Transactions and Balances

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.

	2005	2004
	\$000	\$000
Purchases	107	89
Management Fee	15	30
Insurance Cover	4	4
Taxation Advice	0	1

The following balances as at 30 June 2005 resulted from the above transactions and are payable on normal trading terms:

	2005	2004
	\$000	\$000
Accounts Payable	10	8
Accounts Receivable	4	8

Doug Matheson (Chairperson, Wairarapa DHB) and David Meates (Chief Executive, Wairarapa DHB) are Directors of Biomedical Services New Zealand Ltd.

Inter District Flows

Wairarapa DHB purchases services from other DHBs for its community. The process for this purchasing arrangement is inter district flows. For the year ended 30 June 2005 the following transactions were incurred by the DHB:

	2005	2004
	\$000	\$000
Revenue	2,132	2,061
Expenditure	16,213	16,289
Debtor at 30 June	283	57
Creditor at 30 June	1,186	1,328

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:

Martin Easthope	Executive Committee Member, Cancer Society (Wairarapa Branch); Ann Easthope (married to Martin) has been contracted to provide various DHB project management services
Doctor Liz Falkner	General Practitioner, The Doctors (Masterton)
Yvette Grace	Trustee, Wairarapa Community PHO Trust Board; Member, Wairarapa Community PHO Services Committee; Member, Rangitaane o Wairarapa; Representative, Te Mauri A Iwi (Family Start)
Doctor Rob Tuckett	General Practitioner (part-time), Carterton, Greytown and Martinborough Medical Centres and Masterton Medical.
Janine Vollebregt	Trustee, Wairarapa Community PHO Interim Trust Board (until July 2004); Chairperson, Wairarapa Community PHO Services; 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 \$4,070,000 (2004 \$2,943,000). The current year includes all payments to the Wairarapa Community PHO Trust.

Other Related Parties

Payments to the Central Region Technical Advisory Service Limited in the year ending 30 June 2005 totalled \$73,950.

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 2005. (There was no interest rate swap in place at June 2004). Interest rates on investments and credit funds range from 6.20% to 6.75%.

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 2005 (June 2004 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 2004 93%) 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 with a value of \$695 (June 2004 \$682). 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.

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 2005 was 11% (2004 11%).

20. Board Members' Remuneration

Board members' remuneration received or receivable for the year ended 30 June 2005. In addition Board members are able to claim reimbursement for out of pocket expenses.

	2005 \$000	2004 \$000
Doug Matheson – Chairman ⁴	36	37
Janine Vollebregt – Deputy Chair ²	22	20
Cheryl-Ann Broughton-Kurei ⁴	17	19
Perry Cameron ¹	10	0
Martin Easthope ²	22	26
Pamela Jefferies ³	10	0
Liz Falkner ²	18	19
Yvette Grace ³	10	0
Vivienne Napier ²	18	20
Trish Taylor ¹	10	0
Rob Tuckett ²	18	20
Robyn Daglish ⁵	8	20
Linda Nelson ⁵	9	19
Janice Wenn ⁵	7	19
Lyn Patterson (resigned 10 January 2004)	0	11
TOTAL	215	230

¹ Newly elected member from 6 December 2004

² Re-elected member

³ Newly appointed member from 6 December 2004

⁴ Re-appointed member

⁵ Term finished 5 December 2004

Martin Easthope was the Deputy Chair for the period 1 July 2004 to 5 December 2004. Janine Vollebregt was appointed the Deputy Chair from 6 December 2004.

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
\$	2005	2004
100,000–110,000	1	2
110,001–120,000	3	0
120,001–130,000	3	0
130,001–140,000	0	2
140,001–150,000	1	0
150,001–160,000	2	3
160,001–170,000	0	2
170,001–180,000	3	0
180,001–190,000	2	1
190,001–200,000	2	6
200,001–210,000	1	1
210,001–220,000	1	0
220,001–230,000	2	2
230,001–240,000	0	0
240,001–250,000	1	0

The chief executive's total annual remuneration and other benefits falls in the \$210,001 to \$220,000 bracket.

Of the 22 employees shown above, 19 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 24, compared with the actual total number of employees of 22.

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	2,990
1	6,722
1	6,734
1	7,743
1	17,216
1	20,625
1	28,889
2	34,274
1	39,415

22. Post Balance Date Events

On 5 July 2005 Wairarapa DHB repaid a sum of \$6,000,000 to the Crown Health Financing Agency. This amount has been classified as a current liability on the statement of financial position.

Other than those items noted above there have been no other significant events between the year end and the signing of the financial statements.

23. Explanation of Major Variations

The budget figures in this report are taken from our Statement of Intent for the financial year ended 30 June 2005. The budget which did not assume we would be adopting a "Greenfields" approach to the site redevelopment.

Revenue was \$3,568,000 higher than planned due to increases in Crown Funding advised after the budget was completed. This included \$1,147,000 for the Health of Older People Risk Pool, \$831,000 for Primary Health Organisation Top-Up funding, \$518,000 for the Nurses Pay Settlement and \$470,000 for Holidays Act funding.

Operating expenditure was \$4,070,000 higher than planned due to expenses relating to the increased Crown Funding outlined above, adverse Inter District Flows and higher outsourced services and clinical supplies costs. These were offset by favourable variances in infrastructure and non-clinical supplies costs and also financing costs.

Property, Plant and Equipment was \$12,868,000 below budget as the Statement of Intent was prepared prior to the \$9,300,000 write-down of the current hospital campus buildings at 30 June 2004. The remaining balance is due to the initial delay in the site development expenditure while the "Greenfields" option was explored and subsequently approved. This also resulted in a lower level of debt drawn down to fund the project.

24. Management Commentary

Hospital Redevelopment

Subject to the approval for the Greenfield development, the Board resolved on 4 June 2004 to dispose of any surplus buildings and associated land at the completion of the project. Subsequently the Board 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.

It is the Board's intention, that on the completion of the site redevelopment, surplus buildings and associated land will be sold to the Crown Health Financing Agency.

The total funding approved by the Ministers of Health and Finance for the hospital redevelopment project is \$29,500,000 made up of \$7,600,000 Equity, \$19,750,000 Debt from the Crown Health Financing Agency, \$1,900,000 from Wairarapa DHB free cashflows and \$250,000 borrowed from the Wairarapa Community Health Trust. At 30 June 2005, \$5,340,000 of funding had been drawn down, all of which was Debt from the Crown Health Financing Agency which appears in the Statement of Financial Position as Term Loans (secured) within Non-Current Liabilities. Thus at 30 June 2005, \$24,160,000 of funding remains to be drawn down for the hospital redevelopment project.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

For the year ended June 2005

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.

The Statement of Intent for 2004/05 comprised 16 programmes of work that have been grouped into six major categories. These are:

Improvement of Health & Disability Services

- Progress Hospital Redevelopment while maintaining service provision
- Improving Child, Family & Youth Health
- Better Mental Health
- Reducing the Incidence & Impact of Diabetes
- Reducing the Incidence & Impact of Respiratory Disease
- Elective Services
- Primary Care

Inclusion of People with Disabilities

- NZ Disability Strategy

Maori Health & Reducing Inequalities

- Implementing He Korowai Oranga and Whakatataka
- Reducing Inequalities

Community Participation

- Community engagement

Quality of Services

- Achieving Accreditation and Certification
- Workforce Development
- Industrial Relations

Financial Responsibilities

- Keeping infrastructure costs as low as possible
- Managing within budget

Improvement of Health & Disability Services

Progress Hospital Redevelopment while maintaining service provision

Deliverables/Targets	Performance/Achievement
Completion of final Masterplan and developed design	
<ul style="list-style-type: none"> • <i>Developed design agreed with Ministry of Health and Treasury by December 2004.</i> 	Achieved: Final masterplan and developed design was submitted to the MOH and Treasury in December 2004.
Complete initial construction work	
<ul style="list-style-type: none"> • <i>Construction/re-construction commenced by 31 January 2005, and further milestones achieved on time thereafter.</i> 	Achieved: Site clearance commenced on 5 January 2005 and construction started in January 2005.
Delivery of all services maintained at levels achieved in 2003/04 or better	
<ul style="list-style-type: none"> • <i>Actual versus expected service outputs specified in the price-volume schedule.</i> 	Achieved: The Provider arm exceeded the contracted volume targets specified within the price-volume schedule for the first time. The total contract delivered in dollar terms exceeded the target by \$258,686.

Improvement of Health & Disability Services

Improving Child, Family & Youth Health

Deliverables/Targets		Performance/Achievement																								
Increased access to paediatric services																										
<ul style="list-style-type: none"> Community Paediatrician employed by October 2004 		<p>Achieved: Paediatrician commenced employment in August 2004 for a one year term. An appointment has been made for a replacement. The new contract is for a three year term to further progress the work. Currently a Paediatric Clinical Nurse Specialist is advertised to work both in the inpatient setting and in the community. The Clinical Nurse Specialist will work with the Paediatrician to ensure a smooth transition from hospital to community and develop systems to reduce avoidable hospital admissions and improve paediatric care within the community.</p>																								
Successful implementation of the National Immunisation Register (NIR)																										
<ul style="list-style-type: none"> NIR implementation progress against plan at 30 June 2005 		<p>Achieved: NIR go live date achieved for Meningococcal Vaccine event information. NIR birth cohort go live is on target to commence on 24 October 2005.</p>																								
Successful implementation of meningococcal vaccine strategy																										
<ul style="list-style-type: none"> Coverage and uptake achieved for Maori and non-Maori, aged under 5 years, 5-16 years, and 17-20 years. Target: 95% coverage over all age groups 		<p>Partially achieved: Implementation plan completed and vaccination commenced on time on 23 May 2005. The programme consists of 3 doses over a 20 week period. The first doses coverage was 75.5% after week 9 and the DHB is on track to achieve the target for the under 5 years and the 5-16 years group. However, consistent with the national trend the target is not likely to be achieved for the 17-20 year group.</p>																								
Reduced hospital admissions of children and young people																										
<ul style="list-style-type: none"> Numbers of ambulatory sensitive hospital admissions of children and young people Discharge rates per 1000 population 		<p>Partially achieved: The target for reducing ambulatory sensitive hospital admissions of children under five has been surpassed. For those aged 5-14 years the target has not been achieved, but there has been some improvement over previous years' data. For those aged 15-24 years performance has deteriorated.</p>																								
<table border="1"> <thead> <tr> <th>Age</th><th>2003 Actual</th><th>2004/05 Target</th></tr> </thead> <tbody> <tr> <td>< 5 yrs</td><td>112.4</td><td>105</td></tr> <tr> <td>5-14 yrs</td><td>26.4</td><td>20</td></tr> <tr> <td>15-24 yrs</td><td>15.9</td><td>13.5</td></tr> </tbody> </table>		Age	2003 Actual	2004/05 Target	< 5 yrs	112.4	105	5-14 yrs	26.4	20	15-24 yrs	15.9	13.5	<table border="1"> <thead> <tr> <th>Age</th><th>2004/05 Target</th><th>Actual for year to 30 April 2005</th></tr> </thead> <tbody> <tr> <td>< 5 yrs</td><td>105</td><td>69.2</td></tr> <tr> <td>5-14 yrs</td><td>20</td><td>24.8</td></tr> <tr> <td>15-24 yrs</td><td>13.5</td><td>21</td></tr> </tbody> </table>	Age	2004/05 Target	Actual for year to 30 April 2005	< 5 yrs	105	69.2	5-14 yrs	20	24.8	15-24 yrs	13.5	21
Age	2003 Actual	2004/05 Target																								
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15-24 yrs	13.5	21																								

continued next page →

Improving Child, Family & Youth Health

Deliverables/Targets		Performance/Achievement						
Improved oral health in children and adolescents								
<ul style="list-style-type: none">Numbers of enrolments and completions in dental services for adolescentsPercentages of adolescent population utilising services: <table><tr><th>2003/04 Actual</th><th>2004/05 Target</th></tr><tr><td>93% enrolment</td><td>95% enrolment</td></tr><tr><td>68%completions (estimated)</td><td>75% completions</td></tr></table> <ul style="list-style-type: none">Review of school dental services completed by December 2004		2003/04 Actual	2004/05 Target	93% enrolment	95% enrolment	68%completions (estimated)	75% completions	<p>Partially achieved: Enrolments for adolescents has exceeded the target with a result of 98.5% achieved. The completions data is not captured and therefore no result can be provided against the target.</p> <p>Achieved: The review of school dental services was completed by December 2004, and building on from the review, an Oral Health Strategic Service Plan was completed by June 2005.</p>
2003/04 Actual	2004/05 Target							
93% enrolment	95% enrolment							
68%completions (estimated)	75% completions							
Increased access to ante-natal and parenting education								
<ul style="list-style-type: none">Increase in number of programmes funded, and numbers of attendees: <table><tr><th>2003/04 Actual</th><th>2004/05 Target</th></tr><tr><td>10 programmes</td><td>15 programmes</td></tr><tr><td>120 attendees</td><td>150 attendees</td></tr></table>		2003/04 Actual	2004/05 Target	10 programmes	15 programmes	120 attendees	150 attendees	<p>Achieved: New post natal parenting education programmes commenced in 2004/05. The response to teen specific education, from teen parents, was poor and this resulted in fewer than planned programmes being delivered, but overall attendance was above expectations.</p> <p>A total of 13 programmes were undertaken with a total of 156 attendees.</p>
2003/04 Actual	2004/05 Target							
10 programmes	15 programmes							
120 attendees	150 attendees							
More health promoting schools (HPS)								
<ul style="list-style-type: none">Number of schools actively supported towards HPS: <table><tr><th>2003/04 Actual</th><th>2004/05 Target</th></tr><tr><td>1</td><td>3</td></tr></table>		2003/04 Actual	2004/05 Target	1	3	<p>Achieved: There are now 8 schools in Wairarapa being supported to become Health Promoting Schools.</p>		
2003/04 Actual	2004/05 Target							
1	3							
Increased access to services for Youth								
<ul style="list-style-type: none">Review of service provision for Youth completed by June 2005		<p>Achieved: Review incorporated in draft Youth Health Strategy which was completed by 30 June 2005.</p>						
Less family violence								
<ul style="list-style-type: none">Implement partner abuse intervention programme for all hospital staff by July 2004Formal, regular training in child protection in place for all hospital staff by June 2005		<p>Partially achieved: Policies and procedures have been developed. Family violence training held monthly for all staff. Frontline staff have been targeted initially.</p>						

Improvement of Health & Disability Services

Better Mental Health

Deliverables/Targets	Performance/Achievement
Access to a range of local mental health services that are recovery oriented, clinically sustainable, and affordable	
<ul style="list-style-type: none"> Implementation pathway for new mental health services plan completed by November 2004 Reconfiguration of services complete by June 2005 Clinical pathways established for all DHB provided mental health services, by October 2004 	<p>Achieved: Implementation pathway, including registration of interest and provider selection processes was completed before November 2004, and new providers selected and advised by December. Service changes took place in the period January-March 2005. The reconfigured services were implemented fully from 1 April 2005.</p> <p>Clinical pathways were established for all DHB services during the financial year.</p>
Mental Health Services that demonstrably make a positive difference to consumers	
<ul style="list-style-type: none"> Outcomes measurement in use in all DHB provided mental health services, by May 2005 	<p>Not achieved: Outcome measurements are part of the MH-Smart project. The MH-SMART project is an information system that collects, collates and reports outcome based measurements for mental health services. The project, run by the MOH, has been deferred 1 year with an implementation of 1 July 2006 now planned. This delay was necessary to allow for a more robust system selection process and to allow greater time for implementation. The training of staff on MH-SMART begins in November 2005.</p>
Services that are more responsive to cultural needs of Maori	
<ul style="list-style-type: none"> Mental health services cultural adviser employed by July 2005 	<p>Achieved: A 0.5 FTE Maori mental health cultural adviser role established and appointed (advising on but not doing clinical work), plus a 1.0 FTE Maori support person (not clinically qualified) has been employed to support tangata whaiora who access the mainstream services.</p>
Increased access to mental health services for youth	
<ul style="list-style-type: none"> Increase funding for alcohol and drug services for youth from July 2004 Plan for future development of mental health services for youth completed by June 2005 	<p>Achieved: The 2004/05 funding increased, over that provided for 2003/04, for alcohol and drug services for youth by \$65,000.</p> <p>The plan for the future development of mental health services for youth was subsumed into two other projects – The Wairarapa Youth Health Strategy, and the regional stocktake and review of Child Adolescent Mental Health Services across the central region. Both of these projects are due for completion during the 2005/06 financial year.</p>

Improvement of Health & Disability Services

Reducing the Incidence & Impact of Diabetes

Deliverables/Targets				Performance/Achievement	
Increase in number of Maori and Pacific people with diabetes who have free Annual checks					
Improve access to eye screening for people affected by diabetes					
<ul style="list-style-type: none"> Number of Maori and Pacific people accessing Annual free checks increases by at least 10% during 2004 				<p>Achieved: Diabetes checks for the calendar year for 2004 were increased overall by 10.4%. They were increased by 15.6% for Maori and 23.1% for Pacific Island people.</p>	
	2002 Actual	2003 Actual	2004 Target		2004 Actual
Annual checks done				Annual checks done	
Total – all ethnicities	408	682	828	Total – all ethnicities	753
• Maori	70	90	119	• Maori	104
• Pacific	8	13	16	• Pacific	16
• Others	457	579	692	• Others	633
Estimated total number with Diabetes	1,145	1,189	1,263	Estimated total number with Diabetes	1,263
People who have had their eyes screened in the past 2 years.	359	600	745	People who have had their eyes screened in the past 2 years	563
• Maori	45	77	107	• Maori	78
• Pacific	4	11	14	• Pacific	11
• Others	310	512	624	• Others	474
One clinical pathway for diabetes treatment and management, used by all service providers across Wairarapa					
<ul style="list-style-type: none"> Flow-chart pathways developed for children and adults by June 2005 				<p>Partially achieved: Paediatric clinical pathway has been agreed for the Wairarapa region and will be implemented in the 2005/06 financial year. The pathway for adults is being developed during 2005/06.</p>	

Improvement of Health & Disability Services

Reducing the Incidence & Impact of Respiratory Disease

Deliverables/Targets		Performance/Achievement		
Increasing numbers of people have healthy lifestyles and environments				
<ul style="list-style-type: none">100 homes of people affected by respiratory disease insulated by June 2005Influenza vaccination sales		<p>Achieved: 271 homes were insulated.</p> <p>Partially achieved: the definition applied to the categories was changed since the targets were established and the actual achievements are not able to be measured on a consistent basis with the targets. An overall increase of 2% was achieved.</p>		
	2002 Actual	2003 Actual	2004 Actual (To 18/06/04)	2005
Units of Vaccine Sold	6,130	6,720	7,300	8,111
Increased number		590	539	811
% increase		9.6%	7.97%	10%
Common clinical pathways for treatment and management of respiratory illness, used by all service providers across Wairarapa				
<ul style="list-style-type: none">Clinical pathway for chronic obstructive pulmonary disease (COPD) agreed by June 2005		<p>Achieved: A COPD community pathway was agreed in February 2005.</p>		

Improvement of Health & Disability Services

Elective Services

Deliverables/Targets		Performance/Achievement
No one waits more than six months for an initial outpatient assessment		
<ul style="list-style-type: none"> 100% of all referrals are seen within 6 months by 30 June 2005 		<p>Substantially achieved: This performance target was met across all referrals for some months of the year and for most of the year for General Surgery, Gynaecology, and Urology.</p> <p>A plan has been put in place to bring performance within the level required for Elective Services Performance Indicator by December 2005. Elements of this plan include:</p> <ul style="list-style-type: none"> additional clinics efficiencies in clinic scheduling use of specialist nurse for follow up clinics
All those assessed as eligible for surgery are operated on within six months of their first specialist assessment		
<ul style="list-style-type: none"> 100% are operated on within 6 months of assessment by June 2005 		<p>Not achieved: At June 2005 87 people (or 9.3%) had been waiting over 6 months for surgery. 50% of these patients were waiting for ENT or ophthalmology procedures. Both are reliant on availability of visiting specialists. Investigations into managing service delivery in other ways (e.g. surgical bus) are ongoing.</p>
More integrated primary-secondary management of the elective surgical services work programme		
<ul style="list-style-type: none"> Establish a Wairarapa Elective Services Steering Committee and work programme by September 2004 		<p>Achieved: A steering committee was established in September 2004. Membership includes secondary and primary services personnel.</p>

Improvement of Health & Disability Services

Primary Care

Deliverables/Targets	Performance/Achievement																																																		
Effective delivery of new PHO services																																																			
<ul style="list-style-type: none">Increased access to and utilisation of primary health services – baseline data to be established during 2004/05	<p>Achieved: Baseline data has been obtained and there has been growth in utilisation of primary health services across all patient groups.</p> <table><tr><th>2004/05</th><th>Qtr1</th><th>Qtr2</th><th>Qtr3</th><th>Qtr4</th></tr><tr><td>Nurse consults</td><td>8,624</td><td>9,437</td><td>8,765</td><td>10,593</td></tr><tr><td>GP consults</td><td>38,029</td><td>36,387</td><td>35,250</td><td>44,353</td></tr><tr><td>- Maori</td><td>4,333</td><td>3,921</td><td>3,701</td><td>5,152</td></tr><tr><td>- Pacific</td><td>427</td><td>342</td><td>298</td><td>457</td></tr><tr><td>- Under 5s</td><td>3,245</td><td>2,997</td><td>2,116</td><td>4,431</td></tr><tr><td>- Over 64s</td><td>11,252</td><td>11,585</td><td>11,483</td><td>14,538</td></tr><tr><td>- Quintile 5</td><td>5,438</td><td>4,738</td><td>4,508</td><td>6,111</td></tr><tr><td>- Care Plus</td><td>–</td><td>758</td><td>1,162</td><td>2,192</td></tr><tr><td>% Fully-vaccinated children</td><td>56%</td><td>69%</td><td>78%</td><td>82%</td></tr></table>	2004/05	Qtr1	Qtr2	Qtr3	Qtr4	Nurse consults	8,624	9,437	8,765	10,593	GP consults	38,029	36,387	35,250	44,353	- Maori	4,333	3,921	3,701	5,152	- Pacific	427	342	298	457	- Under 5s	3,245	2,997	2,116	4,431	- Over 64s	11,252	11,585	11,483	14,538	- Quintile 5	5,438	4,738	4,508	6,111	- Care Plus	–	758	1,162	2,192	% Fully-vaccinated children	56%	69%	78%	82%
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Increasing access to services for Maori and Pacific people																																																			
<ul style="list-style-type: none">Number of people transported to, and supported at, primary and/or secondary health services, by Maori providers. Target: 35 per month during 2004/05 (this is a new service)	<p>Achieved: Whaiora Whanui and Te Hauora both offer transport and support to Maori and Pacific clients accessing primary care. Actual average numbers of patients transported per month in 2004/05 were:</p> <ul style="list-style-type: none">Maori 127 transports/monthPacific 20 transports/month																																																		
Expenditure in pharmaceuticals is managed within budget																																																			
<ul style="list-style-type: none">Joint PHO/DHB working group develops referred services management strategy by May 2005	<p>Partially achieved: The expenditure on Pharmaceuticals was managed within the DHBs pharmaceutical budget for the 2004/05 year (including PHARMAC rebates). The DHB did not develop a working group with the PHO to develop a referred services management (RSM) strategy. This was because the local work on RSM was overtaken by the regional RSM Project led by TAS which was initiated early in 2004/05. This project provided and continues to provide a wide range of data on RSM, trends, prescribing trends, information by service provider etc. The DHB uses this information to assist with financial management, influencing prescribing patterns, contract management and a range of other service planning and monitoring activities. There are linkages with the PHO with Pharmaceuticals, with the PHO’s Pharmacy Facilitator regularly reviewing TAS RSM data and using this to inform discussing for example with GPs on prescribing activity and medicine management.</p> <p>The DHB also had a range of RSM initiatives running throughout the year and included:</p> <ul style="list-style-type: none">Pharmacy working party to improve patient care and treatment through medicines management projects.A local contract was implemented with Wairarapa pharmacists as a first step to moving away from a fee for service framework.DUMP campaign – a waste medicines campaign was launched during the year and will be repeated in 2005/06.Wai-Aro laboratory entered the local market competing for community-referred laboratory test volumes. This will with time reduce the DHB’s expenditure on laboratory test as levels of Inter District Flows reduce as a result of Wai-Aro activity.																																																		

Inclusion of People with Disabilities

NZ Disability Strategy

Deliverables/Targets	Performance/Achievement
Continue to implement Wairarapa DHB Disability Strategy Action Plan	
<ul style="list-style-type: none"> <i>Progress report on actions completed at 30 June 2005</i> 	<p>Achieved: The following was achieved during the year:</p> <ul style="list-style-type: none"> As plans for the new hospital facility and service development have progressed, various disability interests have been represented and provided valuable advice for the structural and service planning. The building caters for a variety of access modes and signage will accommodate the needs of the visually impaired. During the past year, the DHB has worked with local and regional government, the PHO, Red Cross and the Disabled Peoples Assembly to address transport issues and accommodate the needs of disabled people. This has included establishment of the Wairarapa Community Transport service and relevant submissions for public transport services. "Diversity Awareness" workshops have been held for staff. Contracts have been reconfigured to more specifically address disability needs for Maori. Disability needs for older people have been addressed through implementation of the Wairarapa Elder Local Links (W.E.L.L.) plan. For example, introducing a single point of entry for accessing disability support. A survey of carers identified use of allocated support, perceived informal support systems and the needs of carers (including training needs). This survey has provided direction for development of a carer support service. NGO providers of disability services have given presentations to DSAC to enable a clearer understanding of services and support that are provided and relevant issues
People have access to a comprehensive range of Assessment, Treatment & Rehabilitation (AT&R) services that demonstrate best practice	
<ul style="list-style-type: none"> <i>Re-design delivery of AT&R services and implement new service model by May 2005</i> 	<p>Achieved: Single point of entry established for AT&R by May 2005. An AT&R User Group was established in 2004 to review and provide input into the AT&R facilities in the new hospital and to design and develop the service to further clarify co-ordination of AT&R services.</p>

Maori Health & Reducing Inequalities

Implementing He Korowai Oranga and Whakatataka

Deliverables/Targets	Performance/Achievement
Stronger, more effective Maori providers	
<ul style="list-style-type: none"> <i>Growth in services 'by Maori for Maori', measured by funding and staff employed</i> 	<p>Achieved: There has been growth in funding for Maori provider services with total funding increasing by 3% in 2004/05.</p> <p>Whaiora Whanui have increased staff numbers, and the services provided with the addition of the Family Start program, MeNZ B Campaign and growth in Tamariki Ora, enabling Whaiora to employ two registered nurses and a community health worker. They have also been successful in recruiting a registered nurse into the MeNZ B campaign, as well as a Paediatric specialist nurse and Registered Nurse into Tamariki Ora. A Mobile disease state management nurse works from Whaiora supporting other providers including working collaboratively with the DHB. Due to the increase in services and staff, Whaiora are planning to move to a new facility later this year.</p> <p>Te Hauora Runanga has been supported to focus on providing Kaupapa Maori Mental Health services in the community. Te Hauora has achieved national recognition with the qualification achieved by a staff member. Te Hauora continues to build their relationship and support the Mental Health Strategy to provide quality Kaupapa Maori Mental Health programs. They are currently recruiting to bring more quality and qualified staff to their service.</p>
<ul style="list-style-type: none"> <i>Maori workforce development strategy completed by March 2005</i> 	<p>Achieved: The DHB Maori Workforce development strategy is now in its 2nd year, and is undergoing review along with all other staffing strategies being undertaken during 2005, due to the Wairarapa Hospital Redevelopment.</p> <p>The UCOL nurses' programme is in its second year with 10 Maori students currently continuing Year 2 studies.</p> <p>Maori are entering the UCOL nurses training in greater numbers, with 12 Maori students in the 2005 Year 1 programme.</p> <p>The DHB and the Maori Providers Collective have signed a Memorandum of Understanding, supporting intersectorial collaboration. Both Maori and the DHB have provided opportunities for joint training, consultation on discharge planning, and supporting community based health programs. The DHB is also participating in the Central Region Maori workforce development strategy.</p>

Implementing He Korowai Oranga and Whakatataka

Deliverables/Targets	Performance/Achievement
Increasing partnership and participation by Maori in DHB decisions	
<ul style="list-style-type: none"> <i>Mana Whenua-DHB relationship agreement reviewed and renewed by September 2004</i> 	<p>Achieved: Mana Whenua Caucus o Wairarapa is made up of representatives of local Iwi, Rangitaane and Ngati Kahungunu.</p> <p>The relationship agreement continues to be advanced with a review completed early 2005. The DHB, via the Maori Health Unit has supported Mana Whenua with the hosting of consultation hui in our community, and provides administration support for all hui.</p> <p>The DHB and Mana Whenua continue to meet regularly on a two-monthly basis.</p>
Mainstream services are increasingly responsive to Maori	
<ul style="list-style-type: none"> <i>All DHB staff complete Tiriti o Waitangi training by June 2005</i> 	<p>Achieved: As part of ongoing training opportunities around Te Tiriti o Waitangi, the DHB offered 'Treaty of Waitangi' workshops during 2005. These workshops were attended by a total of 131 management and staff and three further workshops planned for November 2005. The response from staff who attended was very positive.</p> <p>To provide continued support towards understanding Maori health, the DHB launched the 'Tikanga Best Practice' guidelines, which is available to all staff in the areas that they work throughout the DHB. These guidelines offer practice advice to staff on actions to consider when dealing with Maori. Naida Glavish of Auckland DHB, and the author of the Tikanga Best Practice, was invited to Wairarapa to launch the guidelines.</p>
<ul style="list-style-type: none"> <i>Reviews of pathways of care for Maori in maternity, and mental health services completed by June 2005</i> 	<p>Achieved: A review of mental health pathways has been completed in consultation with Maori. Te Hauora Runanga has been a major part of this strategy, supporting the Kaupapa Maori Mental Health Strategy. Mental Health will continue to receive priority consideration in the reconfiguration of services during transition into the new hospital facility. A Maori Mental health advisor and support worker, (non clinical) have been engaged by the DHB Mental health services.</p> <p>A review of the Maternity pathways continues with the review taking into account the comprehensive review and redesign of Maternity services during the Wairarapa Hospital Redevelopment Project. The DHB have included Maori at all aspects of this review, drawing on the knowledge and expertise of the Maori Providers working in our community.</p>

Maori Health & Reducing Inequalities

Reducing Inequalities

Deliverables/Targets	Performance/Achievement
Improve knowledge and measurement of inequalities	
<ul style="list-style-type: none"> Increased reporting of ethnicity by service providers New health needs assessment report completed by March 2005 	<p>Partially achieved: DHB staff attended MoH "train the trainers" training during November 2004. Hospital admission and referral forms have been revised to align with new ethnicity data requirements. Training sessions have been established for staff. Most community services are now collecting ethnicity data to the new requirements. The school dental service is planning to implement ethnicity data collection from July 2005.</p> <p>The Health Status Report which identifies and assesses the health needs of the Wairarapa community was completed in March 2005 and can be obtained from the DHB website.</p>
New primary health services increase access for Maori and Pacific people, and others in low socio-economic groups	
<ul style="list-style-type: none"> PHO reports on Service to Increase Access initiatives 	<p>Achieved: The PHO have started many initiatives to increase opportunities to access services, with the Kura Clinic, operating from Te Kura Kaupapa Maori o Wairarapa. This clinic is highly prized and well utilised by all whanau associated with the Kura. Another clinic has been opened in the Cameron Community Centre, supported by Choice Health, the Nurse Innovation, and the PHO which has a strong client base amongst our Pacific people.</p> <p>Whaiora Whanui, and Te Hauora also work with The Doctors with a voucher program that enables high risk clients the ability to access Doctors. Whaiora also provide transport and support to assess high risk, need clients.</p>
Increase access to primary health services for youth	
<ul style="list-style-type: none"> Quarterly reports from nurse led clinic for youth indicate increasing usage. Target: 40 clients per month by June 2005 	<p>Achieved: The Greytown clinic for Youth achieved 42 clients per month by June 2005 which shows the increasing usage.</p>

Community Participation

Community Engagement

Deliverables/Targets	Performance/Achievement
All stakeholder groups have opportunity to provide input to development of the new health needs assessment report	
<ul style="list-style-type: none"> Three or more stakeholder forums are held to consider health needs information, and provide comment for the developing report, by 30 November 2004. 	<p>Achieved: A wide range of meetings were held by November 2004 and a number of additional meetings held throughout the financial year with many stakeholder groups, including: Maori, General Practitioners, mental health, youth, pharmacists, diabetes, respiratory and older people's advisory groups.</p>
New health needs information is widely available and promoted	
<ul style="list-style-type: none"> Copies of the completed report are made available to all groups, and distributed widely in both electronic and paper formats 	<p>Achieved: The completed Health Status report is on the DHB's website. In addition copies on CD have been provided to all Wairarapa public libraries, local authorities, service providers and other interest groups. Paper copies are also available on request.</p>
There is wide public engagement in development of the DHB's next strategic plan	
<ul style="list-style-type: none"> Four or more public meetings/hui are held to present and discuss the draft strategic plan 	<p>Achieved: Four public meetings have been held. In addition a summary outline of the draft plan and feedback form has been delivered to all households in Wairarapa. This has resulted in much greater public response and engagement than has been achieved previously.</p>
Copies of plans and proposals are made widely available	
<ul style="list-style-type: none"> Copies of the DHB's Health Needs Assessment reports, Strategic and Annual plans, Statement of Intent, Annual Report, hospital re-development proposals, and service strategies, including consultation drafts, are available in all public libraries and on the DHB website. 	<p>Achieved: The Health Needs Assessment, District Strategic Plan, District Annual Plan, Statement of Intent and Annual Report are available at public libraries and on the DHB's website.</p>
The DHB's decisions are open and transparent	
<ul style="list-style-type: none"> Board and Statutory Committee agendas and papers continue to be accessible on Wairarapa DHB website 	<p>Substantially achieved: All meetings of the Board and Statutory Committees are public meetings and open to the public. All decisions made in a confidential section of a meeting or of the Statutory Committees are reported to the Board meeting within the public section of the meeting.</p> <p>The papers for each meeting are available from the DHB and are posted in public libraries.</p> <p>The agenda and minutes of the meetings are available on the website.</p>

Quality of Services

Achieving Accreditation and Certification

Deliverables/Targets	Performance/Achievement
All services funded by the DHB meet requirements of the Health and Disability Services (Safety) Act	
<ul style="list-style-type: none"> <i>DHB provider meets certification requirements by October 2004</i> <i>All DSS providers, and mental health residential service providers meet certification by October 2004</i> 	<p>Achieved: The DHB provider achieved accreditation and certification in September 2004. Accreditation was awarded for a three-year period ending in December 2007. In line with certification provided to other DHBs, Wairarapa DHB achieved certification for a two-year period ending in September 2006.</p> <p>All DSS and mental health residential service providers were certified by October 2004.</p>
Services are prepared to respond to emergencies and disasters	
<ul style="list-style-type: none"> <i>District Civil Defence and Pandemic plans are completed by December 2004</i> 	<p>Partially achieved: A business continuance plan meeting civil defence requirements has been completed.</p> <p>The pandemic plan is under review at 30 June 2005. This plan will be completed by 31 December 2005.</p>
Services demonstrate clinical governance and accountability	
<ul style="list-style-type: none"> <i>A clinical measurement programme, including clinical indicators, audit systems and action plan developed by September 2005</i> 	<p>Partially achieved: Progress toward the September 2005 deadline is progressing well. At 30 June 2005 a review of Clinical Indicator programme was being undertaken to determine the most appropriate indicators to measure, and the data requirements. The Clinical Board oversees this programme. Clinical audit is in place and is ongoing.</p>

Quality of Services

Workforce Development

Deliverables/Targets	Performance/Achievement
A constructive organisational culture	
<ul style="list-style-type: none"> Complete plan for organisational culture change by September 2004 and report progress quarterly 	<p>Achieved: Survey completed June 2004 and plan implemented to work towards building a constructive culture. A report on progress is provided each month to the Hospital Advisory Committee within the report on organisational development.</p>
Compliance with requirements of the Health Practitioners Competency Assurance Act (HPCA)	
<ul style="list-style-type: none"> Human Resources system in place by September 2004, to support HPCA Act requirements to ensure scopes of practice and competence for health professionals can be demonstrated. 	<p>Achieved: Human Resources processes have been altered to accommodate the requirements of HPCA Act in line with the guidelines established by DHBNZ.</p>
A health and disability workforce development strategy for Wairarapa	
<ul style="list-style-type: none"> Completion of Wairarapa Health and Disability workforce action plan by March 2005 	<p>Partially achieved: A plan on workforce development was provided to the Senior Management Team in September 2005 which included the plans for disabled employees. Further work on this plan will be undertaken over the 2005/06 year.</p> <p>Two workshops were run for staff in March and June 2005 on diversity and encompassed disability issues.</p>

Quality of Services

Industrial Relations

Deliverables/Targets	Performance/Achievement
Fair and affordable remuneration arrangements	
<ul style="list-style-type: none"> Review all individual employment agreements by June 2005 Outcomes of regional and national collective bargaining are affordable within the DHB's financial plan 	<p>Partially achieved: A review of individual employment agreements has not been undertaken due to completion of the national multi-employer collective agreements (MECA) undertaken during the year.</p> <p>All collective bargaining agreements have been completed within the parameters set by the DHBs financial plan. It is noted that additional funding was provided to the DHB to cover the additional costs of the DHB-NZ Nursing Organisation collective agreement through the pay equity funding pool established by the Government.</p>
A safe and fair working environment	
<ul style="list-style-type: none"> A management development programme in place by June 2005 to ensure training is available in all aspects of management, including employee relations practices. 	<p>Achieved: The DHB had five staff involved in the Leadership & Management Programme (LAMP) run by DHBNZ during the year.</p> <p>We have completed an Organisational Culture Inventory (OCI). The results were debriefed with staff and a strategy developed to support development of a more constructive culture. Strategies included:</p> <ul style="list-style-type: none"> Competency framework developed and approved Culture coaches meeting regularly Management development programme designed and awaiting implementation Teams actively working on action to develop more constructive culture (e.g. Leadership Styles Inventory).

Financial Responsibilities

Keeping infrastructure costs as low as possible

Deliverables/Targets	Performance/Achievement
Achieve efficiencies in radiology services	
<ul style="list-style-type: none"> Implement new systems to achieve lower unit costs, by June 2005 	<p>Partially achieved: The Radiology project for Picture Archiving and Communication System (PACS) has been delayed because the DHB joined with other DHBs in the Central Region to select and implement a single provider system for PACS.</p> <p>A selection has been made and PACS will be fully implemented in Wairarapa DHB in December 2005.</p>
Achieve efficiencies in operation of laboratory services	
<ul style="list-style-type: none"> Implement new systems to achieve lower unit costs, by June 2005 	<p>Achieved: Wai-Aro laboratory services, the hospital laboratory, has entered the local market and has secured the contract to complete lab tests for the Greytown GP practice.</p> <p>In competing for the local market Wai-Aro has implemented the systems necessary to lower the overall unit costs.</p>

Financial Responsibilities

Managing within budget

Deliverables/Targets	Performance/Achievement
Manage key demand driven expenditure risks – Disability Support Services (DSS) and pharmaceuticals within budget	
<ul style="list-style-type: none"> Reduce pharmaceutical expenditure growth to the national average Match DSS expenditure to assured funding 	<p>Achieved: The DHB's total expenditure on pharmaceuticals for 2004/05 was less than budgeted. In 2004/05 the DHB's expenditure on pharmaceuticals was \$7,841,000 against a budget of \$8,007,000. The DHB's growth rate from 2003/04 to 2004/05 was 2.8% however the national average expenditure growth is not available from Pharmac at the time this report was completed.</p> <p>The DSS expenditure was \$9,336,000 and total funding provided was \$9,469,000.</p>
Maintain provider arm expenditure within budget	
<ul style="list-style-type: none"> Financial targets achieved at 30 June 2005 	<p>Achieved: The DHB Provider arm (comprising Masterton Hospital and the public and community health services) achieved a surplus of \$115,000 compared to the planned deficit of \$1,042,000.</p>



AUDIT REPORT TO THE READERS OF WAIRARAPA DISTRICT HEALTH BOARD AND GROUPS FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

The Auditor-General is the auditor of Wairarapa District Health Board (the Health Board) and group. The Auditor-General has appointed me, Stephen Lucy, 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 2005.

Unqualified opinion

In our opinion the financial statements of the Health Board and group on pages 13 to 47:

- Comply with generally accepted practice in New Zealand; and
- Fairly reflect:
 - the Health Board and group's financial position as at 30 June 2005;
 - 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 25 October 2005, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements 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 our opinion.

The 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 our 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 2005. 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 of the New Zealand Public Health and Disability Act 2000 and the Public Finance Act 1989.

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 in New Zealand.

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

S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

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Janine Vollebregt *Deputy Chairman*
Cheryl-Ann Broughton-Kurei
Perry Cameron
Martin Easthope
Doctor Liz Falkner
Yvette Hikitapua-Grace
Pamela Jefferies
Vivien Napier
Trish Taylor
Doctor Rob Tuckett

Chief Executive David Meates

Executive Managers Eric Sinclair *Chief Financial Officer / General Manager Corporate Services*
Joy Cooper *Director, Service Planning and Funding*
Anne McLean *General Manager, Hospital Services*
Helen Pocknall *Director of Nursing*
Alan Shirley *Chief Medical Advisor*
Maggie Morgan *Community and Public Health Services Manager*
Jenny Prentice *General Manager, Organisational Development*
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 Health Financing Agency

Solicitors Impact Legal

