Well Wairarapa

Wairarapa District Health Board

Annual Report 2006

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.

TREATY OF WAITANGI STATEMENT

The Wairarapa DHB recognises and respects the Treaty of Waitangi, and the principles of partnership, participation and protection, in the context of the New Zealand Public Health and Disability Act 2000. The Wairarapa District Health Board will continue to work with the Mana Whenua Caucus to ensure Maori participation at all levels of service planning, and service delivery for the protection of and improvement in the health status of Maori.

VALUES

The values that underpin all of our work are:

- **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 ones actions
- **Co-operation – Whakawhanaungatanga**
  Working collaboratively with other individuals and organisations
- **Excellence – Taumatatanga**
  Striving for the highest standards in all that we do

CONTENTS

HIGHLIGHTS OF THE YEAR

- A new era in hospital care began with the completion of the new Wairarapa Hospital in March, on time and on budget.
- The Wairarapa DHB ended the financial year with a $109,000 surplus and delivering health services to contract despite a year of disruption with the move to the new Wairarapa Hospital.
- With hospital services now on a sustainable clinical and financial footing, investment in a greater range of services began. The first of these is a Wairarapa-wide chronic disease management programme.
- Many more people were supported in the community by residential and community mental health support services.
- The numbers of Wairarapa people using the PHO Care Plus and sexual health services exceeded expectations.
- Weekly primary healthcare clinics were established at Te Rangimarie Marae, the Cameron Community Centre and the Featherston Community Centre.
- A major planning project for future needs in the residential care sector identified a range of innovative solutions to deal with increased pressures in this area.
- Thousands of Wairarapa children and young people were vaccinated against Meningococcal B in a comprehensive campaign supported by many community groups.
- Immunisation has become more accessible through outreach services covering all corners of the region.
- More first specialist and follow-up outpatient appointments than ever were held.
- The mobile surgical bus completed its first year of visits to the Wairarapa, meaning fewer people needed to travel outside the region for treatment.
- Wairarapa's two Maori health providers both achieved accreditation – recognition that they meet nationally recognised health standards.

CHAIRMAN & CHIEF EXECUTIVE'S REVIEW

Together – making it happen

While 2005 was a year of promise – 2006 was the time of ***"Together – making it happen"***

What a year this has been! After many years of uncertainty the new Wairarapa Hospital designed around new and effective models of service delivery has been brought to life in a truly unique way. Wairarapa Hospital has exemplified ***Together – making it happen,*** involving the Board, Mana Whenua, management and staff.

The level of community ownership of the new hospital has been fantastic. Local contractor, Rigg Zschokke, delivered the hospital on time and on budget and wide-ranging community sponsorship enabled new equipment to be purchased, landscaping to be completed and the chapel to be moved and modernised. Volunteers have been introduced as an integral part of hospital services and more than 5,000 people attended the open days at the new Wairarapa Hospital.

Despite the huge disruption involved in the development of the new hospital a greater range of services were delivered during the year than at any other time in the Wairarapa's history. This has been a great testament to the professionalism, passion and drive of those involved in providing these services.

The new modern facility hospital has brought hospital services onto a sustainable clinical and financial footing. Underlying deficits that have continually constrained the ability of the DHB to invest in a greater range of services have now been addressed with the DHB provider arm, for the first time in many years, delivering its services within budget.

This has enabled a significant investment to be made into chronic disease management across primary care which will be fundamental to bringing to life an evidence-based, outcome-focused approach.

Together – making it happen has been clearly evidenced in the ongoing bedding down of new mental health services. A fundamental change in the delivery of mental health has resulted in 31% fewer people needing to travel outside of the Wairarapa and 28% more people with mental illness being supported in the community by residential and community support services. For the first time in years there has been no one waiting to access services.

Together – making it happen has clearly been evidenced through the Wairarapa PHO, with 66% of the estimated eligible people on special care plans, cheaper prescriptions and free health checks under Care Plus. The sexual health care service provided under the PHO umbrella continues to exceed expectations and again has tapped into an underlying need in the community. A high performing DHB needs to work in conjunction with a high performing PHO and other providers. Through working together we are now seeing significant gains an integrated approach to healthcare can achieve.

Together – making it happen has been a cornerstone of the major planning project that has been undertaken with the residential care sector to plan for needs over the next 10 – 15 years. Again through engaging with our community partners, innovative solutions have emerged that will leave the Wairarapa DHB well-positioned to deal with increased pressures on aged residential care beds and other services to support older people.

The hugely successful Meningococcal B programme involved the community, a wide variety of agencies including the Wairarapa Community PHO, medical practices, Whaiora Whanui, the Maori Women's Welfare League, schools and local businesses. This process galvanized the community into a concerted action that again reinforced ***Together – making it happen.*** Significant progress has made with immunisation via the PHO and Whaiora Whanui and it has been pleasing to see the progress being made with some of our most needy groups.

The confidence and building of self-belief within the Wairarapa has been wonderful to see and all the while Wairarapa health providers continue to innovate and improve the way that services are provided to our local communities. The unique integration of the Wairarapa DHB and PHO District Annual Plans and the inclusion of DHB health priorities in the Long Term Council Community Plans (LTCCPs) of the three local authorities signifies the commitment that this region has to our vision of a ***Well Wairarapa*** and that ***Together – we can make it happen.***

Our thanks go to the whole community, all of the service providers that the DHB has worked with and local councils; but most importantly a huge thanks to all the Board, management and staff within the DHB who have made 2006 a year of ***Together*** – ***making it happen.***

Doug Matheson
Chairman
Wairarapa DHB

David Meates
Chief Executive
Wairarapa DHB

KEY ACHIEVEMENTS

Mental health services

More people supported in the community
The Wairarapa Mental Health Strategy, in action since July 2004, has shown some positive results.

- 31% fewer people have needed to travel outside the Wairarapa for inpatient care.
- 28% more people with mental illness have been supported in the community by residential and community support services.
- 37% more people have been supported by alcohol and drug services.

These results reflect the co-ordinated efforts of a number of local mental health services which aim to provide easy access to safe, effective mental health services that support recovery.

New live-in alcohol and drug service
A short-term, live-in support service for people whose alcohol or drug issues are too severe for them to manage at home is now available in Masterton.

The new service is related to funding supplied to regions as a result of the closure of Queen Mary Hospital in Hamner and means some Wairarapa people can now receive residential care close to home.

Richmond Fellowship provides the three-bed residential service with clinical support from Wairarapa Addiction Services and Te Hauora Runanga o Wairarapa.

To Be Heard project extended
To Be Heard, a pilot project providing extra supports for people with mild to moderate mental health needs, has been extended for an extra year until mid-2008.

People can access the programme through the PHO or go to their GP who can then refer them.

More people are taking advantage of the supports offered by To Be Heard which include therapy, GP visits, counselling and a range of services that help mental health and wellbeing.

Primary health

South Wairarapa Maori health needs
The Wairarapa PHO and Te Hauora Runanga o Wairarapa began a major survey to determine the health needs of South Wairarapa Maori aged over 50. Kaumatua were visited by a field worker who at the same time was able to refer those with health issues to various services.

Bringing healthcare to people
New clinics throughout Wairarapa are bringing care to people who have previously found it difficult to get to their GP or nurse. They aim to make it easy for people to get help early on when a problem arises before things get to a stage where advanced or hospital care is needed.

New weekly clinics at Te Rangimarie Marae, the Cameron Community Centre and the Featherston Community Centre are now well-established and proving popular.

The PHO plans to further expand the range of free clinics in the future.

Care Plus numbers up
More Wairarapa people with high health needs are being cared for under the Care Plus scheme introduced in July 2004. Wairarapa GPs and practice nurses have now seen 1,250 (66%) of the estimated 1,900 people eligible for special care plans, cheaper prescriptions and free health checks under Care Plus.

Sexual healthcare
Since the free sexual health service for youth began two years ago, more and more young Wairarapa people are taking advantage of it. In the scheme's first year 2,600 consultations were held with Wairarapa GPs and practice nurses, rising to 3,400 in the second (past) year.

The increase of 800 in the second year was made up mostly of 16-18 year olds, followed closely by those aged 15 and under. This positive trend indicates that those in younger age groups are feeling more comfortable going to their nurse or GP for sexual health issues.

Chronic care – going Wairarapa wide
In a NZ first, the successful chronic disease management programme led by Dr David Nixon of The Doctors Masterton is to go Wairarapa-wide.

The programme helps people with illnesses such as diabetes, asthma and heart disease to manage their condition and stay well, assisted by their GP and practice nurse. It aims to identify and work with patients to manage their illness to give them the best possible quality of life.

The expansion of the programme will be funded by the Wairarapa DHB and supported by the Wairarapa PHO.

Maori health

Early intervention programme
Water aerobics sessions at dawn, Tai Chi and making korowai (cloaks) are all activities being embraced by older Maori as part of the Kourou and Kuia Early Intervention programme run by Te Hauora Runanga o Wairarapa. This is addressing health issues such as arthritis, diabetes, and mental wellbeing in some exciting new ways.

Improved mobility, getting out and about and exercising the brain are all aims of this service which includes transport.

Rongoa Maori
Rongoa Maori (medicines produced from native NZ plants) has been recognised by the Wairarapa DHB through a new contract with Te Hauora Runanga o Wairarapa to produce and supply Rongoa.

Rongoa has been used by Maori for centuries to help prevent and treat illnesses and is still used extensively today. It can help asthma, arthritis, diabetes, skin allergies and many other conditions.

Maori health providers accredited
Wairarapa's two Maori health providers, Whaiora Whanui and Te Hauora Runanga o Wairarapa both achieved accreditation – recognition that they meet nationally-recognised health standards and are continually working to improve services and systems.

Whaiora Whanui and Te Hauora continue to work co-operatively through Te Hauora o te karu o te ika, a collective that builds whanaungatanga and allows them to complement each other's work.

Services for older people

Planning the future
Together with Wairarapa providers of residential care for older people, the Wairarapa DHB has begun a major planning process for the future of residential care. More rest home beds and growth in home-based support services are needed to cater for Wairarapa's ageing population. By 2026, 26% of our population will be aged over 65 compared with 15% in 2001 – something which is happening faster here than anywhere else in New Zealand.

As far as possible, people are supported to remain in their own homes. Ten percent of people aged 65 years receive home support services funded by the DHB, while only 5.5% are in residential care. Of those in residential care, most (63%) are older than 85 years. The DHB is planning to greatly increase the range and volume of both home support and residential services over the next five years.

Supporting carers
Several new services are now up and running to support unpaid carers, often spouses or family members of people needing care at home.. The services stem from a recent survey of primary carers that found many felt isolated and were not able to take time out.

Other new supports that will provide more flexible assistance for carers include a register of carer relievers, a carer relief allowance and in-home respite.

The Wairarapa DHB is funding six short-term beds at facilities with hospital level and rest home care for use by people being cared for at home to allow their carers to have a break.

Child health

Protected from Meningococcal B

The Meningococcal B immunisation campaign was one of the largest projects of its kind undertaken for many years. Wairarapa children and young people are among the country's best protected, thanks to a community-wide effort involving the Wairarapa DHB, medical practices, Whaiora Whanui, the Maori Women's Welfare League, schools and local business. The Minister of Health joined a celebration to mark the success of the programme.

Outreach immunisation

Whaiora Whanui has taken immunisation into all corners of the Wairarapa, improving immunisation rates amongst Maori, Pacific and other priority groups. Working closely with the DHB, trained vaccinators from Whaiora supported by community health workers have made immunisation more accessible for many children and young people who may not otherwise get immunised.

Whaiora played a key part in the Meningoccocal campaign, which is ongoing, and continues with vaccinations of children aged 0-6 through Tamariki Ora.

Hospital services

During the year hospital services were delivered right on contract despite the major upheaval of the move to the new hospital – a remarkable achievement.

The hospital provided:

- 12,285 specialist outpatient appointments
- 1,338 colonoscopies/gastroscopies/procedures
- Care for 6,925 inpatients
- Care for 476 births.

More Outpatient services

During the year more first specialist and follow-up appointments than ever were held. First specialist appointments increased by 2.5% and 10% more follow-up specialist appointments were held.

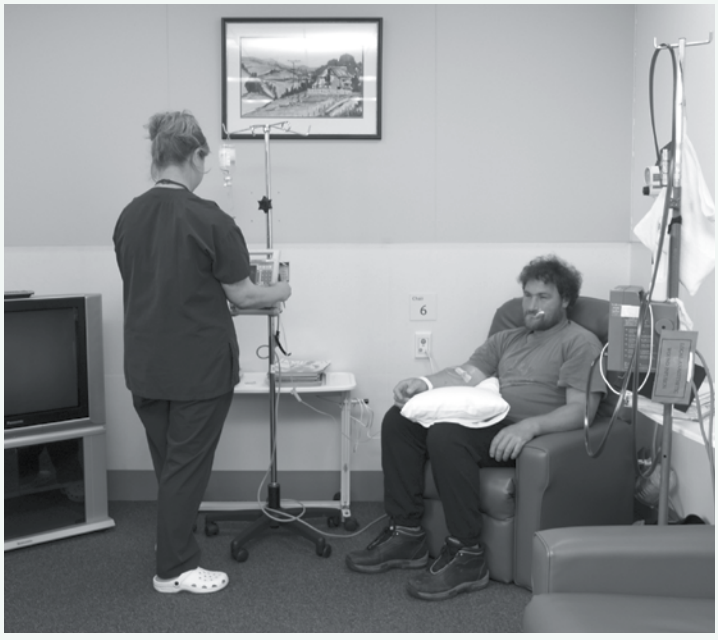
A number of initiatives aimed at improving the use of Outpatient clinics included:

- consolidating the peri-operative services in one area
- a new system for reminding patients of upcoming appointments
- increased Urology clinics
- employment of an Orthopaedic Clinical Nurse Specialist
- appointment of an Ophthalmologist (eye doctor)
- ongoing monitoring of prioritisation of referrals by specialists
- enhanced dental service, seeing some adults at Wairarapa Hospital.
- enhanced collaboration with local primary care providers.

More operations through mobile surgery

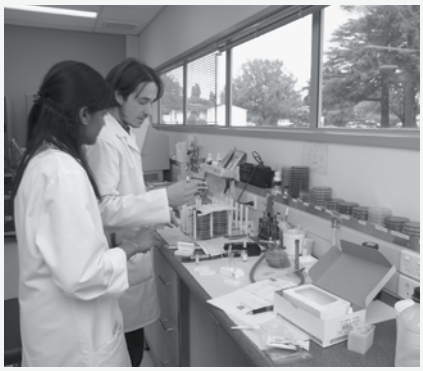
In its first year of operation, the mobile surgical bus visited Featherston 11 times and Masterton once, treating 65 children needing dental surgery who otherwise would have needed to travel outside the Wairarapa.

The new mobile service has highlighted the need for complex adult dental surgery to be done locally and the DHB is currently looking at how a service could be provided from Wairarapa Hospital.



Wairarapa Hospital opens

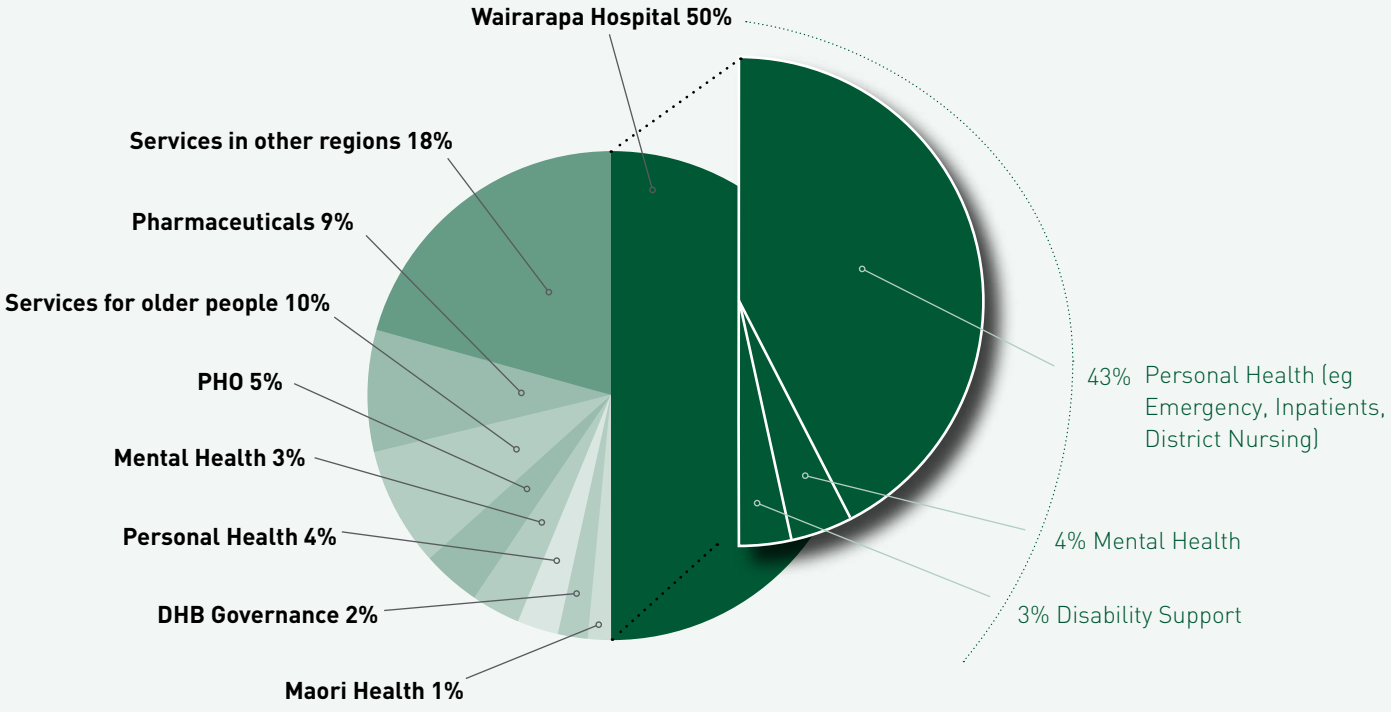
After years of planning and a huge effort by hospital staff, District Health Board members, contractors and the community, the new Wairarapa Hospital opened for business at the end of March. We now have a modern, streamlined facility in which improved working and clinical practices are being used to bring the best possible hospital care to Wairarapa people.



STATISTICS

STATISTICS	2005/06	2004/05
Population served	39,300	39,000
Wairarapa DHB Staff	603	618
Revenue	$92 million	$82 million
Primary care consultations	221,546	216,508
GPs in the Wairarapa	26	26
Free sexual health consultations	3,216	2,818
Flu vaccinations	8,128	6,348
People over 65 receiving subsidised rest home care	265	247
Meals on Wheels delivered	8,543	7,424
Prescription items dispensed by community pharmacies	549,218	520,151
Lab tests by hospital and community laboratories	293,565	258,351
Children enrolled in school dental service	6,417	5,716
Vision and hearing appointments for children under six	2,504	1,500
People supported by hospital and community mental health services	819	697
Patients admitted to Wairarapa Hospital	6,846	6,638
Specialist outpatient appointments	14,118	13,193
Hip/knee replacements	96	104
Cataract operations	85	75
Emergency Department attendances	15,595	14,763
Hospital births	476	438

WDHB Expenditure



GOVERNANCE

A Board of eleven members 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:

- set strategic direction, goals and policy
- monitor progress towards meeting goals
- delegate responsibility to the CEO
- 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.

The Board also has a key governance relationship with Wairarapa Maori through the Mana Whenua Caucus. 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 the financial statements are reviewed in accordance with appropriate accounting policies, standards and practices.

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; and Hospital Advisory Committee.

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

Advisory Groups
Since its inception Wairarapa DHB has involved many local people in a range of advisory groups to inform its service planning and developments. 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 meaningful 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 NZ 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 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-Ann is of Ngati Kahungunu ki Wairarapa and Rangitane descent, and was appointed to the Board for a second term. Cheryl-Ann 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 8 Wairarapa Marae), Director of Aohanga Incorporation (Maori Farm Inc.) since 2003, Board member of Ngati Kahungunu Iwi Inc since 2004 and Trustee of Whaiora 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 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.

Dr 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 Greytown. Pamela's experience includes the management of professional people, strategic thinking, planning, change management and good governance issues. Pamela retired as a Director of Bank of New Zealand and Chairman of the Bank of New Zealand Wealth during the year. In her capacity as former 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 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.

Dr 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 of GP involvement in hospital practice and has a special interest in the care of older people and people with disabilities.

DHB COMMITTEE MEMBERSHIP

Member's Name	Hospital Advisory Committee	Community and Public Health Advisory	Disability Support Advisory Committee	Audit & Risk Committee
Cheryl-Ann Broughton-Kurei		■		■
Perry Cameron		■		■
Dr Liz Falkner	■		■	
Yvette Hikitapua-Grace	■		■	
Pamela Jefferies	△ ■			△ ■
Doug Matheson (Board Chairman)	■	△ ■		■
Vivien Napier		■	■	
Trish Taylor		■	■	
Dr Rob Tuckett		■	△ ■	
Janine Vollebregt (Deputy Chair)	■	■		
Anne Savage (Co-opted Member)			■	
Ruth Carter (Co-opted Member)			■	

N.B. △ represents Committee Chair ■ Committee member

STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2006

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 2006 fairly reflect the financial position and operations of Wairarapa DHB.

Chairman	Chief Executive	Chief Financial Officer
Doug Matheson	David Meates	Eric Sinclair

Dated 27 October 2006

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's 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 the Income Tax Act 2004.

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 property assets – 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 property assets, 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 property assets

Property assets 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 property assets 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. To the extent that a revaluation reverses a previous debit balance expensed in the statement of financial performance, such revaluation increment is recognised 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:

Property assets	2 – 50 years
Medical equipment	2.5 – 15 years
Information technology	2.5 – 15 years
Motor vehicles	5 – 12.5 years
Other plant & equipment	2.5 – 15 years

Capital work in progress is not depreciated. The total cost of a project is transferred to property assets and/or plant & 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, conference leave and sabbatical 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 2006, indirect costs accounted for 11% (2005: 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.

Adoption of New Zealand equivalents of international financial reporting standards

The Crown has advised that Crown entities, including the Wairarapa DHB, are to adopt New Zealand equivalents of international financial reporting standards (NZ IFRS) for the financial year commencing on 1 July 2007 (the 2008 annual report).

The Board has considered the impact on its financial statements of adopting NZ IFRS.

The critical measurement and recognition policies are substantially the same as the equivalent NZ IFRS and where there is a difference this is unlikely to be material, however the actual impact will not be known until NZ IFRS are adopted.

The Board has identified several areas where disclosure will increase or change. There are also a number of instances where current New Zealand generally accepted accounting practice is more onerous than NZ IFRS, often due to the sector neutral reporting standards currently adopted in New Zealand.

When NZ IFRS are adopted the Board will be required to present more information on the face of the financial statements, rather than in the notes and provide more detail on the movements of property, plant and equipment.

More information on the adoption of NZ IFRS is contained in note 22 of the financial statements.

Consolidated Statement of Financial Performance

For the year ended 30 June 2006

	Note	Group Budget 2006 $000	Group Actual 2006 $000	2005 $000	Parent Actual 2006 $000	2005 $000
Operating revenue	1	88,891	91,661	81,994	90,586	81,072
Operating expenses	2	-88,809	-93,706	-82,244	-92,667	-81,345
Write-up on property revaluation	4	0	2,182	0	2,182	0
Tax expense	3	-23	-28	-8	0	0
Net surplus/(deficit)		**59**	**109**	**-258**	**101**	**-273**

Consolidated Statement of Movements in Equity

For the year ended 30 June 2006

	Note	Group Budget 2006 $000	Group Actual 2006 $000	2005 $000	Parent Actual 2006 $000	2005 $000
Net surplus/(deficit) for the year		59	109	-258	101	-273
Total recognised revenue & expenses		**59**	**109**	**-258**	**101**	**-273**
Equity injection from the Crown		7,510	7,600	0	7,600	0
Movements in equity for the year		**7,569**	**7,709**	**-258**	**7,701**	**-273**
Equity at start of the year		2,048	2,293	2,551	2,088	2,361
Equity at end of the year		**9,617**	**10,002**	**2,293**	**9,789**	**2,088**

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

Consolidated Statement of Financial Position

As at 30 June 2006

	Note	Group Budget 2006 $000	Group Actual 2006 $000	2005 $000	Parent Actual 2006 $000	2005 $000
Assets						
Property, plant & equipment	4	36,506	40,247	17,207	40,079	17,087
Investments	5	0	0	0	103	103
Trust fund assets	13	120	43	145	43	145
Total non-current assets		**36,626**	**40,290**	**17,352**	**40,225**	**17,335**
Cash & short term deposits	6	259	146	194	0	0
Inventories	7	775	542	484	542	484
Trade & other receivables	8	565	3,456	8,148	3,317	8,008
Assets classified as held for sale	4	0	2,300	1,775	2,300	1,775
Total current assets		**1,599**	**6,444**	**10,601**	**6,159**	**10,267**
Total assets		**38,225**	**46,734**	**27,953**	**46,384**	**27,602**
Equity						
Crown equity	9	15,687	18,095	10,495	18,095	10,495
Retained earnings	9	-6,070	-8,093	-8,202	-8,306	-8,407
Total equity		**9,617**	**10,002**	**2,293**	**9,789**	**2,088**
Liabilities						
Interest-bearing loans & borrowings	10	18,225	19,918	5,412	19,918	5,412
Employee benefits	11	361	358	380	356	378
Trust funds	13	120	43	145	43	145
Total non-current liabilities		**18,706**	**20,319**	**5,937**	**20,317**	**5,935**
Bank overdraft	6	1,244	1,737	288	1,737	288
Interest-bearing loans & borrowings	10	0	121	6,166	121	6,166
Payables & accruals	12	5,441	10,651	9,944	10,562	9,843
Employee benefits	11	3,217	3,904	3,325	3,858	3,282
Total current liabilities		**9,902**	**16,413**	**19,723**	**16,278**	**19,579**
Total liabilities		**28,608**	**36,732**	**25,660**	**36,595**	**25,514**
Total equity & liabilities		**38,225**	**46,734**	**27,953**	**46,384**	**27,602**

For and on behalf of the Board:

Board Member  Board Member 

Dated 27 October 2006

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2006

	Note	Group Budget 2006 $000	Group Actual 2006 $000	2005 $000	Parent Actual 2006 $000	2005 $000
Cash flows from operating activities						
Operating receipts		88,429	96,275	80,460	95,199	79,562
Interest received		100	136	162	127	158
Payments to suppliers & employees		-79,357	-88,196	-77,589	-87,188	-76,767
Capital charge		-752	-552	-775	-552	-775
Interest paid		-1,206	-1,041	-451	-1,041	-451
Goods and Services Tax (net)		0	-107	157	-105	151
	15	**7,214**	**6,515**	**1,964**	**6,440**	**1,878**
Cash flows from investing activities						
Proceeds from sale of property, plant & equipment		1,775	5	224	0	224
Purchase of property, plant & equipment		-19,326	-24,078	-8,238	-23,950	-8,202
		-17,551	**-24,073**	**-8,014**	**-23,950**	**-7,978**
Cash flows from financing activities						
Loans drawn down		10,804	40,410	11,340	40,410	11,340
Equity injected		7,510	7,600	0	7,600	0
Repayments of loans		-8,013	-31,949	-6,343	-31,949	-6,343
Restricted fund movement		0	0	-23	0	-23
		10,301	**16,061**	**4,974**	**16,061**	**4,974**
Net increase in cash held		**-36**	**-1,497**	**-1,076**	**-1,449**	**-1,126**
Add opening cash		-949	-94	982	-288	838
Closing cash balance		**-985**	**-1,591**	**-94**	**-1,737**	**-288**
Made up of:						
Cash & short term deposits		259	146	194	0	0
Bank overdraft		-1,244	-1,737	-288	-1,737	-288
Closing cash balance		**-985**	**-1,591**	**-94**	**-1,737**	**-288**

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

Consolidated Statement of Contingent Liabilities

As at 30 June 2006

	Group Actual		Parent Actual	
	2006	**2005**	**2006**	**2005**
	$000	**$000**	**$000**	**$000**
Legal proceedings and disputes by third parties	43	15	43	15

Consolidated Statement of Commitments

As at 30 June 2006

	Group Actual		Parent Actual	
	2006	**2005**	**2006**	**2005**
	$000	**$000**	**$000**	**$000**
Capital commitments	**649**	**18,494**	**649**	**18,494**
Operating lease commitments				
Less than one year	951	675	912	636
One to two years	743	212	712	164
Two to five years	1,149	34	1,149	33
Over five years	0	0	0	0
	2,843	**921**	**2,773**	**833**
Non-cancellable contracts for the provision of services				
Not later than one year				
Non funder	2,272	1,133	2,272	1,133
Funder	5,622	3,834	5,622	3,834
Later than one year & not later than two years				
Non funder	1,606	461	1,606	461
Funder	3,911	3,087	3,911	3,087
Later than two years & not later than five years				
Non funder	3,105	885	3,105	885
Funder	3,026	2,408	3,026	2,408
Over five years				
Non funder	0	0	0	0
Funder	0	0	0	0
	19,542	**11,808**	**19,542**	**11,808**
Total commitments	**23,034**	**31,223**	**22,964**	**31,135**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2006

1. Operating revenue

	Group		Parent	
	2006	**2005**	**2006**	**2005**
	$000	**$000**	**$000**	**$000**
Health & disability services (MOH contracted revenue)	85,155	75,365	85,155	75,365
ACC contract	1,365	1,227	1,365	1,227
Inter-district patient inflows	1,602	2,132	1,602	2,132
Interest revenue	136	162	127	158
Donations & bequests	338	142	338	142
Other revenue	3,062	2,829	2,001	1,911
Net (loss)/gain on sale of property, plant & equipment	3	137	-2	137
	91,661	**81,994**	**90,586**	**81,072**

2. Operating expenses

	Group		Parent	
	2006	**2005**	**2006**	**2005**
	$000	**$000**	**$000**	**$000**
Remuneration of auditor:				
Audit fees for the audit of the financial statements	85	50	77	42
Audit fees for probity assurance services	10	0	10	0
Board members' fees	229	218	226	215
Operating lease costs	1,374	1,320	1,319	1,286
Bad debts written off	13	59	13	59
Change in provision for doubtful debts	40	-22	40	-22
Capital charge expense	458	387	458	387
Interest expense	1,026	490	1,026	490
Depreciation expenses:				
Property	415	175	415	175
Medical equipment	488	407	488	407
Information technology	232	378	217	362
Motor vehicles	65	71	59	63
Other plant & equipment	231	203	172	155
Total depreciation expenses	1,431	1,235	1,351	1,163

The rate of capital charge changed to 8% on the value of net assets (less any donated assets) from 1 July 2005. The amount is calculated on the greater of actual or planned net assets. The rate previously charged was 11%.

3. 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	
	2006	**2005**
	$000	**$000**
Net surplus before tax	36	23
Prima facie tax of 33% on subsidiary	12	8
Tax effect of:		
Permanent differences	0	0
Timing differences	16	0
Tax expense	**28**	**8**

Biomedical Services New Zealand Limited has not recognised deferred tax asset accumulative timing differences of $143,729 (2005: $139,556) as these are not expected to reverse in the foreseeable future. The tax effect of the timing differences not recognised is $47,431 (2005: $46,053). At balance date there were imputation credits of $92,531 available to shareholders.

4. Property, plant & equipment

	Group		Parent	
	2006	**2005**	**2006**	**2005**
	$000	**$000**	**$000**	**$000**
Property				
At valuation	5,866	4,748	5,866	4,748
At cost	29,398	0	29,398	0
Accumulated depreciation	-242	-366	-242	-366
	35,022	**4,382**	**35,022**	**4,382**
Medical equipment				
At cost	8,565	6,668	8,565	6,668
Accumulated depreciation	-5,694	-5,217	-5,694	-5,217
	2,871	**1,451**	**2,871**	**1,451**
Information technology				
At cost	1,542	1,171	1,424	1,062
Accumulated depreciation	-1,066	-836	-973	-758
	476	**335**	**451**	**304**
Motor vehicles				
At cost	843	795	801	753
Accumulated depreciation	-681	-616	-639	-580
	162	**179**	**162**	**173**
Other plant & equipment				
At cost	3,953	3,005	3,412	2,576
Accumulated depreciation	-2,429	-2,203	-2,024	-1,858
	1,524	**802**	**1,388**	**718**
Capital work in progress				
Property	0	9,739	0	9,739
Information technology	109	320	102	320
Motor vehicles	83	0	83	0
	192	**10,059**	**185**	**10,059**
Total property, plant & equipment				
At cost & valuation	50,359	26,446	49,651	25,866
Accumulated depreciation	-10,112	-9,239	-9,572	-8,780
	40,247	**17,207**	**40,079**	**17,086**

Property assets

Property assets comprise land and the building improvements. The DHB has classified these assets as a single class of asset in previous years.

A write-down of property assets occurred at 30 June 2004 resulting in a write-down of $4,071,000 being charged against the statement of financial performance. In accordance with generally accepted accounting principles any increase in value of that class of asset must be recognised within the statement of financial performance to the extent of any previous write-down through the statement of financial performance.

The DHB has undertaken a revaluation of its property assets at 30 June 2006 which has resulted in a write-up through the statement of financial performance of $2,182,000. The Wairarapa hospital building was not included in the revaluation because it was determined that any revaluation would not be materially different to the value capitalised at 31 March 2006 following the construction completion.

Details of the increase in the valuations are shown below.

Revaluation

Property assets were revalued at 30 June 2006 and are stated at net current value as determined by CB Richard Ellis (Registered Valuers), under a Financial Reporting Standard No. 3 (FRS-3) methodology to their highest and best use.

The revaluation resulted in an increase in the carrying value of $1,657,000 which has been recognised within the statement of financial performance as required by the financial reporting standards where a previous revaluation write-down had been charged against the net surplus within the statement of financial performance.

Valuation impact of property classified as held for sale

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.

The Board has declared the property surplus and is selling the property to the Crown Health Financing Agency (CHFA). A sale valuation with the CHFA has been agreed at $2,300,000.

This sale price resulted in a write-up in the value of the property of $525,000 which has been recognised within the statement of financial performance as required by the financial reporting standards where a previous revaluation write-down had been charged against the net surplus within 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 s40 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.

5. Investments

	Parent	
	2006	**2005**
	$000	**$000**
Shares in subsidiary	103	103
Advances to subsidiary	0	0
	103	**103**

Biomedical Services New Zealand Limited is 100% owned by Wairarapa DHB (2005: 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.

Wairarapa DHB has a 16.7% shareholding 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 2006 all share capital remains uncalled. The balance date of TAS is 30 June.

6. Cash, short-term deposits & 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 11.65% per annum (2005: 10.60%).

7. Inventories

	Group		Parent	
	2006	2005	2006	2005
	$000	$000	$000	$000
Central stores	158	158	158	158
Pharmaceuticals	76	70	76	70
Theatre supplies	188	188	188	188
Other supplies	120	68	120	68
	542	**484**	**542**	**484**

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.

8. Trade & other receivables

	Group		Parent	
	2006	2005	2006	2005
	$000	$000	$000	$000
Trade debtors	1,464	1,862	1,316	1,718
Provision for doubtful debts	-116	-76	-116	-76
Accrued income	1,681	5,933	1,681	5,933
Prepayments	423	427	423	427
Sundry	4	2	4	2
Receivables & prepayments excluding owing by subsidiary	3,456	8,148	3,308	8,004
Amount owing by subsidiary	0	0	9	4
	3,456	**8,148**	**3,317**	**8,008**

9. Equity

	Group		Parent	
	2006	2005	2006	2005
	$000	$000	$000	$000
Crown equity				
Opening balance	10,495	10,495	10,495	10,495
Movement in revaluation reserve	0	0	0	0
Equity injection provided during the year	7,600	0	7,600	0
	18,095	**10,495**	**18,095**	**10,495**
Retained earnings				
Opening balance	-8,202	-7,944	-8,407	-8,134
Net surplus/(deficit) for the year	109	-258	101	-273
	-8,093	**-8,202**	**-8,306**	**-8,407**

10. Interest-bearing loans & borrowings

	Group		Parent	
	2006 $000	2005 $000	2006 $000	2005 $000
Non-current				
Crown Health Financing Agency	19,750	5,340	19,750	5,340
Wairarapa Community Health Trust	168	0	168	0
Finance leases	0	72	0	72
	19,918	**5,412**	**19,918**	**5,412**
Current				
Crown Health Financing Agency	0	6,000	0	6,000
Wairarapa Community Health Trust	49	0	49	0
Finance leases	72	166	72	166
	121	**6,166**	**121**	**6,166**
Crown Health Financing Agency				
Interest rate summary	6.17%	6.60%	6.17%	6.60%
Repayable as follows:				
Less than one year	0	6,000	0	6,000
One to two years	4,750	0	4,750	0
Two to five years	15,000	5,340	15,000	5,340
	19,750	**11,340**	**19,750**	**11,340**
Wairarapa Community Health Trust				
Interest rate summary	1.00%	–	1.00%	–
Repayable as follows:				
Less than one year	49	0	49	0
One to two years	50	0	50	0
Two to five years	118	0	118	0
	217	**0**	**217**	**0**
Finance leases				
Interest rate summary	9.50%	9.50%	9.50%	9.50%
Repayable as follows:				
Less than one year	72	166	72	166
One to two years	0	72	0	72
Two to five years	0	0	0	0
	72	**238**	**72**	**238**

The Crown Health Financing Agency (CHFA) and the DHB have agreed a debt facility of $25,750,000 of which $19,750,000 has been drawn at 30 June 2006. This facility replaced two previous facilities that matured on 31 May 2006. The CHFA term borrowings are secured by a negative pledge. Without the CHFA's prior written consent the DHB cannot perform the following actions:

- create any security interest over its assets except in certain defined circumstances;
- lend money to another person or entity (except in the ordinary course of business and then only on commercial terms) or give a guarantee;
- make a substantial change in the nature or scope of its business as presently conducted or undertake any business or activity unrelated to health; and
- dispose of any of its assets except disposals at full value in the ordinary course of business.

Wairarapa DHB must meet agreed covenants for the CHFA term borrowing. These covenants have been complied with since the facility was established. The Government of New Zealand does not guarantee term loans.

11. Employee benefits

	Group		Parent	
	2006 $000	2005 $000	2006 $000	2005 $000
Salary & wages accrual	907	795	897	781
Annual leave	2,145	1,872	2,109	1,843
Retirement leave	286	312	284	310
Long service leave	295	275	295	275
Maternity grant	22	21	22	21
Conference leave	462	430	462	430
Sabbatical leave provision	145	0	145	0
	4,262	**3,705**	**4,214**	**3,660**
Made up of:				
Current	3,904	3,325	3,858	3,282
Non-current	358	380	356	378
	4,262	**3,705**	**4,214**	**3,660**

12. Payables & accruals

	Group		Parent	
	2006 $000	2005 $000	2006 $000	2005 $000
Trade creditors & accruals	10,080	9,171	9,989	9,067
Capital charge payable	61	156	61	156
GST & FBT payable	374	390	366	383
Income received in advance	136	227	136	227
Amount owing to subsidiary	0	0	10	10
	10,651	**9,944**	**10,562**	**9,843**

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	
	2006 $000	2005 $000	2006 $000	2005 $000
Opening balance	145	241	145	241
Funds received	250	29	250	29
Interest received	18	12	18	12
Funds spent	-370	-137	-370	-137
	43	**145**	**43**	**145**

14. Reconciliation of net surplus/(deficit) with cash flow from operating activities

	Group		Parent	
	2006 $000	2005 $000	2006 $000	2005 $000
Net surplus/(deficit)	**109**	**-258**	**101**	**-273**
Add/(less) non-cash items				
Depreciation	1,431	1,235	1,351	1,163
Write-up on property revaluation	-2,182	0	-2,182	0
Increase/(decrease) employee benefits (non-current)	-22	580	-22	580
Total non-cash items	**-773**	**1,815**	**-853**	**1,743**
Add/(less) items classified as investment activity				
Net loss/(gain) on sale of property, plant & equipment	-3	-137	2	-137
Total investing activity items	**-3**	**-137**	**2**	**-137**
Add/(less) movements in working capital items				
(Increase)/decrease in receivables	4,692	-1,270	4,691	-1,233
(Increase)/decrease in inventories	-58	-48	-58	-48
Increase/(decrease) in payables & accruals	2,539	1,862	2,557	1,826
Increase/(decrease) in taxation	9	0	0	0
Working capital movement	**7,182**	**544**	**7,190**	**545**
Net cash (outflow)/inflow from operating activities	**6,515**	**1,964**	**6,440**	**1,878**

15. 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 & balances

Funding and capital charge payments

Wairarapa DHB received $85,123,000 from the Ministry of Health to provide health services to the Wairarapa area in the year ended 30 June 2006. Wairarapa DHB paid $458,000 to the Ministry of Health for capital charge.

The amount receivable at year end was $610,000. The amount payable at year end was $64,000.

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.

	2006 $000	2005 $000
Purchases	114	107
Management fee	15	15
Insurance cover	4	4

The following balances as at 30 June 2006 resulted from the above transactions and are payable on normal trading terms:

	2006 $000	2005 $000
Accounts payable	10	10
Accounts receivable	9	4

Doug Matheson (Chairman, 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 2006 the following transactions were incurred by the DHB:

	2006 $000	2005 $000
Revenue	1,602	2,132
Expenditure	16,606	16,213
Debtor at 30 June	332	283
Creditor at 30 June	1,571	1,186

Key management and Board members

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

Martin Easthope (resigned 26/4/06)	Ann Easthope (married to Martin) was contracted to provide various DHB project management services
Yvette Grace	Trustee, Wairarapa Community PHO Trust Board; member, Wairarapa Community PHO Services Committee; member, Rangitane o Wairarapa; Representative, Te Mauri A Iwi (Family Start); Co-ordinator, King Street Artworks
Janine Vollebregt	Chairperson, Wairarapa Community PHO Services; Part-time employee Wairarapa DHB (Project Manager of Primary Nursing Innovations Project)

The total of all the transactions for the persons/entities noted above amounted to $4,782,000 (2005: $4,070,000). All transactions were carried out on an arm's length basis.

Other related parties

Payments to the Central Region's Technical Advisory Service Limited in the year ending 30 June 2006 totalled $118,000.

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.

16. 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 6 and 10. There was no interest rate swap agreement in place as at 30 June 2006. (There was no interest rate swap in place at June 2005). Interest rates on investments and credit funds range from 6.75% to 7.25%.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency forward exchange contracts (and option agreements) can be used to manage foreign currency exposure. There were no foreign currency forward exchange contracts in place as at 30 June 2006 (2005: 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 94% (2005: 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.

17. Patient funds

Wairarapa DHB administers certain funds on behalf of patients with a value of $714 (2005: $695). 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.

18. Board members' remuneration

Board members' remuneration received or receivable for the year ended 30 June 2006. In addition Board members are able to claim reimbursement for out of pocket expenses.

	2006 $000	2005 $000
Doug Matheson – Chairman	37	36
Janine Vollebregt – Deputy Chair	24	22
Cheryl-Ann Broughton-Kurei	18	17
Perry Cameron	18	10
Martin Easthope [1]	20	22
Pamela Jefferies	19	10
Liz Falkner	18	18
Yvette Hikitapua-Grace	18	10
Vivienne Napier	18	18
Trish Taylor	18	10
Rob Tuckett	18	18
Robyn Daglish	0	8
Linda Nelson	0	9
Janice Wenn	0	7
TOTAL	**226**	**215**

[1] Resigned in April 2006

19. Salaries over $100,000

Employees (excluding Board members), including management and medical staff, receiving remuneration in excess of $100,000 per annum are as follows:

Salary banding	2006 Number of Employees	2005 Number of Employees
$100,000 – $110,000	3	1
$110,001 – $120,000	2	3
$120,001 – $130,000	2	3
$130,001 – $140,000	2	0
$140,001 – $150,000	3	1
$150,001 – $160,000	1	2
$160,001 – $170,000	1	0
$170,001 – $180,000	0	3
$180,001 – $190,000	2	2
$190,001 – $200,000	1	2
$200,001 – $210,000	3	1
$210,001 – $220,000	0	1
$220,001 – $230,000	1	2
$230,001 – $240,000	2	0
$240,001 – $250,000	0	1
	23	**22**

Of the 23 employees shown above, 17 were or are medical or dental employees and 6 were neither medical nor dental employees.

If the remuneration of part-time employees were grossed up to a full-time equivalent basis, the total number of employees with full time equivalent salaries of $100,000 or more would be 25 compared with the actual number of 23.

The chief executive's total annual remuneration and other benefits fall into the $230,001 to $240,000 bracket.

Directors' and officers' insurance

Insurance premiums were paid in respect of Board members' and certain officers' liability insurance. The policies do not specify a premium for each individual.

The policies provide cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to people or organisations (other than the Health Board) incurred in their position as Board members or officers.

20. 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	336
1	2,292
1	3,187
1	3,542
1	3,915
1	5,000
1	5,336
1	5,606
1	5,711
1	6,458
1	6,776
1	7,084
1	9,478
1	10,191
1	11,040
1	11,687
1	12,515
1	15,650
1	16,247
1	17,494
1	20,950
1	20,952
1	22,898
1	23,374
1	24,781
1	25,323
1	26,594
1	29,741
1	31,038
3	37,592
1	54,715
1	56,555
1	73,077

21. Post balance date events

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

22. Adoption of New Zealand equivalents of international financial reporting standards

As a crown entity, the Wairarapa DHB will adopt New Zealand equivalents of international financial reporting standards (NZ IFRS) in accordance with the Crown's timetable. The Crown has indicated that it will adopt NZ IFRS for the periods commencing on or after 1 January 2007. This means that the first annual report produced using NZ IFRS will be for the financial year ending 30 June 2008.

Wairarapa DHB's implementation project is being led by the chief financial officer and progress is regularly reported to the Audit and Risk Committee.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

For the year ended June 2006

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 2005/06 comprised 7 programmes of work that have been grouped into 3 major categories. These are:

1. **Strategic Plan Health Gain Priorities**
   - Child, Family & Youth Health
   - Mental Health
   - Diabetes
   - Respiratory Disease
   - Elective Services
2. **Provider: Hospital & Specialist Services**
   - Hospital Efficiency & Effectiveness
3. **Governance & Administration**

Strategic Plan Health Gain Priorities

Child, Family & Youth Health

Overall Goal:

Improved health status for Wairarapa's children, youth and their parents

Rationale:

Health Needs Assessment information indicates children and youth in Wairarapa have poorer health than elsewhere. Addressing health issues for children and youth will increase the health of the adult population over the longer term. Since 2002 Tamariki Ora/Well Child services have been reconfigured, and immunisation information systems developed. In addition immunisation services, including outreach, have been increased. Public consultation has indicated that youth health is now the most pressing issue.

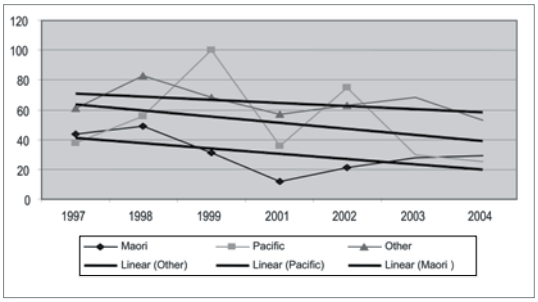
Deliverables/Targets	Performance/Achievement
Increased uptake of immunisations on the Well Child schedule	
• *Percentage of two year olds fully immunised = 85%*	**Partially achieved – good progress made** Although implementation of the National Immunisation Register (NIR) is progressing well, it has not been in place long enough to provide data relating to two year olds. PHO data shows that 81% of all two year olds in Wairarapa are fully immunised which is a significant improvement over previous years. NIR data shows that Wairarapa immunisation rates for babies aged 6 weeks and 3 months are ahead of the rates achieved nationally.
Completion of Meningococcal B vaccination programme	
• *Percentage of the Wairarapa population aged 6 weeks to 19 years who receive all three doses = 90%*	**Partially achieved** The campaign came to an end in June 2006 in the Wairarapa with over 90% of school children receiving all 3 doses. Wairarapa led New Zealand for uptake amongst Maori under 5 years, and youth aged 18-19 years. Overall, over 80% of all children in the Wairarapa received all 3 doses.

Deliverables/Targets	Performance/Achievement
Improve oral health in children	

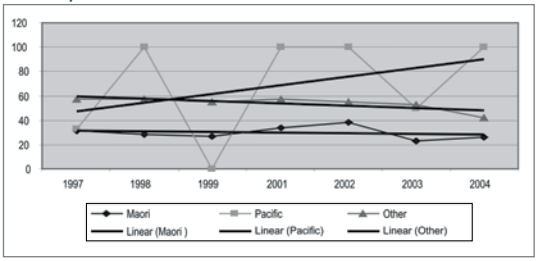
- *Percentage of children who are caries free (no fillings or holes in teeth) at age five (school entry)*

Wairarapa is one of the few regions that, over many years, have reported better oral health results in areas that do not have fluoridated water, than in those that do. The reason for this is that the decile rating of populations living in the non-fluoridated areas is lower than that of those living in the fluoridated areas (which is more simply defined as the Masterton township). Health indicators among lower socio economic groups are consistently lower than among wealthier groups; oral health is no exception. These differences led to higher targets being set for non-fluoridated areas than for fluoridated areas.

% five year olds caries free in fluoridated areas



% five year olds caries free in non-fluoridated areas



Partially achieved

In fluoridated areas the targets have been exceeded, the higher targets for non-fluoridated areas have been met for Maori, but not for other ethnicities. Overall the inequality in results between fluoridated and non-fluoridated areas has reduced.

It is very pleasing to see the growing percentage of five year old Maori in both fluoridated and non-fluoridated areas that are caries free. This is a reflection of specific oral health promotion efforts within Kohanga Reo, and the whanau ora programme.

Percentage of children who are caries free (no fillings or holes in teeth) at age five (school entry)

Living in fluoridated areas

	Overall	Maori	Pacific	Other
Target	50	30	30	60
Achieved	54	39.06	28.57	63.36

Living in non-fluoridated areas

	Overall	Maori	Pacific	Other
Target	60	30	50	70
Achieved	50	32.35	25	54.05

Improving services and outcomes for children in the rural non-fluoridated areas is dependant on the implementation of the DHB's oral health services plan 2005, that identifies the need for mobile oral health services to be provided in all rural settlements. This will increase the number of preschoolers accessing services as the service will be able to target rural playgroups and communities.

continued next page →

Deliverables/Targets

Performance/Achievement

Improve adolescent oral health

- *Percentages of adolescents (12-18 years) enrolled with and completing visits to dentists for free oral health services*

	2005/06
Enrolments	95%
Completions	72%

Achieved

Performance on both targets continues to improve and be well ahead of both regional and national averages. Almost all Wairarapa secondary school students are enrolled with dentists and over 73% complete their course of dental treatment. This is an exceptionally good result.

	2005/06	
	Target	Achieved
Enrolments	95%	98%
Completions	72%	73.3%

To reduce the numbers of admissions to hospital of children and young people that may have been avoided if appropriate primary health services had been accessed

- *Ambulatory sensitive admissions – children and young people – discharge rates per 1,000 population*

Discharges per 1,000 population

Age	Total	Maori	Pacific	Other
0-4	88	106	120	79
5-14	25	37	35	20
15-24	18	26	0	15

Ambulatory sensitive hospitalisations are those resulting from diseases that are sensitive to interventions deliverable in a primary care setting, for example vaccine preventable diseases, and early recognition and control of asthma.

Partially achieved

Age	2003 actual	2004 actual	2005 actual			
			Total	Maori	Pacific	Other
0-4	112.4	69.2	62.8	78.3	0	56.5
5-14	26.4	24.8	26.6	32.5	0	25.3
15-24	15.9	21.0	21.6	24.7	0	20.3

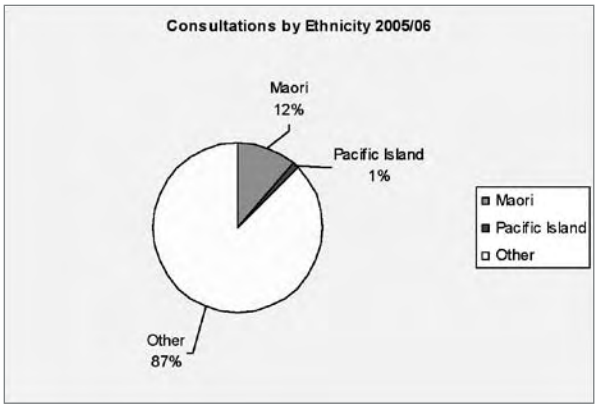
The targets for reduced ambulatory sensitive admissions for children under five have been achieved well in all ethnic groups. This reflects more effective links between Well Child/Tamariki Ora providers, primary care and secondary health services.

Targets for Maori and Pacific children aged 5-14 years have also been achieved, and the total admission rate for this age group was close to, but did not quite achieve target. During the 2005/06 year hospital paediatric services were enhanced through the appointment of a paediatric clinical nurse specialist. In the coming year the paediatric team will be working in the community, and with community health providers to further reduce avoidable admissions in children in this age range, while continuing to focus on children under 5.

Avoidable admissions for young people aged 15 to 24 have continued to increase, and the target for this age group was not achieved. 2005/06 saw the completion of the Wairarapa Youth Health Strategy. Implementation of the Strategy, including the progressive implementation of youth specific health services, is expected to result in a reduction in ambulatory sensitive admissions over the next three years.

Deliverables/Targets	Performance/Achievement
To increase access to Primary Health Care by Maori, Pacific people	
• *Percentages of total PHO consultations that are by Maori and Pacific people = 13%*	**Achieved** Increasing numbers of PHO consultations are with Maori and Pacific people, reflecting reducing barriers to access for these groups. In 2005/06 access by Maori and Pacific people rose from 12% of all PHO consultations in 2004/05 to 13% in 2005/06.

2005/06	Total	%
Maori	22,417	12%
Pacific Island	2,135	1%
Other	170,179	87%



To improve practice of healthy lifestyles among children, young people and their whanau	
• *The number of schools in Wairarapa that are actively supported towards being Health Promoting Schools = 10*	**Achieved** Health Promoting Schools is a settings-based public health programme that takes a community development approach to assist and support schools and their communities to identify their key health priorities and work on strategies to address these priorities. Health Promoting Schools are categorised into stages of progression and have clear, graduated steps that are indicated by milestones being reached. The primary focus of Health Promoting Schools is to assist in reducing inequalities for children and youth who are disadvantaged, by targeting high need/low decile schools and those schools where a high proportion of the rolls are Maori and Pacific. Progress during 2005/06: Wairarapa currently has 10 emerging Health Promoting Schools. These schools are a full-time Health Promoting Schools Advisor from the Regional Public Health Service. A current focus for each school has been identified. The Enviroschools multi-sector programme enables schools to sign up for a three year process of environmental learning and action.

Strategic Plan Health Gain Priorities

Mental Health

Overall Goal:

Improve the mental health of people in all population groups in Wairarapa who are affected by serious and/or moderate/mild mental illness

Rationale:

About 3% of the population have serious ongoing mental illness that requires specialist care and treatment from mental health services. About 12% experience moderate/mild mental illness and problems that require primary health services treatment and care. Currently services are insufficient nationwide and many people are unable to access treatment. Wairarapa DHB is committed to continuing implementation of mental health service growth towards Blueprint guidelines, and to the continuing development of service quality within the framework set out in the Central Region Mental Health Network Strategic Plan. In 2004/05 Wairarapa DHB completed its own strategic plan for mental health services for adults, and primary care funding was secured for a primary mental health service initiative. 2005/06 was the first full year of implementation of reconfigured adult mental health services and the primary mental health initiative.

Deliverables/Targets | **Performance/Achievement**

Increase access to specialist mental health services

- *Percentage of the Wairarapa population within each age and ethnic group, who access mental health treatment and support services during one month*

Age	Maori	Other	Total
0-19	0.8	0.8	0.8
20-64	1.58	1.15	1.2
65+	0.3	0.3	0.3

Not achieved

Although targets have not been achieved there has been significant improvement over the previous year in access by child, youth and adult age groups, for both Maori and non-Maori.

	0 – 19 years		20 – 64 years		Over 65 years	
	Target	Actual	Target	Actual	Target	Actual
Maori	0.8	.60	1.58	1.54	0.3	0
Other	0.8	.63	1.15	.91	0.3	.20
Total	0.8	.63	1.2	.99	0.3	.20

	2004/05 actual	2005/06 actual
Child and youth (0-19 years)	0.42	0.63
Adult (20-64 years)	0.69	0.99
Older people (65 years and above)	0.20	0.20

There are no waiting lists for mental health services and in 2005/06 fewer people were transferred out of the district to services elsewhere, than in previous years.

The DHB is confident that increasing numbers of people are being treated and supported by local mental health and addiction services, and that the level of unmet need in the community is reducing.

Deliverables/Targets	Performance/Achievement
Increase access to primary mental health services	
• *Numbers of people who have accessed primary mental health "packages of care" during the year = 70*	**Partially achieved** A total of 47 people accessed packages of care compared to the target of 70. This resulted from a slow start to the implementation of the primary mental health package of care programme due to recruitment issues. This impacted on the services ability to meet targets for its first year. However service's utilisation grew rapidly once the programme became fully operational in the second half of the year. On a monthly basis targets are now being exceeded.
Improve mental health services quality, flexibility and consumer responsiveness	
• *Number of reports completed on surveys of mental health consumers undertaken, and changes made in response to the feedback received = 2*	**Achieved** Two six-monthly reports were completed that encompass both DHB provider and NGO services. The surveys did not identify any significant issues in any service but did identify minor matters such as maintenance requests and requests for more social activities. These have been addressed by service providers. One specific request from service users was for outreach meetings to be held in South Wairarapa for family/whanau support groups. In response to this regular group meetings are now held in Featherston and Martinborough.

Strategic Plan Health Gain Priorities

Diabetes

Overall Goal:

To reduce the incidence and impact of diabetes in Wairarapa

Rationale:

The 2001 health needs assessment report showed Wairarapa people have very high rates of diabetes, and poor outcomes, with few receiving free annual checks. Since then co-ordinated action by the Local Diabetes Team has greatly improved the situation. In 2005/06 the DHB intends to maintain continued improvement in diabetes outcomes through further development of chronic disease management strategies, with focus on:

- Health promotion, healthy eating and healthy action
- Early detection
- Effective treatment and monitoring
- Increasing patient knowledge and empowerment

Deliverables/Targets	Performance/Achievement

To increase recognition and follow up of people with diabetes

- *Numbers of people receiving a diabetes annual review as a percentage of the expected prevalence of diabetes in the Wairarapa*

Overall	Maori	Pacific	Other
66%	50%	70%	70%

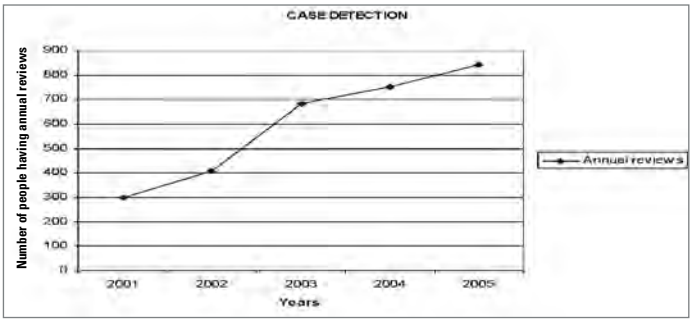
Substantially achieved

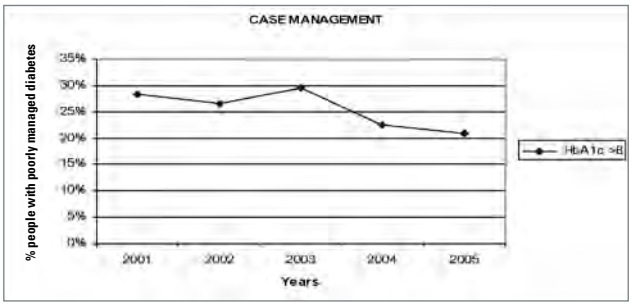
	Overall	Maori	Pacific	Other
Target	66%	50%	70%	70%
Achievement	64.3%	47.8%	54.5%	69%

Although targets set for this indicator were not fully achieved, excellent progress has been made. In 2005, the percentage of the estimated population with diabetes receiving an annual review increased to 64.3% from 60% the year before, and the number of people with diabetes who had an annual check rose by 12% between 2004 and 2005. The result for Pacific People (15% under target) seems disproportionate with the overall result, but this variance equates to 4 Pacific people.

While the actual number of annual checks has been steadily rising, so too has the estimated number of people with diabetes. The Ministry estimates that the number of people with diabetes rose from 1,311 at the end of 2004 to 1,354 at the end of 2005. This indicates an increase of 3.28%. However, the case detection trends for Wairarapa show 11.95% increase, indicating more people with diabetes are now accessing services.

Diabetes Recognition and Follow up Trend (All Ethnicities)



Deliverables/Targets	Performance/Achievement
To improve health status and diabetes control in people identified with diabetes	
• *No more than 16% of people with type I or type II diabetes have an HbA1c result greater than 8*	Not achieved Diabetes Management – Poorly controlled (HbA1C >8)  The percentage of people with diabetes poorly controlled (HbA1c → 8) was above target for all groups, however diabetes control is improving year by year as indicated in the graph above.

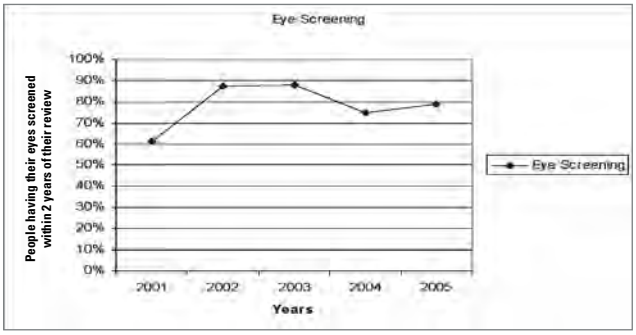
2005	Overall	Maori	Pacific	Other
Target	16%	20%	30%	15%
Achievement	21%	32%	33%	19%

To reduce the incidence of loss of vision due to diabetes	
• *The percentage of people of people diagnosed with diabetes who received retinal screening within the last two years = 90%*	Not achieved Although the target of 90% has not been achieved, good progress has been maintained since the retinal screening service was introduced in 2003, with an improvement achieved on results for 2004.

	Overall	Maori	Pacific	Other
Percentage screened 2005	79%	79%	93%	79%

Results for Pacific Island people reflect small numbers. In the table above one Pacific person accounts for 6%. Generally, results for retinal screening have hovered between 75% and 88% since 2003.

Retinal Screening Trend (All Ethnicities)



Strategic Plan Health Gain Priorities

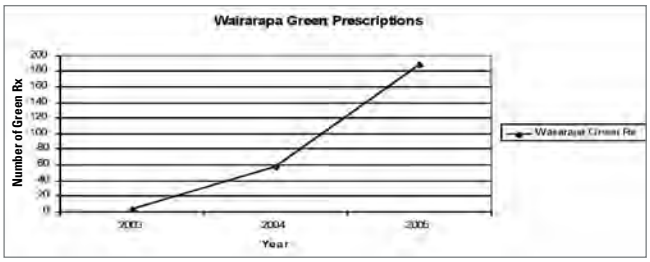
Respiratory Disease

Overall Goal:

To reduce the incidence and impact of respiratory disease in Wairarapa

Rationale:

Health needs assessment findings show that respiratory illnesses and lung cancer are major causes of hospitalisation and death in Wairarapa. Wairarapa has higher levels of asthma and chronic obstructive pulmonary disease than other parts of New Zealand. Maori in Wairarapa have particularly high rates of respiratory disease. Further, many patients with respiratory illness also suffer from other chronic diseases as well, such as cardiovascular disease and diabetes. Generally the same approaches across the service continuum can be used to reduce the incidence and impact of all of these chronic illnesses. The DHB is implementing a range of strategies to provide an integrated continuum of services to address chronic illnesses.

Deliverables/Targets	Performance/Achievement
To reduce onset of respiratory illness and other chronic diseases through a range of health promotion and illness prevention measures	
• *Number of Green prescriptions issued = 65*	**Achieved** Green prescriptions issued during the 12 months ended 31 December 2005 = 189 There has been a big change from 3 prescriptions in 2003 when a sole GP (who has since left the District) used green prescriptions occasionally to 58 prescriptions in 2004 and 189 in 2005. Wairarapa Green Prescription (GRx) Referrals 
• *Numbers of influenza vaccinations given:* – *Total numbers all ages = 8,200* – *Percentage of those aged 65 years and above who have been vaccinated = 65%*	**Achieved** Total number of people in all age groups vaccinated in 2006 was 8,128 Percentage of those aged 65 years and above who have been vaccinated in 2006 = 73.8% The rate of influenza vaccination for people over 65 years, has continued to increase for both Maori and others, with Maori showing the greatest increase in vaccinations.

<table>
<tr><th>Deliverables/Targets</th><th>Performance/Achievement</th></tr>
<tr><td>• Number of primary medical practices offering smoking cessation classes = 7</td><td>Achieved
Seven primary medical practices offer smoking cessation classes. These Quit Smoking services are in addition to the Aukati Kai Paipa programme which achieved the results below:
• 49 were enrolled into the Aukati programme
– 3 month quit rate 50%
– 6 month quit rate 36%
– 12 months quit rate 35%</td></tr>
<tr><td>• Number of Wairarapa homes insulated by the Healthy Homes programme = 150</td><td>Achieved
190 homes insulated in 2005/06. Since the Wairarapa Healthy Homes project began, and up until 30th June 2006, there have been over 500 referrals to the project nearly half of those have been referrals from the Wairarapa DHB. 459 Wairarapa homes have been completely retrofitted. Approximately 190 of these were completed in 2005/06.</td></tr>
<tr><td colspan="2">To ensure early identification of risk and follow-up of those with signs of potential disease</td></tr>
<tr><td>• Percentages of people in each target group who have had their cardio-vascular risk assessed in the last five years. Baseline to be set and targets established for 2006/07 and 2007/08.</td><td>There have been delays in the roll-out of the national PHO performance indicators and management programme and data on this is not yet available</td></tr>
<tr><td colspan="2">To improve access to effective support and rehabilitation services for those affected by chronic illness</td></tr>
<tr><td>• The percentage of people with a 5 year absolute cardiovascular risk of 15% or above who have a cardiovascular management/care plan that includes specific patient goals and follows best practice advice. Baseline to be set and targets established for 2006/07 and 2007/08.</td><td>There have been delays in the roll-out of the national PHO performance indicators and management programme and data on this is not yet available</td></tr>
<tr><td>• Numbers of avoidable hospital admissions of people with chronic obstructive pulmonary disease, respiratory infections and/or asthma = fewer than 365.</td><td>Not achieved
The total number of avoidable hospital admissions for respiratory causes rose substantially in 2005/06.
<table><tr><td>Respiratory infections – Acute bronchiolitis</td><td>39</td></tr><tr><td>Asthma</td><td>92</td></tr><tr><td>Respiratory infections – Other</td><td>35</td></tr><tr><td>Respiratory infections – Pneumonia</td><td>142</td></tr><tr><td>CORD</td><td>167</td></tr><tr><td>Total avoidable respiratory admissions 2005/06</td><td>475</td></tr></table></td></tr>
<tr><td>• Avoidable admissions due to respiratory illness as a percentage of total avoidable admissions = 20%</td><td>Achieved
Total avoidable admissions were 2,394 of which 475 (19.8%) were for respiratory conditions</td></tr>
</table>

Strategic Plan Health Gain Priorities

Elective Services

Overall Goal:

To improve equity and timeliness of access to elective services, within resource constraints, using appropriate prioritisation tools

Rationale:

Elective services are services provided to patients whose condition does not require immediate action, and whose treatment can be planned or staged over some months. Improving access to elective services, providing clarity for patients about their treatment, timeliness of treatment, and fairness of treatment prioritisation, are national priorities. Within Wairarapa there is focus on: improving performance of electives services booking and prioritisation systems – measured by elective services patient flow indicators; and on increasing the numbers and range of elective procedures provided at Wairarapa Hospital so that fewer patients have to travel outside the district to access services.

Deliverables/Targets	Performance/Achievement
Reduced waiting times for first specialist assessment	
• *Percentage of patients who receive their first specialist assessment [medical and surgical] (FSA) within six months of referral = 100%*	**Not achieved** Overall, for the year, 73% of patients referred for specialist assessment were seen within 6 months. Performance on this indicator has improved during the year. While there have been difficulties in achieving good access to some of the specialties required, particularly in Urology, Ophthalmology and ENT, during 2005/06, at year end a new appointment was made and agreements were in place with other specialists to address this. A plan to see all outstanding patients by 30 September 2006 was put into action and at the date of this report this plan has been achieved.
Reduced waiting times for treatment	
• *Percentage of surgical patients that, having been given certainty of treatment, are treated within six months of their first specialist assessment = 100%*	**Partially achieved** Good progress has been made. Achievement was 93.6%, close to target, and a significant improvement over the previous year's result of 78%. At year end a plan to see all outstanding patients by 30 September 2006 was put into action and has been achieved.
• *Numbers of elective surgical case weighted discharges (CWD) delivered at Masterton Hospital = 1,267*	**Partially achieved** While total elective case weights delivered were 1,042, the shortfall was very largely offset off set by delivery of acute caseweights 192 greater that target.
Ongoing quality improvement in management and delivery of all elective services	
• *Status (red, orange, or green) against each of the eight national elective services patient flow indicators (ESPIs). Green status achieved on all 8 ESPIs in at least 6 months.*	**Partially achieved** • ESPI 1, 4 and 8 remained consistently green throughout the year. • ESPI 2 has fluctuated between red and orange but an overall improvement in Outpatient service delivery has seen the trend settle on orange in June, and green achieved at 30 September 2006. • ESPI 3 has been green but turning orange in May and June, reflecting the service provided by actively reviewing orthopaedic patients. This trend will even out over the next year. • ESPI 5 has steadily improved with an end of year result on orange, and green was achieved by 30 September 2006. • ESPI 7 has also steadily improved with an end of year result on orange, and green was achieved by 30 September 2006. More details on ESPIs can be found at www.electiveservices.govt.nz.

Provider: Hospital & Specialist Services

Hospital Efficiency & Effectiveness

Overall Goal:

To provide services efficiently and effectively within available resources

Rationale:

The DHB is the major provider of health services in Wairarapa. To remain a clinically and financially sustainable provider, it must ensure that it continues to improve operating efficiency and effectiveness, and meets all contract requirements within budget.

Deliverables/Targets	Performance/Achievement
To be a good employer and promote a work environment and culture that is: • Open, inclusive and constructive • Fosters partnerships • Encourages excellence, and • In which individuals feel valued	
• *Voluntary staff turnover – the number of employees who voluntarily resign during a quarter, divided by the total number of employees at the beginning of the quarter to average 4.5% or less across all 4 quarters*	**Achieved** The average staff turnover for each of the four quarters was 4.25% (an annual total of 17.0%) which is 0.25% ahead of the annual target of 4.5% per quarter (an annual turnover of 18%). The performance by quarter is shown in the following table: | | Q1 | Q2 | Q3 | Q4 | Average | | Qtrly turnover | 3.0% | 2.3% | 6.5% | 5.2% | 4.25% |
• *Sick leave rate – total number of hours of sick leave taken during a quarter, divided by total number of employee hours contracted for the quarter to average 3.3% or less across all 4 quarters*	**Achieved** The overall sick leave rate for the year was 2.7% which is ahead of the annual target of 3.3%. The performance by quarter is shown in the following table: | | Q1 | Q2 | Q3 | Q4 | Annual | | Qtrly turnover | 3.5% | 2.0% | 2.5% | 2.9% | 2.7% |
To continuously improve quality, safety and patient satisfaction	
• *Percentages of 'Good' and 'Very Good' responses received to inpatient and outpatient satisfaction surveys to average 90 % or more across all 4 quarters*	**Substantially achieved** Patient satisfaction measures dropped in the first part of the year. This co-incided with implementation of major changes in organisation of services preparatory to moving into the new hospital. However patient satisfaction rose in subsequent quarters and was within one percentage point of target by year end. The Patient Satisfaction statistics for inpatient and outpatient by quarter are shown in the following table: | Quarter | Good % | Very good % | Total % | | 1 Inpatient | 17.1 | 50.7 | 67.8 | | Outpatient | 29.4 | 57.7 | 87.1 | | 2 Inpatient | 28.6 | 57.8 | 86.4 | | Outpatient | 30.1 | 59.0 | 89.1 | | 3 Inpatient | 26.8 | 59.1 | 85.9 | | Outpatient | 27.5 | 59.0 | 86.5 | | 4 Inpatient | 24.2 | 64.9 | 89.1 | | Outpatient | 30.2 | 59.4 | 89.6 | The overall average over the four quarters is 85.2 %, which although slightly behind target, is a very good result achieved through a period of major disruption and change as services moved to a new hospital, and is well above national the average.

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Deliverables/Targets	Performance/Achievement
• *Percentage of complaints resolved within 30 days to average 70 % or more across all 4 quarters*	**Not achieved** 44% complaints were resolved within 30 days, this measure has been deleted as a national Hospital Benchmarking Indicator because it is not considered valid to appropriately measure the quality and thoroughness of the investigation and satisfaction of the complainant if the process takes longer.
• *Patient falls per 100 inpatient days to average for the year no greater than 0.7*	**Achieved** A total of 0.68 patient falls per 100 inpatient days.
• *Number of Hospital acquired blood stream infections (HABSI). No more than 2 HABSI during the year*	**Achieved** The DHB had 1 HASBI during the financial year. This occurred in October 2005.
To deliver services and use resources efficiently	
• *Resource utilisation ratio – the value of services provided against the costs of providing those services. Ideally the ratio will be greater than 1, meaning that the value of the services provided is greater than the costs of producing them = 1.0*	**Not achieved** The resource utilisation ratio for the year was 0.92. This is close to target and a significant achievement, given the disruptions to service delivery created by the move to the new hospital.
Effectively manage facilities and capital equipment	
• *Progress in completion of Masterton hospital redevelopment project, and other facility developments against the project timetables by having Wairarapa Hospital fully operational by 31 March 2006*	**Achieved** Wairarapa Hospital opened on 31 March 2006, on time and on budget, with services and facilities fully operational across all clinical areas.
• *Completion and annual review of Asset Management Plan (AMP) by October 2005*	**Achieved** The AMP was completed in October 2005.
• *Completion and annual review of Information Systems Strategic Plan (ISSP) by December 2005*	**Achieved** The ISSP was completed and approved by the Board in December 2005.
To meet or exceed service output expectations	
• *Performance to contract – the value, over the year, of the services provided as a percentage of the value of the services the DHB provider is contracted to provide. To be within the range 98%-102%*	**Achieved** The performance to contract ratio for the year was 100%. This is a very pleasing result given the significant changes that occurred during the year implementing new processes and with the transition to Wairarapa Hospital.

Governance & Administration

Overall Goal:

The DHB is effectively and efficiently governed by its Board

Rationale:

The DHB is responsible for identifying needs, allocating funding, and providing services so as to meet needs and improve health outcomes for the people of Wairarapa. The performance of these responsibilities must be guided, overseen and monitored by an effective governance Board.

Deliverables/Targets	Performance/Achievement
To provide effective leadership and responsibility for: • **Strategic direction** • **Monitoring and evaluating achievement of strategic and operational results** • **Facilitating appropriate involvement of the community and other stakeholders in service delivery, development and review** • **Developing and monitoring governance policies that provide an adequate risk management framework and clear delegations to the chief executive**	
• *At least three public forums are held during the year*	**Achieved** Public Forums held include: • Various community presentations on the Wairarapa Hospital's Site Development (ie. Martinborough Lions, Greytown Lions, Rotary, Probus, Rest Homes, Chamber of Commerce). • Aged Care Workshop held on 23 March 2006. • Mental Health Open Day held 13 May 2005 • Youth Health Workshop held 21 June 2006.
• *Board reviews reports of performance against DAP financial and non-financial performance indicators, and Hospital Benchmark Indicators quarterly*	**Achieved** Receives Non Financial Quarter Performance Reports and organisation performance indicators and objectives on a regular basis; as follows: • July 2005 Board Meeting (Reviewed and Received DHB Non Financial Quarter 3 Report for 2004/05, Received management's report of the organisation's performance against milestones and objectives in the DAP 2004/06, Received Report of the MOH on Wairarapa DHB's Performance against National Indicators in Quarter 4, 2004/05). • October 2005 Board Meeting (Reviewed and Received Quarter 1, 2005/06 Non Financial Performance Report). • February 2006 Board Meeting (Reviewed and Received Quarter 2, 2005/06 Non Financial Performance Report and the DHB Crown Funding Agreement 2005/06 First Quarter Ministry Assessment). • April 2006 Board Meeting (Reviewed and Received Quarter 3, 2005/06 Non Financial Performance Report).

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Deliverables/Targets	Performance/Achievement
• *Board review audit and risk reports at least quarterly*	**Achieved** The Audit & Risk Committee of the Board meets quarterly. The agenda for the Committee includes a review of the audit activity undertaken and the top risks are reported. The Chair of the Committee reports on discussions of the Committee to the Board.
• *The Board conducts an evaluation of its own performance*	**Achieved** These are conducted on an annual basis. The last evaluation of Board performance was conducted on 26 April 2006.
• *The vision and strategic direction is comprehensively reviewed and revised, with final draft of District Strategic Plan submitted to Ministry of Health by 3 October 2005*	**Achieved** The vision and strategic direction was comprehensively reviewed as part of the strategic planning process. The District Strategic Plan (DSP) was completed and forwarded to the MOH in line with the revised timeframes issued by the MOH. The DSP was endorsed by the Minister of Health in May 2006.
• *Three or more public forums are held to review the strategic plan*	**Achieved** Four public forums were held in different locations across the district during July 2005 and August 2005, to review and discuss the draft District Strategic Plan.
• *Members of the community and key stakeholders are actively involved in service development planning for: Youth Health; Health of Older People; and a Cancer Control Action Plan*	**Achieved** Community members and other key stakeholders are actively involved in DHB advisory groups on youth health, and health of older people. Community members and stakeholders have participated in a review of Wairarapa people's cancer journey and have input to the forthcoming cancer control action plan.

Deliverables/Targets	Performance/Achievement
To maintain the Board's partnership relationship agreement with Mana Whenua and ensure Mana Whenua is consulted on: • Health needs assessment information • The District Strategic Plan • The District Annual Plan	
• *Numbers of special meetings held with Mana Whenua to enable their participation in development of health needs assessment report, district strategic plan, district annual plans, and development of the new hospital = 3 or more.*	**Achieved** A number of hui were held with Mana Whenua and the Maori Health Committee covering the health needs assessment, district strategic plan, district annual plan and the Wairarapa Hospital development throughout the 2005/06 year.
• *Number of joint DHB Board-Mana Whenua meetings held = 3 or more*	**Achieved** A total of 6 joint meetings were held between the DHB Board and Mana Whenua in the 2005/06 year.
To maintain a governance level relationship with Wairarapa's single PHO, and ensure DHB and WCPHO objectives are aligned	
• *Number of joint DHB Board – PHO Board meetings held = 2 or more*	**Achieved** PHO and DHB boards met together twice during the year.
• *Objectives for primary health care services in Wairarapa are agreed jointly by DHB and PHO. PHO annual business plan agreed with DHB by 31 May 2006.*	**Achieved** Wairarapa primary healthcare objectives were agreed jointly by the PHO and DHB in March 2006. Rather than preparing a separate PHO annual plan, the PHO participated in development of the primary health section of the DHB's annual plan, which then provide the combined annual primary health care plan for both. This was completed and agreed before 31 May 2006.
To meet all financial targets and achieve and maintain financial breakeven	
• *Actual financial performance[1] – net operating result – compared with expected, as shown in the approved District Annual Plan*	**Achieved** The financial performance for the year shows a surplus of $101,000 compared to a budget of $11,000.

[1] Refers to financial performance of the parent, not consolidated.

AUDIT REPORT

AUDIT NEW ZEALAND

TO THE READERS OF WAIRARAPA DISTRICT HEALTH BOARD AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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 2006.

Unqualified opinion

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

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Health Board and group's financial position as at 30 June 2006;
  - 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 27 October 2006, 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 2006. 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 of New Zealand.

In addition to the audit we have carried out one assurance assignment reviewing the tender processes of the laboratory integration project, which is compatible with those independence requirements.

Other than the audit, and this assignment, 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
Wellington, New Zealand

DIRECTORY

Board Office	Wairarapa DHB P O Box 96 Masterton Telephone: 06 946 9880 Fax: 06 946 9881 Website: www.wairarapa.dhb.org.nz
Board Members	Doug Matheson *Chairman* Janine Vollebregt *Deputy Chairman* Cheryl-Ann Broughton-Kurei Perry Cameron 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 / Corporate Services Manager* 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* Bruce McGregor *General Manager, Human Resources* Stephanie Turner *Director of Maori Health* Maurice Dodson *Acting General Manager, Mental Health Services*
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