Wairarapa District Health Board Annual Report 2007

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

Health is determined in places where we live, love, work and play.
In our homes, schools, workplaces - everywhere, everyday.
The direction being taken by the Wairarapa DHB to improve
the health of our population recognises this.

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Chairman & Chief Executive's Review

Creating better health Wairarapa-wide

Health is determined in places where we live, love, work and play. In our homes, schools, workplaces - everywhere, everyday.

The direction being taken by the Wairarapa DHB to improve the health of our population recognises this.

Over the past 12 months we have continued to invest in health services which meet the needs of the Wairarapa population. Just as importantly, more and more groups right across the community are working together for a common purpose – a Well Wairarapa.

Creating a Well Wairarapa has become much more than running a hospital and treating illness. While services to treat people who are unwell are constantly being improved, many new initiatives to prevent disease and keep people well are beginning to show results.

Two colleges in our region now have on-site medical clinics, more older people are being supported to live at home and more outreach clinics have been established. A free health transport service now operates throughout the region. All of these initiatives and many others have involved the co-operation and commitment of organisations and people outside of the DHB.

The benefits of our reshaped mental health services were felt this year with a big increase in the number of people using them. Detection and management of long-term or chronic conditions took another step forward with the roll-out of a Wairarapa-wide programme, building on the work of Care Plus.

We have worked closely with others to stimulate interest in health issues and create action in the community. This has been particularly evident in the community-wide Healthy Eating Healthy Action initiative which has increased public focus on healthy eating and active lifestyles.

Immunisation rates for Wairarapa babies and flu vaccination rates were well up and among the highest in New Zealand. We completed a Cancer Action Plan and a strategy for development of palliative care services – both of which will be implemented in the coming year.

Wairarapa Hospital completed its first year of operation and delivered more services than ever before, within budget. Financially the Wairarapa DHB has achieved a break-even position this year – through innovative initiatives we are providing more services while at the same time living within our funding parameters.

Wairarapa DHB staff, working closely with the Wairarapa Community PHO and many, many others in the community have contributed towards these results which we can all be proud of.

We have much more work to do to build on the achievements of recent years. We look forward to continuing to work closely with our community to create a Well Wairarapa.

Bob Francis
Chairman

David Meates
Chief Executive

2007 Highlights

HOMES

> An increasing percentage of older people eligible for rest home care are choosing to live at home with funded support (from 40% in 2001 to 60% in 2006).

> The Support to Live at Home programme began for people with complex health and disability needs who wish to live at home. This flexible programme has helped older people and their carers achieve their goals and reduced hospital admissions.

> The Health Recovery Programme continues to be successful in enabling people to re-gain the abilities they need to live at home, rather than enter long-term residential care.

> 206 homes became warmer, drier and healthier after they were insulated under the Wairarapa Healthy Homes Project. More than 600 homes have now been insulated over three and a half years.

COMMUNITY-BASED SERVICES

> Wairarapa PHO has expanded its services by providing more outreach clinics.

> Outreach immunisation services played an important part in achieving some of NZ's top results for babies aged 12 months. 87% of Wairarapa babies were fully immunised at 12 months compared with the national rate of 81%.

> The range of services in the community offered by Maori health providers increased.

> More young people sought mental health support through the Child and Adolescent Mental Health Service, based in Renall Street Masterton. This is partly due to an increase in staffing with a broader range of skills and experience.

> More adults accessed secondary mental health services. All available Maori positions in secondary mental health services were filled within the last 18 months resulting in positive outcomes.

> The "Incredible Years" parenting programme was established.

> The "Baby Friendly Community" pilot programme, one of six in NZ, has opened up new rooms for breastfeeding in Masterton and at the Wairarapa DHB.

MEDICAL CENTRES

> 99.7% of Wairarapa people are now receiving low-cost healthcare through enrollment with the Wairarapa PHO. This subsidy also includes lower cost prescriptions.

> Enrolments in the Care Plus programme were higher than in almost any other PHO – around 2,000 patients or 84% of those eligible.

> The PHO began the roll-out of the Wairarapa-wide Chronic Disease Management programme developed by The Doctors Masterton.

> Funded care packages were provided for people with chronic and complex conditions.

> The Pneumococcus vaccination was provided free to those at high risk.

> The flu vaccination programme achieved excellent results with 8,450 Wairarapa people vaccinated against the flu, 14% more than last year.

> A record 89.1% of Wairarapa people aged 65 and over were vaccinated for influenza.

> Immunisation rates for Wairarapa babies were among the highest in NZ with 87% fully immunised at 12 months of age.

> To Be Heard, a project providing extra supports in primary care for people with mild to moderate mental health needs, cared for 277 people during the year, more than 130 ahead of the target.

> Wairarapa Maori over the age of 20 visited their GP or Practice Nurse at a higher rate than non-Maori people. Traditionally, GP visits by Maori have been lower than is needed to keep people well and prevent disease.

> The Ruamahunga Health Trust has raised $430,000 for a new Health Centre in Martinborough which will be built by the end of 2007.

TE MARAE

> Te Rangimarie Marae in Masterton and Papawai Marae in Greytown both went Auahi Kore (Smokefree).
> Maori babies were among the best protected in New Zealand with 82% fully immunised compared with the national average of 71%.
> A major survey of South Wairarapa Kaumatua found that they accessed primary health care when they needed to and were well-connected with the medical centre of choice.

TRANSPORT

> New arrangements were put in place to provide free transport to Wellington for renal dialysis patients.
> 64 meals-on-wheels drivers delivered 6,000 meals.
> 5 community bus drivers made over 1,000 transports.
> 10 Auxiliary Ambulance Officers worked over 7,000 hours.

RESIDENTIAL CARE

> All dedicated rest home facilities are now being used for respite care and for those recovering from ill health.
> Four facilities offer higher level care for people recovering from ill health under the Health Recovery Programme.
> A number of rest homes are developing additional services for people living at home in their communities.
> New investment in services for older people recognises the need to be flexible and meet individual needs, especially for those with complex situations.

WORKPLACES

> Three high profile Wairarapa people have accepted the challenge to change their lifestyles over the next 12 months & become "Lifestyle Champions".
> Public health staff are collaborating with Active Wairarapa, the PHO, Wairarapa News and Sport Wairarapa to implement the Activate Your Workplace Initiative.
> 358 Wairarapa DHB staff completed the 10,000 steps programme over the last two years.
> Seven teams of 10 from the DHB are enrolled in "Walk Wairarapa". Teams set their own goals and record all walking longer than 10 minutes. More than 320 Wairarapa people are taking part.
> HEHA will support National Push Play Day by assisting with promotion and prizes for a corporate relay around Henley Lake – part of a region-wide "Activate Your Workplace" programme.

RECREATION

> All Wairarapa cafés but one signed up to become "Baby Friendly" – supporting breastfeeding mothers.
> The community-wide Healthy Eating, Healthy Action initiative has increased public focus on healthy lifestyles, especially nutrition and exercise by promoting and supporting local events.
> Worked with Active Wairarapa and local Councils to support the development of facilities and programmes to provide more opportunities for social interaction and physical activity in the region.
> The Wairarapa DHB Social Club regularly organises walking / tramping trips for staff members and their families to test their fitness levels.

PRIMARY SCHOOLS

> Ten schools are actively working towards becoming fully-fledged health promoting schools. Of these eight have committed to the health promoting schools programme.
> New entrant checks were introduced in primary schools in areas of high need.
> More Wairarapa schools took up the challenge of promoting healthy eating. Staff, parents and children are getting involved with many initiatives including new policies, fruit in schools, vegetable gardens and curriculum topics.
> 97% of Wairarapa Year 8 students enrolled for ongoing care with a dentist – the highest rate for New Zealand.
> A business case was completed and funding gained for new mobile school dental services, to be introduced from 2008.

EARLY CHILDHOOD CENTRES

- Early childhood centres and kohanga reo increasingly took up the challenge of promoting healthy eating through a wide range of projects, policies and curriculum activities.
- Seven early childhood centres are working towards the Heart Foundation's Healthy Heart Award.

COLLEGES

- New Health Clinics run by GPs and practice nurses at Makoura and Kuranui Colleges have been very popular with schools and students. Up to one third students at both colleges have attended the clinics at least once since they started.
- Health and social assessments have been introduced for Year 9 pupils in schools in areas of high need.
- The Wairarapa Youth Council, working under a new structure to improve youth consultation and work more closely with community organisations, chose three health-related projects for 2007.
- Several schools have made major changes to their menus, decreasing fat content and making more healthy options available to students.
- More adolescents aged 12-18 enrolled with and completed visits to dentists for free oral health services.
- Every dentist in the Wairarapa is enrolled to provide adolescent dental care giving young people a real choice of providers.

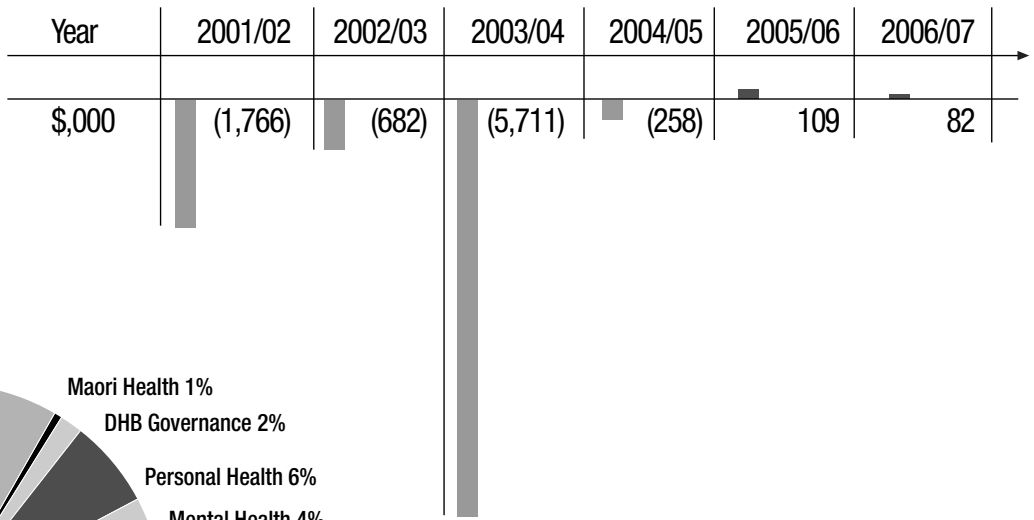
HOSPITAL

- Wairarapa Hospital completed its first year, delivering more services than ever before, within budget. Compared with last year it delivered:
  - 8.4% more Emergency Department attendances
  - 10% more outpatient first attendances
  - 11% more outpatient subsequent attendances
  - 11% more births
  - 32% more elective case weights
  - 3% fewer acute case weights
  - 24% more orthopedic joint operations
  - 53% more cataract operations
  - 10% more hospital patients received their treatment as day patients
  - 178% more Needs Assessments by FOCUS
  - 35% more dietician appointments
  - The Mobile Surgical Bus performed 14 Lithotripsy procedures - 11 more than last year.
- The first year of the Bariatric surgery (surgery to restrict the stomach size or bypass it completely) programme was successful in treating four patients with extreme obesity and obesity-related illness.
- ACC workplace certification - tertiary level achieved.
- The DHB completed a Cancer Action Plan and a strategy for development of Palliative Care services.
- The Wairarapa Hospital Volunteers initiative begun 14 months ago has been an outstanding success. In just one year:
  - 32 'meet and greet' volunteers worked over 3,000 hours at Wairarapa Hospital
  - 34 flower ladies created more than 2,000 floral displays.
  - Visiting clergy re-instituted regular monthly chapel services
  - Mobile shop and book services to the wards were introduced.
  - Volunteers ran successful 'Toy Drive' and 'Crutches Amnesty' campaigns.

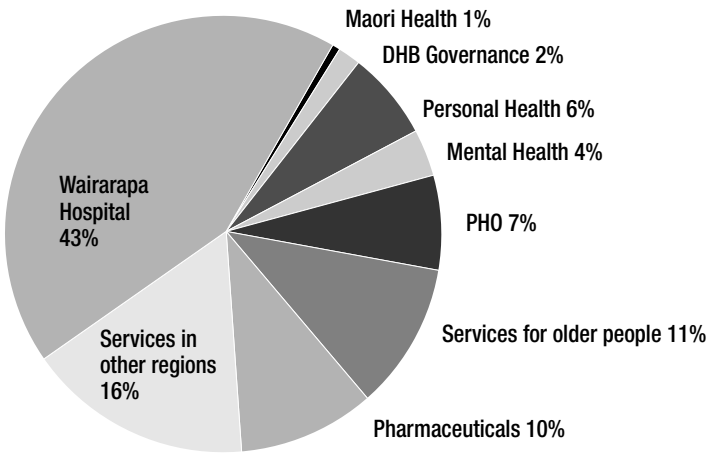
Statistics

	2004/05	2005/06	2006/07
Primary care consultations	216,508	221,546	259,310
Free sexual health consultations	2,818	3,216	3,365
Flu vaccinations	6,348	8,128	8,232
People over 65 receiving subsidised rest home care	247	265	440
Meals on wheels delivered	7,424	8,543	8,281
Items dispensed by community pharmacies	520,151	549,218	575,457
Children enrolled in school dental service	5,716	6,417	6,417
Vision and hearing appointments for children under six	1,500	2,504	2,123
People supported by hospital and community mental health services	697	819	708
Patients admitted to Wairarapa Hospital	6,638	6,846	7,198
Specialist outpatient appointments	13,193	14,118	14,640
Hip/knee replaements	104	96	120
Cataract operations	75	85	146
Emergency department attendances	14,763	15,595	16,815
Hospital births	438	476	495

Net Surplus /(Deficit)



The Health Budget




Bob Francis *Chairman*


Janine Vollebregt *Deputy Chair*


Trish Taylor


Dr Rob Tuckett


Pamela Jefferies (OBE)


Yvette Hikitapua-Grace


Cheryl Broughton-Kurei


Vivien Napier


Dr Liz Falkner


Perry Cameron

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; 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.

Biomedical Services (New Zealand) Limited

Biomedical Services (New Zealand) Limited is a 100% owned subsidiary of Wairarapa DHB.

The company has developed an enviable reputation for the provision of tailor-made biomedical asset management solutions across New Zealand over a period of eleven years. The customer base stretches from Auckland to Invercargill and includes major public and private hospitals through to small medical clinics. Services are based on managing risks over the life cycle of medical devices and include compliance testing to required standards, repairs and management/consultancy.

Significant progress has been made to develop and grow the organization throughout 2006/07. This has enhanced our strategic position with the health sector. Major investments in staffing and systems have provided a strong resource base to take the company into the future. Considerable progress has been made on defining and advancing the future strategic and operational direction of the company through the development of a comprehensive marketing plan. This represents a key strategic milestone and represents the organisation's blueprint for future success.

Biomedical Services has maintained a profitable position throughout a demanding and challenging year. Contractual requirements have been met despite staffing recruitment and retention issues. Strategic inroads into the Auckland market were made with the appointment of an Auckland-based technician and establishment of a workshop base. This has facilitated enhanced service provision to Auckland-based clients and adds to a growing regional presence.

The company has sought to further consolidate and build on its position within the market. New service initiatives have continued to be generated with existing clients and a considerable push has been made to capitalise on business development opportunities. Auckland Surgical Centre was secured under contract adding to the suite of Southern Cross Hospitals. New contracts were gained with a number of medical clinics and servicing possibilities were canvassed across a range of potential new clients.

The company maintained a drive towards operational efficiency throughout 2006/07. Initiatives have been progressed in systems development and administrative functions improved. Good progress continued to be made in equipment and risk management processes. The push to hand-held technology and electronic recording of test results will add significant efficiencies.

A proactive and flexible approach to services has been maintained. Client satisfaction continues to be very good. The company has maintained and enhanced its reputation for professionalism in the market for medical asset management services.

The greatest achievement for 2006/07 was the formulation of the marketing plan setting out the strategic and operational platform to take the company into the future. Biomedical Services faces a new and exciting era in the company's history.

Commentary on the Financial Results

Wairarapa DHB has achieved a consolidated net operating surplus of $82,000 compared to the planned surplus of $50,000. This result is very pleasing.

The DHB received a number of additional revenue programmes from the Ministry of Health following the approval of the District Annual Plan and Statement of Intent. Key funding streams included the roll out of the PHO lower co-payments for the 45-64 year olds, PSA wage increase funding, increased PHO capitation funding and funding for additional elective work. This funding was offset by corresponding expenditures incurred in delivering these programmes.

The DHB's financial position remains relatively strong. Significant investment has occurred in the last four years on the capital asset base where nearly $40 million of new capital assets, including Wairarapa Hospital, have been acquired, either through purchase or lease. In the 10 years prior to that time a total of just over $5 million was invested. The working capital position (current assets less current liabilities) shows a deficit of $16.3 million. This deficit results from three main factors: the current portion of term debt (see Note 10 to the financial statements) which will be refinanced during 2007/08; the additional investment in capital assets which has reduced the cash held by the DHB; and the move to 'early payment' by the Ministry of Health.

Early payment means the DHB receives its Ministry of Health funding at the start of each month for that month. Previously the DHB received the funding one month in arrears. The impact of this change was that the additional cash received in the month the move to early payment occurred was used to amortise debt held with the Crown Health Financing Agency. As identified in Note 10 this amount is available for the DHB to draw down in the future.

The DHB undertook a revaluation of its property assets at 30 June 2007. This resulted in a further increase in the carrying value of those property assets. The impacts are disclosed in Note 4 to the financial statements.

At the time the DHB completed its Statement of Intent it was assumed that the surplus property associated with Masterton Hospital would have been sold to the Crown Health Financing Agency. The completion of the subdivision to allow this sale to occur has taken longer than expected and the surplus property remain s on the Statement of Financial Position at the agreed sale value. The disposal is expected to be completed by the end of 2007.

Statutory Information and Other Disclosures

This section of the report provides the information required under the Crown Entities Act 2004.

Board Members' Remuneration

Board members' remuneration received or receivable for the year ended 30 June 2007. In addition Board members are able to claim reimbursement for out of pocket expenses.

	2007 $000	2006 $000
Bob Francis – Chair *1	22	0
Doug Matheson – (ex Chair) *2	18	37
Janine Vollebregt – Deputy Chair	24	24
Cheryl Broughton-Kurei	19	18
Perry Cameron	22	18
Pamela Jefferies	21	19
Dr Liz Falkner	18	18
Yvette Grace	19	18
Vivienne Napier	20	18
Trish Taylor	19	18
Dr Rob Tuckett	20	18
Martin Easthope *3	0	20
TOTAL	**222**	**226**

*1 Appointed in Dec 2006
*2 Resigned in Nov 2006
*3 Resigned in April 2006

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:

	Number of Employees	
	2007	2006
$100,000 – $110,000	3	3
$110,001 – $120,000	3	2
$120,001 – $130,000	3	2
$130,001 – $140,000	1	2
$140,001 – $150,000	1	3
$150,001 – $160,000		1
$160,001 – $170,000		1
$170,001 – $180,000	3	0
$180,001 – $190,000	1	2
$190,001 – $200,000	4	1
$200,001 – $210,000	4	3
$210,001 – $220,000	1	0
$220,001 – $230,000	2	1
$230,001 – $240,000		2
$240,001 – $250,000	1	0
$280,001 – $290,000	1	0
	28	**23**

Of the employees shown above, 23 were or are medical or dental employees and 5 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 50 compared with the actual number of 28.

The Chief Executive Officer's total annual remuneration and other benefits fall into the $240,001 to $250,000 bracket.

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	4,389
1	7,756
1	21,388
1	21,861

Delegations

The Board has an approved delegation policy in accordance with clause 39 Schedule 3 of the New Zealand Public Health and Disability Act 2000. This Act requires (s26(3)), and the policy allows, the Board to delegate management matters of the Wairarapa DHB to the Chief Executive.

Good Employer

A key value of the Wairarapa DHB is to be a good employer. The DHB has an Equal Employment Opportunities policy, is governed by the human rights, health and safety in employment, the employment relations legislation and has a wide range of employment policies.

Approximately 80 per cent of employees are covered by collective employment agreements. The majority of these agreements have documented 'management of change' provisions, which detail the information to be provided, the communication processes to be used and the level of consultation. There are no specific policies due to the detailed nature of these provisions and the relevant legislation.

Like all New Zealand employers, Wairarapa DHB is subject to the Health and Safety in Employment Act 1992. This sets the minimum requirements for the organisation. The DHB has employees trained as occupational health and safety representatives and maintains department representatives to help ensure safety in the workplace.

The Protected Disclosure Act 2000 and the Board's related policy, protects the right of employees to raise matters of public concern in a safe and appropriate manner. Where an individual may feel personally disadvantaged there are established grievance procedures available including external mediation or the mechanisms covered by the Employment Relations Act 2000. Employees also have 'no questions asked' access to the Employee Assistance Programme.

Disclosure of Ultra Vires Transactions

Wairarapa DHB has not entered any transactions during the year that have been enforced under section 20(3) of the Crown Entities Act 2004.

Permission to Act despite being Interested in a Matter

A member who is interested in a matter relating to a DHB must not vote or take part in any discussion or decision of the Board or any committee relating to that matter under section 66 of the Crown Entities Act 2004. However, under section 68 of the Crown Entities Act 2004, the Chair of the DHB may exempt one or more Board members from this requirement if it is in the public interest to do so. Where such an exemption is given, this must be disclosed in the annual report.

No permissions were provided under section 68.

Statement of Responsibility

For the year ended 30 June 2007

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 2007 fairly reflect the financial position and operations of Wairarapa DHB.

Acting Chair
Janine Vollebregt

Board Member & Chair, Audit & Risk Committee
Pamela Jefferies

Chief Executive
David Meates

Chief Financial Officer
Eric Sinclair

Dated 25 September 2007

Statement of Accounting Policies

Reporting Entity

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

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

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

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

Measurement Base

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

Accounting Policies

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

Basis of Consolidation – Purchase Method

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

All significant inter-entity transactions are eliminated on consolidation.

Budget Figures

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

Goods and Services Tax

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

Taxation

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

The wholly-owned subsidiary company, Biomedical Services New Zealand Limited, is subject to income tax. Income tax expense is charged in the group statement of financial performance in respect of its current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax bases are only recognized 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, or on an annual basis where the carrying value is materially different to the 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 2007, indirect costs accounted for 11% (2006: 11%) 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 District Health Board, 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.

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 19 of the financial statements.

Consolidated Statement of Financial Performance

For the year ended 30 June 2007

	Note	Group Budget 2007 $000	Group Actual 2007 $000	Group Actual 2006 $000	Parent Actual 2007 $000	Parent Actual 2006 $000
Operating revenue	1	94,146	99,864	91,661	98,771	90,586
Operating expenses	2	-94,073	-101,660	-93,706	-100,606	-92,667
Write-up on property revaluation	4	0	1,890	2,182	1,890	2,182
Tax expense	3	-23	-13	-28	0	0
Net surplus/(deficit)		**50**	**81**	**109**	**55**	**101**

Consolidated Statement of Movements in Equity

For the year ended 30 June 2007

	Note	Group Budget 2007 $000	Group Actual 2007 $000	Group Actual 2006 $000	Parent Actual 2007 $000	Parent Actual 2006 $000
Net surplus/(deficit) for the year		50	81	109	55	101
Total recognised revenue & expenses		**50**	**81**	**109**	**55**	**101**
Equity injection from the Crown		0	173	7,600	173	7,600
Movement in asset revaluation reserves		0	707	0	707	0
Movements in equity for the year		**50**	**962**	**7,709**	**935**	**7,701**
Equity at start of the year		8,171	10,002	2,293	9,789	2,088
Equity at end of the year		**8,221**	**10,963**	**10,002**	**10,724**	**9,789**

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

Consolidated Statement of Financial Position

As at 30 June 2007

	Note	Group Budget 2007 $000	Group Actual 2007 $000	Group Actual 2006 $000	Parent Actual 2007 $000	Parent Actual 2006 $000
Assets						
Property, plant & equipment	4	32,062	43,031	40,247	42,871	40,079
Investments	5	0	0	0	103	103
Trust fund assets	13	50	45	43	45	43
Total non-current assets		**32,112**	**43,076**	**40,290**	**43,019**	**40,225**
Cash & short term deposits	6	1,704	193	146	0	0
Inventories	7	750	626	542	626	542
Trade & other receivables	8	4,211	3,018	3,456	2,911	3,317
Assets classified as held for sale	4	0	2,300	2,300	2,300	2,300
Total current assets		**6,665**	**6,137**	**6,444**	**5,837**	**6,159**
Total assets		**38,777**	**49,213**	**46,734**	**48,856**	**46,384**
Equity						
Crown equity	9	16,320	18,268	18,095	18,268	18,095
Revaluation reserve	9	0	707	0	707	0
Retained earnings	9	-8,099	-8,011	-8,093	-8,251	-8,306
Total equity		**8,221**	**10,964**	**10,002**	**10,724**	**9,789**
Liabilities						
Interest-bearing loans & borrowings	10	19,803	15,200	19,918	15,200	19,918
Employee benefits	11	402	375	358	373	356
Trust funds	13	50	45	43	45	43
Total non-current liabilities		**20,255**	**15,620**	**20,319**	**15,618**	**20,317**
Bank overdraft	6	0	3,121	1,737	3,121	1,737
Interest-bearing loans & borrowings	10	250	4,823	121	4,823	121
Payables & accruals	12	6,551	10,776	10,651	10,704	10,562
Employee benefits	11	3,500	3,909	3,904	3,866	3,858
Total current liabilities		**10,301**	**22,629**	**16,413**	**22,514**	**16,278**
Total liabilities		**30,556**	**38,249**	**36,732**	**38,132**	**36,595**
Total equity & liabilities		**38,777**	**49,213**	**46,734**	**48,856**	**46,384**

For and on behalf of the Board:

Board Member

Board Member

Dated 25 September 2007

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2007

	Note	Group Budget 2007 $000	Group Actual 2007 $000	Group Actual 2006 $000	Parent Actual 2007 $000	Parent Actual 2006 $000
Cash flows from operating activities						
Operating receipts		94,125	100,310	96,275	99,203	95,199
Interest received		50	58	136	53	127
Payments to suppliers & employees		-89,117	-97,426	-88,194	-96,435	-87,188
Capital charge paid		-635	-622	-552	-622	-552
Interest paid		-1,410	-1,395	-1,041	-1,395	-1,041
Income tax paid		-11	-15	-2	0	0
Goods and Services Tax (net)		0	603	-107	608	-105
	15	**3,002**	**1,513**	**6,515**	**1,412**	**6,440**
Cash flows from investing activities						
Proceeds from sale of property, plant & equipment		0	16	5	11	0
Purchase of property, plant & equipment		-1,712	-3,023	-24,078	-2,964	-23,950
		-1,712	**-3,007**	**-24,073**	**-2,953**	**-23,950**
Cash flows from financing activities						
Loans drawn down		135	120	40,410	120	40,410
Equity injected		0	173	7,600	173	7,600
Repayments of loans		-82	-136	-31,949	-136	-31,949
Restricted fund movement		0	0	0	0	0
		53	**157**	**16,061**	**157**	**16,061**
Net Increase in Cash Held		**1,343**	**-1,337**	**-1,497**	**-1,384**	**-1,449**
Add Opening Cash		361	-1,591	-94	-1,737	-288
Closing cash balance		**1,704**	**-2,928**	**-1,591**	**-3,121**	**-1,737**
Made up of:						
Cash & short term deposits		1,704	193	146	0	0
Bank Overdraft		0	-3,121	-1,737	-3,121	-1,737
Closing cash balance		**1,704**	**-2,928**	**-1,591**	**-3,121**	**-1,737**

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

Consolidated Statement of Contingent Liabilities

As at 30 June 2007

	Group Actual		Parent Actual	
	2007 $000	2006 $000	2007 $000	2006 $000
Legal Proceedings and Disputes by Third Parties	75	43	75	43

Consolidated Statement of Commitments

As at 30 June 2007

	Group Actual		Parent Actual	
	2007 $000	2006 $000	2007 $000	2006 $000
Capital Commitments	**271**	**649**	**271**	**649**
Operating Lease Commitments:				
Less than One Year:	1,166	951	1,143	912
One to Two Years	932	743	924	712
Two to Five Years	726	1,149	726	1,149
Five Years	0	0	0	0
	2,824	**2,843**	**2,793**	**2,773**
Non-cancellable contracts for the provision of services				
Not later than one year				
Non funder	2,267	2,272	2,267	2,272
Funder	7,226	5,622	7,226	5,622
Later than one year & not later than two years				
Non funder	1,648	1,606	1,648	1,606
Funder	4,206	3,911	4,206	3,911
Later than two years & not later than five years				
Non funder	1,509	3,105	1,509	3,105
Funder	6,784	3,026	6,784	3,026
Over five years				
Non funder	0	0	0	0
Funder	3,792	0	3,792	0
	27,432	**19,542**	**27,432**	**19,542**
Total Commitments	**30,527**	**23,034**	**30,496**	**22,964**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

1. Operating revenue

	Group Actual		Parent Actual	
	2007 $000	2006 $000	2007 $000	2006 $000
Health & disability services (MOH contracted revenue)	92,671	85,155	92,671	85,155
ACC contract	1,637	1,365	1,637	1,365
Inter-district patient inflows	2,045	1,602	2,045	1,602
Interest revenue	58	136	53	127
Dividend revenue	0	0	14	0
Donations & bequests	57	338	57	338
Other revenue	3,375	3,062	2,278	2,001
Net gain/(loss) on sale of property, plant & equipment	22	3	16	-2
	99,865	**91,661**	**98,771**	**90,586**

2. Operating expenses

	Group Actual		Parent Actual	
	2007 $000	2006 $000	2007 $000	2006 $000
Remuneration of auditor:				
Audit fees for the audit of the financial statements	86	85	77	77
Audit fees for probity assurance services	10	10	10	10
Board member fees	244	229	243	226
Operating lease costs	1,444	1,374	1,392	1,319
Bad debts written-off	39	13	35	13
Change in provision for doubtful debts	-81	40	-81	40
Capital charge expense	853	458	853	458
Interest expenses	1,396	1,026	1,396	1,026
Depreciation expenses:				
Property	1,164	415	1,164	415
Medical equipment	613	488	613	488
Information technology	220	232	205	217
Motor vehicles	65	65	64	59
Other plant & equipment	287	231	230	172
Total depreciation	**2,349**	**1,431**	**2,276**	**1,351**

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 New Zealand Limited.

	Group	
	2007 $000	2006 $000
Net surplus before tax	40	36
Prima facie tax of 33% on subsidiary	13	12
Tax effect on:		
Permanent differences	0	0
Timing differences	0	16
Tax expense	**13**	**28**

At balance date there were imputation credits of $92,531 available to shareholders.

4. Property, plant & equipment

	Group		Parent	
	2007 $000	2006 $000	2007 $000	2006 $000
Property				
At valuation	37,881	5,866	37,881	5,866
At cost	0	29,398	0	29,398
Accumulated depreciation	0	-242	0	-242
	37,880	**35,022**	**37,880**	**35,022**
Medical equipment				
At cost	9,174	8,565	9,174	8,565
Accumulated depreciation	-6,277	-5,694	-6,277	-5,694
	2,897	**2,871**	**2,897**	**2,871**
Information technology				
At cost	1,699	1,542	1,592	1,424
Accumulated depreciation	-1,267	-1,066	-1,178	-973
	432	**476**	**414**	**451**
Motor vehicles				
At cost	791	843	729	801
Accumulated depreciation	-579	-681	-536	-639
	212	**162**	**193**	**162**
Other plant & equipment				
At cost	3,996	3,953	3,505	3,412
Accumulated depreciation	-2,642	-2,429	-2,254	-2,024
	1,354	**1,524**	**1,251**	**1,388**
Capital work in progress				
Property	218	0	218	0
Information technology	37	109	17	102
Motor vehicles	0	83	0	83
	255	**192**	**235**	**185**
Total property, plant & equipment				
At cost & valuation	53,796	50,359	53,116	49,651
Accumulated depreciation	-10,765	-10,112	-10,245	-9,572
	43,031	**40,247**	**42,871**	**40,079**

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 undertook a revaluation of its property assets at 30 June 2006 which resulted in a write-up through the statement of financial performance of $2,182,000. A further revaluation was undertaken at 30 June 2007 which resulted in a further write-up of $2,597,000 of which $1,890,000 is required to be written-up through the statement of financial performance. The balance of $707,000 has been classified as a revaluation reserve within equity and is shown in the statement of financial position.

Details of the increase in the valuations are shown below.

Revaluation

Property assets were revalued at 30 June 2007 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.

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 2006.

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.

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	
	2007 $000	2006 $000
Shares in subsidiary	103	103
Advances to subsidiary	0	0
	103	**103**

Biomedical Services New Zealand Limited is 100% owned by Wairarapa DHB (2006 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% share holding in Central Region's Technical Advisory Services Limited (TAS). TAS was incorporated on 6 June 2001. TAS has a total share capital of $600 of which Wairarapa DHB's share is $100. At 30 June 2007 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 $4,000,000. The current interest rate on the group's bank overdraft is 12.15% per annum (2006: 11.65%).

7. Inventories

	Group		Parent	
	2007 $000	2006 $000	2007 $000	2006 $000
Central stores	183	158	183	158
Pharmaceuticals	77	76	77	76
Theatre supplies	238	188	238	188
Other supplies	128	120	128	120
	626	**542**	**626**	**542**

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	
	2007 $000	2006 $000	2007 $000	2006 $000
Trade Debtors	1,401	1,464	1,279	1,316
Provision for Doubtful Debts	-35	-116	-35	-116
Accrued Income	1,418	1,681	1,418	1,681
Prepayments	234	423	234	423
Sundry	0	4	0	4
Receivables & Prepayments Excluding Owing by Subsidiary	3,018	3,456	2,896	3,308
Amount Owing by Subsidiary	0	0	15	9
	3,018	**3,456**	**2,911**	**3,317**

9. Equity

	Group		Parent	
	2007 $000	2006 $000	2007 $000	2006 $000
Crown equity				
Opening balance	18,095	10,495	18,095	10,495
Equity injection provided during the year	173	7,600	173	7,600
	18,268	**18,095**	**18,268**	**18,095**
Revaluation reserve				
Opening balance	0	0	0	0
Movement in revaluation reserve	707	0	707	0
	707	**0**	**707**	**0**
Retained earnings				
Opening balance	-8,093	-8,202	-8,306	-8,407
Net surplus/(deficit) for the year	82	109	55	101
	-8,011	**-8,093**	**-8,251**	**-8,306**

As stated in Note 4 a revaluation reserve has resulted at 30 June 2007. This arises from the revaluation of the property assets at 30 June 2007 where previous write-downs in value through the statement of financial performance have now been written-up to an equivalent vale. The revaluation reserve of $707,000 recognises the increase in value in excess of the amounts previously written-off.

10. Interest-bearing loans & borrowings

	Group		Parent	
	2007 $000	2006 $000	2007 $000	2006 $000
Non-current				
Crown Health Financing Agency	15,000	19,750	15,000	19,750
Wairarapa Community Health Trust	200	168	200	168
Finance leases	0	0	0	0
	15,200	**19,918**	**15,200**	**19,918**
Current				
Crown Health Financing Agency	4,750	0	4,750	0
Wairarapa Community Health Trust	73	49	73	49
Finance leases	0	72	0	72
	4,823	**121**	**4,823**	**121**
Crown Health Financing Agency				
Interest rate summary	6.17%	6.17%	6.17%	6.17%
Repayable as follows:				
Less than one year	4,750	0	4,750	0
One to two years	5,000	4,750	5,000	4,750
Two to five years	10,000	15,000	10,000	15,000
	19,750	**19,750**	**19,750**	**19,750**
Wairarapa Community Health Trust				
Interest rate summary	2.10%	1.00%	2.10%	1.00%
Repayable as follows:				
Less than one year	73	49	73	49
One to two years	73	50	73	50
Two to five years	127	118	127	118
	273	**217**	**273**	**217**
Finance leases				
Interest rate summary	9.50%	9.50%	9.50%	9.50%
Repayable as follows:				
Less than one year	72	72	72	72
One to two years	0	0	0	0
Two to five years	0	0	0	0
	72	**72**	**72**	**72**

The Crown Health Financing Agency (CHFA) and the DHB have agreed a debt facility of $25,750,000 of which $19,750,000 was drawn at 30 June 2007. 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	
	2007 $000	2006 $000	2007 $000	2006 $000
Salary & wages accrual	1,142	907	1,129	897
Annual leave	1,818	2,145	1,788	2,109
Retirement leave	335	286	333	284
Long service leave	246	295	246	295
Maternity grant	12	22	12	22
Conference leave	631	462	631	462
Sabbatical leave provision	100	145	100	145
	4,284	**4,262**	**4,239**	**4,214**
Made up of:				
Current	3,909	3,904	3,866	3,858
Non-current	375	358	373	356
	4,284	**4,262**	**4,239**	**4,214**

12. Payables & accruals

	Group		Parent	
	2007 $000	2006 $000	2007 $000	2006 $000
Trade creditors & accruals	9,654	10,080	9,575	9,989
Capital charge payable	292	61	292	61
GST & FBT Payable	433	374	430	366
Income received in advance	397	136	397	136
Amount owing to subsidiary	0	0	10	10
	10,776	**10,651**	**10,704**	**10,562**

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	
	2007 $000	2006 $000	2007 $000	2006 $000
Opening balance	43	145	43	145
Funds received	4	250	4	250
Interest received	3	18	3	18
Funds spent	-5	-370	-5	-370
	45	**43**	**45**	**43**

14. Reconciliation of net surplus with cash flow from operating activities

	Group		Parent	
	2007 $000	2006 $000	2007 $000	2006 $000
Net surplus	**82**	**109**	**55**	**101**
Add/(less) Non-cash items				
Depreciation	2,349	1,431	2,276	1,351
Write-up on property revaluation	-1,890	-2,182	-1,890	-2,182
Increase/(decrease) employee benefits (non-current)	17	-22	17	-22
Total non-cash items	**476**	**-773**	**403**	**-853**
Add/(less) Items classified as investment activity				
Net loss/(gain) on sale of property, plant & equipment	-22	-3	-16	2
Total investing activity items	**-22**	**-3**	**-16**	**2**
Add/(less) movements in working capital items				
Decrease in receivables	438	4,692	406	4,691
(Increase) in inventories	-84	-58	-84	-58
(Decrease) in payables & accruals	628	2,539	648	2,557
Increase/(decrease) in taxation	-5	9	0	0
Working capital movement	**977**	**7,182**	**970**	**7,190**
Net cash flow from operating activities	**1,513**	**6,515**	**1,412**	**6,440**

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 $93,367,000 from the Ministry of Health to provide health services to the Wairarapa area in the year ended 30 June 2007. Wairarapa DHB paid $634,000 to the Ministry of Health for Capital Charge.

The amount receivable at year end was $700,000. The amount payable at year end was $292,000.

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.

	2007 $000	2005 $000
Purchases	116	114
Management Fee	15	15
Insurance Cover	7	4

The following balances as at 30 June 2007 resulted from the above transactions and are payable on normal trading terms:

	2007 $000	2006 $000
Accounts Payable	10	10
Accounts Receivable	15	9

Pamela Jefferies (Board Member, Wairarapa DHB) and David Meates (Chief Executive, Wairarapa DHB) are the directors of Biomedical Services New Zealand Ltd. Pamela Jefferies replaced Doug Matheson (previous Chair of Wairarapa DHB) as a Director and Chair of Biomedical Services New Zealand Limited in February 2007.

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 2007 the following transactions were incurred by the DHB:

	2007 $000	2006 $000
Revenue	2,045	1,602
Expenditure	17,353	16,606
Debtor at 30 June	365	332
Creditor at 30 June	1,368	1,571

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. All transactions were carried out on an arm's length basis. There were no related party transactions between Wairarapa DHB and any related party of a senior management member.

Related party transactions 2007

Board Member	Related Party and Relationship	Transaction by WDHB with the Related Party	Transactions Year ended 30 June 2007	Balance as at 30 June 2007
Bob Francis (Chairman appointed Nov 2006)	Masterton District Council (Mayor)	Payment for rates, landfill charges & Wairarapa Healthy Homes Project	$102,892	-
	UCOL (council member)	Purchase of course fees	$1,417	-
Doug Matheson (resigned Nov 2006)	Go Wairarapa (Chairman)	Function tickets	$258	-
Perry Cameron	NZ Psychologists Board (member)	Payment for 2 practicing Certificates	$1,190	-
Liz Falkner	Salaried GP with "The Doctors" Practice, Masterton. General Medical Practice in which Doctor Falkner works is a member of the Wairarapa Community PHO. New Pacific Studios (Board member)	Nursing Entry to Practice programme	$4,411	-
Yvette Grace	Coordinator of King Street Artworks.	Payment for NGO Services	$258,020	$21,427
	Wairarapa Community PHO (Trustee)	Payment for NGO Services	$5,929,823	$529,930
Vivien Napier	RNZ Plunket Society Member	Payment for attendance to BCFI Training	$1,032	-
Janine Vollebregt (Deputy Chair)	Part time WDHB employee (Project Manager Primary Nursing Innovations Project).	Project work	$21,236	-

Related party transactions 2006

Board Member	Related Party and Relationship	Transaction by WDHB with the Related Party	Transactions Year ended 30 June 2006	Balance as at 30 June 2006
Martin Easthope (resigned April 2006)	Cancer Society - Wairarapa (Executive Committee member)	Accomodation for Stephen Moffit	$1,530	-
Liz Falkner	Salaried GP with "The Doctors" Practice, Masterton. General Medical Practice in which Doctor Falkner works is a member of the Wairarapa Community PHO. New Pacific Studios (Board member)	Payment for NGO Services	$80,066 -	-
Yvette Grace	Coordinator of King Street Artworks.	Payment for NGO Services	$254,150	-
	Wairarapa Community PHO (Trustee)	Payment for NGO Services	$4,393,988	-
Janine Vollebregt (Deputy Chair)	Part time WDHB employee (Project Manager Primary Nursing Innovations Project).	Various Project work	$52,257	-

Other Related Parties

Payments to the Central Region Technical Advisory Service Limited in the year ending 30 June 2007 totalled $116,183.
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 10 and 14. There was no interest rate swap agreement in place as at 30 June 2007 (June 2006: nil).

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 2007 (June 2006: 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 % (June 2006: 94%) 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 $735 (June 2006: $714). 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. Post Balance Date Events

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

19. 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 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 2007

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 2006/07 comprised the following priorities:

1. **Wairarapa Health Gain Priorities**
   - > Improving the health of Maori
   - > Improving the health of people in low socio-economic groups
   - > Improving the health of older people
   - > Improving the health of children and youth
   - > Reducing the incidence and impact of chronic disease
   - > Reducing the incidence and impact of cancer
   - > Reducing the incidence and impact of mental illness and addictions.

2. **Provider: Hospital & Specialist Services**
   - > Hospital Efficiency and Effectiveness

3. **Governance and Administration**

STRATEGIC PLAN HEALTH GAIN PRIORITIES

Improving the Health of Maori

Overall Goal:

Improved health status for Maori in Wairarapa.

Rationale:

The Wairarapa Health Status Report 2005 indicates that Maori have much worse health status than non-Maori across nearly all indicators. Disparities in health outcomes are greater between Maori and non-Maori than between any other population groups. The deliverables/targets outlined here measure access and effectiveness of primary health care, which is expected to lead to better long term health outcomes for Maori.

Actions implemented in 06/07:

Maori utilisation of Primary Care has increased through Care Plus, Packages of care funding for Maori, Increased Outreach Clinics, Outreach Immunisation Service and growth in services delivered by Maori providers

Report completed on Kaumatua Health and access to services.

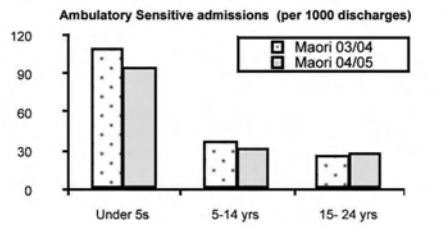
DELIVERABLES/TARGETS

Services are more effective for Maori (reduced discharge rates)

Ambulatory sensitive admissions[1] - children and young people -

numerator: number of ambulatory sensitive hospital discharges for Maori aged 0 to 24

Denominator: total Maori population aged 0 to 24



Target discharge rates for Maori per 1000 population

Age	2006/07	2007/08	2008/09
0-4	103	100	98
5-14	36	35	34
15-24	25	24	23

1 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.

PERFORMANCE/ACHIEVEMENT

Partially Achieved

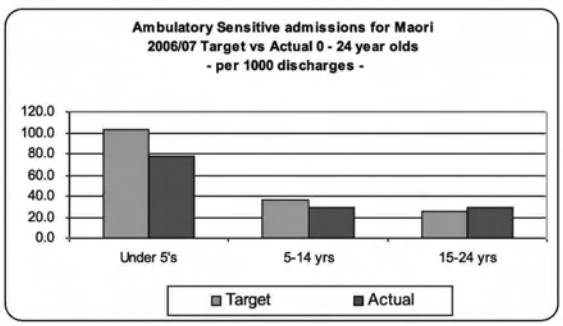
The targets for ambulatory sensitive admissions for Maori children under the age of 15 have been achieved. This reflects the ongoing work being carried out by Well Child / Tamariki Ora providers, primary and secondary health services.

Targets for Maori in the 15-24 age group were not met. Maori and others in this age group in Wairarapa have a higher rate of ambulatory sensitive admissions than the national benchmarks. Understanding the characteristics of the demographics of this age group of the Wairarapa population provides some insight as to how this higher rate occurs.

Better educated and more affluent young people leave the Wairarapa to further their education and career opportunities in larger centres leaving behind a disproportionate number of lower educated, lower income young adults who are disproportionately Maori.

	2003 calendar year	2004 calendar year	2005 calendar year	2006 (12 mths to Sept 2006)
Under 5's	113.1	95.6	78.3	78.0
5-14 yrs	30.1	32.7	32.5	29.2
15-24 yrs	29.3	30.8	24.7	28.6

Performance Target vs Actual discharge rates for Maori per 1000 population



2006/07	Target	Actual
Under 5's	103.0	78.0
5-14 yrs	36.0	29.2
15-24 yrs	25.0	28.6

Data source: National Minimum Dataset (NMDS) provided by NZHIS National Collections

Diabetes Management

The percentage of Maori with type 1 or Type 11 diabetes mellitus on a diabetes register that had an HbA1c of equal to or **less than** 8% at their annual check during the reporting period.

2003 54%

2004 73%

2005 68%

The target for 2006/07 is 20%. Ethnicity targets will be set annually based on previous year data.

Diabetes results are reported by calendar year

* Ministry of Health Reporting now focuses on those with well managed diabetes, hence target is now expressed as less than or = 8% whereas previously was greater than or equal to 8% (poorly managed)

Not Achieved

The performance indicator for Case Management is: The number of people with type I or type II diabetes mellitus on a diabetes register that had an HBA1c of equal to or less than 8 at their free annual check during the reporting period.

		Jan-Dec 2006	
	Target 2006*		Actual 2006
	%	%	People
Case management	80%	58%	64

Data Source: Diabetes Advisory Group 2006 Results / 2007 Target Report

Those with newly diagnosed diabetes are likely to have a poorer result for their diabetes management. This poses a challenge for General Practice Surgeries working with Maori, as Maori and Pacific people in the Wairarapa are between 2-3 times more likely to be diagnosed with diabetes than the other population group.

Work is continuing to ensure that Maori diabetes patients are enrolled in Care Plus. Care Plus is a GP Service which assists people to manage their long term illness well.

It is anticipated that the result will improve within the next 12 months when the PHO establishes the project Managing Long-term Health Conditions.

Improving the Health of People in Low Socio-economic Groups

Overall Goal:

Improved health status for people in low socio-economic groups.

Rationale:

People who live in relatively deprived areas (the highest deciles as measured by the NZ Index of Deprivation) are twice as likely to die early from avoidable diseases. They are also much more likely to be admitted to hospital for diabetes, asthma and other chronic conditions, compared with the rest of the population. They face greater barriers to accessing health services user charges and transport pose greater difficulties than for people in better off groups. About 12% of the total Wairarapa population live in the most deprived areas (Deciles 9 and 10).

People in low socio-economic groups face particular barriers to accessing primary health care. They are more likely to lack transport, and to have difficulty meeting user part charges. Increasing access to primary care services for these groups is expected to result in improved health outcomes. ;

Supporting the Wairarapa Healthy Homes programme that provides free and subsidised home insulation is expected to lead to improved outcomes for people with chronic conditions caused or exacerbated by inadequate home heating, including asthma, chronic obstructive respiratory disease and arthritis

Actions implemented in 06/07:

> PHO Targeted additional funding so as to increase service utilisation by high needs groups
> Free transport available to enable people to access health and disability services
> Primary Care funding was increased to provide low cost access for people aged 45-64 years
> Free healthcare provided to youth through the establishment of school clinics in areas of high need
> Healthy Homes program continued with an increasing number of homes insulated

DELIVERABLES/TARGETS	PERFORMANCE/ACHIEVEMENT
Lower barriers to access primary health care Primary care consultations by high needs people as proportion of all consultations (people with high needs are defined as those in Deprivation Quintile 5 and All Maori and Pacific Peoples). Methodology of measurement and targets will be established in 2006 Baseline and targets to be established in 2006/07 for measuring Primary care consultations by high needs people - as proportion of all consultations.	**Achieved** People with high needs consulted Primary Care 11% more tan those with non-high needs. PHO Baseline Value: 1.00 — PHO Target: 1.00 — PHO Performance: 1.11 *Source: PHO Performance Management Programme Indicators (2nd 6 months 01/07 31/12/2006)* Wairarapa PHO will continue to focus on the high needs population in order to continue to achieve the associated targets. The PHO staff and practices will look at new and innovative ways of working collaboratively to improve health outcomes for both the total enrolled, and the high needs population.
Healthier environments Number of homes insulated through Healthy Homes project (All recipients are offered free health assessment through nurse home visits) 2005/06 – 100 homes insulated (expected to decrease in out years as targets are met and demand reduced). 2006/07 75 homes (Target) 2007/08 Up to 75 homes (Target) 2008/09 Up to 75 homes (Target)	**Partially Achieved** 2006/07 Target: 75 Actual: 71 *Source Data Energy Smart* During the 2006/07 year, residents of 206 houses have benefited from the Multi-sector Healthy Homes Project. 71 of these houses were referred via health agencies, but many other residents would receive health benefits as a result of warmer housing.

STRATEGIC PLAN HEALTH GAIN PRIORITIES

Improving the Health of Older People

Overall Goal:

Improved health status for older people.

Rationale:

As people get older their health needs usually increase. Older people s problems are also more likely to be complex and the impact more severe and prolonged, and they are more likely to suffer from chronic conditions.

Compared with other DHBs, Wairarapa has a greater proportion of older people and Wairarapa s population is also aging faster the proportion of people in Wairarapa who are over 65 years is expected to grow from 17% in 2006 to 23% in 2016, and to over 30% in 2026.

Avoidable admissions and rates of falls and fractures for older people are significantly higher in Wairarapa than in New Zealand as a whole.

Increasing influenza vaccination rates are related to increasing access and use of primary care. Increasing access to primary and preventative care is expected to improve health outcomes and reduce avoidable admissions for older people.

Actions implemented in 06/07:

> Ran a successful flu vax campaign
> Achieved 80% of expected eligible people in Care Plus
> Health promotion contract established to encourage healthy lifestyles for older people
> Increased proportion of older people receiving support services who are in their own homes , rather than in residential care

DELIVERABLES/TARGETS	PERFORMANCE/ACHIEVEMENT
Lower barriers to access primary health care Numbers of influenza vaccinations given: Percentage target of number of people aged 65 years and above enrolled with the PHO who have been vaccinated as a proportion of total PHO enrolled people over 65 years 2005 Actual 62.15% of population 65+	**Achieved**

	2006	2007	2008
% 65+	67%	70%	73%

PHO Target	PHO Performance to 30 June 2006	PHO Performance to 31 December 2006
67.32	67.34	68.49

Source: PHO Performance Management Programme Indicators (2nd 6 months 01/07 31/12/2006)

STRATEGIC PLAN HEALTH GAIN PRIORITIES

Improving the Health of Children and Youth

Overall Goal:

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

Rationale:

2005 Health Needs Assessment information indicated 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. During 2005/06 Wairarapa DHB developed a Youth Health Plan. This will be used to develop service objectives and measures for future years. Improvements in the performance measures below will indicate significant health gains are being made. Oral health is a recognised precursor to on-going health and well-being in adulthood, and better use of primary health services, and improved immunisation coverage should result in a reduction in preventable hospitalisations. Effective health promotion in schools will result in short and long term health outcomes and a reduction in preventable disease burden.

Actions implemented in 06/07:

> Immunisation rates among the best NZ.

		Wairarapa	New Zealand
As at 1 July 2007 –	Babies fully immunised at 12 months	87%	81%
	Maori babies fully immunised at 12 months	82%	71%

> Introduced new entrants checks in primary schools in areas of high needs

> Established clinics for youth in areas of high need

> Health and social assessments have been introduced for Year 9 pupils in schools in areas of high need

> Youth Health Strategy completed and implementation commenced

> Completed business case for new Oral Health Services and commenced implementation of new service design

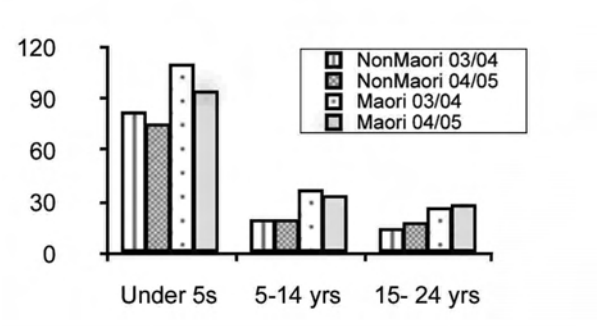
DELIVERABLES/TARGETS	PERFORMANCE/ACHIEVEMENT
Increased use of primary care Progress towards the national target of 95% of two year olds fully immunised. 2006/07 Targets are based on baseline information from the Central South region (from National Survey of Immunisation Coverage): Diptheria, Tetanus and Pertussis (DTap) vaccine dose 3 at one year of age = 89% Measles Mumps Rubella (MMR) vaccine dose 1 at 18 months = 82% 2006/07 Targets* DTaPTap dose 3 90% (MMR) dose 1- 87% **From 2006/07 performance will be been measured from data captured on the National Immunisation Register (NIR).. From 2007/08 performance will be measured for children aged 2 years.* *2006/07 targets are for children aged 12 and 18 months. As Wairarapa data has been captured on the NIR since October 2005 data is only available for these milestone ages*	**Partially Achieved** Fully Immunised for age — Actual — Target At 12 months of age — 87% — 90% At 18 months of age — 67% — 87% At 2 years of age — N/A * — 95% Between 01 July 2006 to 30 June , 87% of children were fully immunised at 12 months of age. During the period 01 January to 31 March 07, 91% of children were fully immunised at the age of 12 months, which was above the target. Wairarapa is above the National average of 81%. For the year to 30 June 2007 67% of children over the age of 18 months were fully immunised. While this is well below the target of 87% we believe we are still on track to meet the target of 95% of children being fully immunised by the age of 2 years. Effective follow up of children overdue for vaccinations and outreach immunisation services are in place, and these are expected to have resulted in completion of immunisations by the time children are 2 years old.

DELIVERABLES/TARGETS

Ambulatory sensitive admissions[1]- children and young people

numerator: number of ambulatory sensitive hospital discharges for people aged 0 to 24

Denominator: total population aged 0 to 24



Discharges per 1000 population

2006/07 targets

Age	Total	Maori	Pacific	Other
0-4	87	103	110	75
5-14	24	36	34	19
15-24	17	25	0	14

1 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.

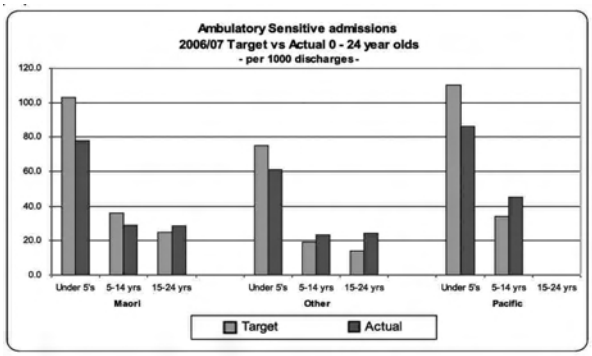
PERFORMANCE/ACHIEVEMENT

Ambulatory Sensitive admissions for people aged 0-24 per 1000 population for period 2003-2006

The targets for reduced ambulatory sensitive admissions for children under five have been achieved in all ethnic groups. This reflects the ongoing work being carried out by Well Child / Tamariki Ora providers, primary and secondary health services.

Targets for Maori aged 5-14 years were also achieved. Avoidable admissions for the other and Pacific groups increased.

Performance Target vs Actual discharge rates for people aged 0-24 per 1000 population



		Under 5's	5-14 yrs	15-24 yrs
Maori	Target	103.0	36.0	25.0
	Actual	78.0	29.2	28.6
Other	Target	75.0	19.0	14.0
	Actual	61.1	23.4	24.5
Pacific	Target	110	34	0
	Actual	86.4	45.5	0.0

Data source: National Minimum Dataset (NMDS) provided by NZHIS National Collections

To improve practice of healthy lifestyles among children, young people and their whanau.

Wairarapa that are actively supported towards being Health Promoting Schools

2003/04 Actual	2004/05 Actual	2005/06 Actual
1	3	8

2006/07 target - 9 schools in total

Achieved

There are 12 schools actively working towards becoming fully fledged Health Promoting Schools. Of these 6 are fully credentialed.

Data Source: Public Health

Improve adolescent oral health

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

	2003/04 Actual	2004/05 Actual	Dec 05 Actual
Enrolments	93%	95%	98%
Completions	68%	72%	73.3%
	Dec 07 Target	Dec 08 Target	
Enrolments	95%	98%	
Completions	80%	85%	

Achieved

2006/07	Target	Actual
Enrolments	95%	98%
Completions	75%	79%

Data source: Adolescent Oral Health Reporting Data Central Region DHBs

At 98% in 2006/07, Wairarapa consistently achieves excellent rates of enrolments of year 8 students from the school dental service to the adolescent services provided by dentists. The transfer of the number of students enrolled to the percentage of those who have treatment completed in a year has also continued to close over the past few years. In the 2006/07 an outstanding result of 79% completions reflects commitment from all dental service providers to ensuring adolescents actively engage with services.

Note: Reporting for adolescent oral health is based on the calendar year to align with Ministry of Education reporting systems.

STRATEGIC PLAN HEALTH GAIN PRIORITIES

Reducing the Incidence and Impacts of Chronic Disease

Overall Goal:

To reduce the incidence and impacts of chronic diseases

Rationale:

Chronic conditions are any ongoing, long term or recurring health problems that can have a significant impact on a person s life. Chronic conditions currently account for 80% of all deaths and 70% of health services expenditure and the numbers of people with chronic conditions are rising dramatically worldwide. People live with chronic conditions for a long time this affects all aspects of life for them and their family/whanau, and people affected by chronic conditions need to be better supported by services that are more holistic and better co-coordinated. Because chronic conditions have common risk factors inactivity, unhealthy diets, obesity, stress, depression, smoking and alcohol mis-use much chronic illness is preventable.

We will reduce the incidence of chronic conditions through population approaches; including promoting healthier lifestyles, and working with the PHO to increase identification of people most at risk of developing chronic conditions; and through individual approaches such as increasing access to primary health care, actively identifying and screening those at risk and encouraging seamless continuous care rather than episodic care.

Actions implemented in 06/07:

> PHO commenced roll-out of district wide Chronic Disease Management programme
> Care Plus programme achieved a high level of enrolments
> Pneumococcus Vaccination provided free to those at high risk
> Packages of care funding provided for people with chronic and complex conditions
> Programmes introduced to reduce morbid obesity

DELIVERABLES/TARGETS

Improved disease management

Diabetes checks:

The known number of people with diabetes who have an annual check vs. the expected number.

Diabetes management:

The percentage of people with type I or type II diabetes whose HBA1c blood tests results are less* than or equal to 8%

Retinal screening:

The percentage of people with diabetes who have had their eyes screened in the last two years

2006/07 targets

Diabetes Checks	Overall	Maori	Pacific	Other
	35%	50%	45%	31%
Diabetes Management	Overall	Maori	Pacific	Other
	85%	80%	70%	85%
Retinal Screening	Overall	Maori	Pacific	Other
	11%	15%	10%	10%

Diabetes results are reported by calendar year

** Ministry of Health Reporting now focuses on those with well managed diabetes, hence target is now expressed as less than or = 8% whereas previously was greater than or equal to 8% (poorly managed)*

PERFORMANCE/ACHIEVEMENT

Data Source: Diabetes Advisory Group 2006 Results / 2007 Target Report

Diabetes checks: Achieved

	Overall	Maori	Pacific	Other
Target 06/07	65%	50%	55%	69%
Actual	75%	54%	91%	80%

While the actual number of annual checks has been steadily rising, so too has the estimated number of people with diabetes. The Ministry of Health estimate 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 3.3%. However, the case detection trends for Wairarapa show 12% increase. It should be noted that these results are for the Wairarapa in total and mask variations between practices.

Diabetes management:
2006: People with well managed diabetes - Good Progress Made

	Overall	Maori	Pacific	Other
Actual 05/06	79%	68%	67%	81%
Actual 06/07	70%	58%	56%	73%
Target 06/07	85%	80%	70%	85%

The objective for this indicator is to increase this number through various interventions, and therefore reduce the number of people at high risk of developing complications.

The percentage of people receiving annual checks who have their diabetes well controlled is reduced as more people whose diabetes is not well controlled are found in the community.

Retinal screening:

The Ministry's performance indicator for Eye Screening is: % of people with diabetes who have had their eyes screened in the last two years.

	Overall	Maori	Pacific	Other
Actual 05/06	79%	79%	93%	79%
Actual 06/07	65%	64%	56%	66%
Target 06/07	89%	85%	90%	90%

These figures do not include patients who have retinal screening by an ophthalmologist.

A distortion in reporting figures for Pacific Island people can be seen in the above table, where one person accounts for 6%.

...Reducing the incidence and impacts of chronic disease

DELIVERABLES/TARGETS	PERFORMANCE/ACHIEVEMENT
Healthier lifestyles Number of Green prescriptions issued 2004/05: 58 green prescriptions issued 300 Green prescriptions issued in 2006/07 (Target)	**Not Achieved** The focus has moved off Green Prescriptions to broader Healthy Eating, Healthy Action initiatives Performance vs Target 2006/07 Target 300 Actual 108 Green prescriptions are managed and monitored through Sport Wellington, with an Area Manager based in Wellington being responsible for the overall programme in the Wairarapa. Without local input and active management, uptake of this service has dropped in Wairarapa.

STRATEGIC PLAN HEALTH GAIN PRIORITIES

Reducing the Incidence and Impacts of Cancer

Overall Goal:

To reduce the incidence and impacts of cancer

Rationale:

Cancer covers a very large number of different diseases many of which are increasing as the population ages. While success rates for cancer treatments are improving, the numbers dying from cancer are still increasing as growing numbers of people are affected by cancer. Cancer is a leading cause of hospitalisation and death the second highest cause of death in Wairarapa. Many cancers are potentially preventable, and with more health promotion and prevention the rates can be reduced. More screening, and early treatment can reduce the numbers of people who are affected by cancer for a long time, while more co-coordinated and accessible treatment, support and palliative care services can greatly reduce the impacts of cancer on patients and their families.

Cancer control is a national priority.

We will reduce the incidence of cancer through population approaches, including by supporting and encouraging healthy lifestyles and working with other sectors to create a healthier environment. We will reduce the impacts of cancer through individual approaches, including increasing access to, and enrolment in screening programmes for breast and cervical cancer, ensuring timely access to specialist cancer treatment services, including regional services, and developing clear pathways for treatment and management of cancer in Wairarapa.

Actions implemented in 06/07:

> Completed review of experiences of Wairarapa people effected by Cancer
> Completed local cancer control action plan
> Completed Palliative Care plan
> Regional Cancer Network established - Wairarapa is an active participant

DELIVERABLES/TARGETS	PERFORMANCE/ACHIEVEMENT
Increase uptake of screening programmes BREAST SCREENING COVERAGE RATE Baseline 65.55% of eligible women (2005) 2006/07 70% 2007/08 72% 2008/09 74% CERVICAL SCREENING COVERAGE RATE Baseline 70% of eligible women (2005) 2006/07 74% 2007/08 76% 2008/09 78%	**Breast Screening - Partially Achieved** 2006/07 Target 70% Actual 66.15% There are no longer breast screening facilities in the Wairarapa. These closed in 2006. Screenings are now carried out by a Mobile Unit which visits every two years. This is due to occur in the 07/08 financial year and we hope to meet the targets set then. The 66.2% achieved represents women aged between 45-69 years of age, out of the total Wairarapa female population within that s age range. The data does not take into account breast screenings that are done privately. **Cervical Screening - Partially Achieved** 2006/07 Target 74% Actual 73.13% We achieved 73.13% as at 31 December 2006. We are well on track to meet this target fully by the end of the 06/07 financial year. Wairarapa DHB and the Wairarapa Community PHO are planning targeted publicity campaigns during the 2007/08 year aimed at raising both Breast and Cervical screening rates. *Data source: DHB Performance Scorecard, as part of the Performance Management Programme.*

STRATEGIC PLAN HEALTH GAIN PRIORITIES

Mental Health

Overall Goal:

To reduce the incidence and impacts of 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. Access to mental health services in Wairarapa still falls well short of what is required several more years of increasing services will be needed. 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. 2005/06 was the first full year of implementation of reconfigured adult mental health services and the primary mental health initiative.

We will reduce the incidence of mental illness and addictions through population approaches; including working with the community to increase understanding of mental illness and reduce stigma and discrimination, increasing community knowledge of the factors that promote good mental health and increasing mental health awareness in all primary and community health services. We will reduce the effects of mental illness and addictions through individual approaches, including Increasing mental health service capacity so that more people affected by serious mental illness and addictions have access to specialist treatment services and developing primary mental health services through the PHO to provide treatment and support for people affected by mild-moderate mental illness and addictions.

Actions implemented in 06/07:

> Increase in staffing levels in Child and Adolescent service
> Establishment of the Incredible years parenting programme
> Primary Care service is in the second year of the operational pilot and has consolidated and is easily meeting targets
> Crisis Respite re-located to more spacious and appropriate environment

DELIVERABLES/TARGETS

Increase access to secondary mental health services

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

Age	2003/ 04 Actual	2004 /05 Actual	2005/06 Actual	2006/07 Target
0-19 years	0.57	0.7	1.57	2.1
20-64 years	0.99	1.2	2.26	3
65 years & over	0.23	0.3	1.8	

TARGETS

Age	2007/08	2008/09
0-19	4	4
20-64	3	3
65+	N/A	N/A

Increase access to primary mental health services

Numbers of people who have accessed primary mental health "packages of care" during the year

2005/06 target : 70 people

2006/07 target: 70 people

PERFORMANCE/ACHIEVEMENT

Child and youth - Achieved **Adults - Partially Achieved**

Age	Target 2006/07	Actual 2006/07
0-19	2.1	2.67
20-64	3	2.68

Data source: MHINC Q4 2006/07 Toolkit

In 2006/07 services for both children and youth, and adults easily achieved the access targets set and along with other indicators available to the DHB. This provides a clear message that the overarching objectives of the reconfiguration are progressively being achieved.

This achievement can be attributed to an increase in staffing with a broader range of skills and experience. Also, all available Maori positions have been filled within the last 18 months resulting in positive outcomes with some Whanau who have historically been difficult to engage with.

Achieved

Target 2006/07	Actual 2006/07
70	77

Data source: PHO Mental Health Innovations Pilot Quarterly Report Jan 2007

The Wairarapa PHO has successfully established this community-based service that during the 06/07 year has provided support for a wide range of people for whom such services were not readily accessible previously.

This second year of the three year pilot has affirmed that there is a need for support for people with mild to moderately acute mental health needs and made excellent use of skills and expertise in the community.

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

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

Targets

2006/07 – Average 4 or less across all 4 quarters

2007/08 – Average 3.5 or less across all 4 quarters

2008/09 – Average 3.0 or less across all 4 quarters

PERFORMANCE/ACHIEVEMENT

Achieved

The low turnover in staff is a pleasing result. The staff satisfaction has also improved with the move to the new hospital. Successful recruitment is also being evidenced as Wairarapa Hospital is seen as a desirable place to work.

Quarter ended	Jun 06	Sept 06	Dec 06	Mar 07	Jun 07
Voluntary staff turnover	4.3	3.9	2.5	3.0	2.3

To continuously improve quality, safety and patient satisfaction

Percentage of "Good" and "Very Good" responses received to inpatient and outpatient satisfaction surveys

Target

2006/07 - Average 90% or more across all 4 quarters

Partially Achieved

Satisfaction rates for outpatient services have continued to meet the target. The last quarter the target was achieved.

Quarter ended		Sept 06	Dec 06	Mar 07	Jun 07
Good and Very Good responses	Inpatient	84.75	89.33	86.75	93.72
	Outpatient	92.98	91.74	93.16	95.24

Number of Health Care Associated Blood Stream Infections (HABSI).

In New Zealand and internationally about 10% of all patients admitted to hospital acquire an infection while in hospital. Of all hospital-acquired infections, blood stream infections are the most dangerous.

Target 2006/07 No more than 2 HABSI during the year

Achieved

There were no hospital acquired infections for the year.

Through a combination of education and robust processes the DHB has managed the risk of Health Care Associated Blood Stream Infections down to a very low level again this year. However even a low number of infections would be cause for concern, so this result is one which we aim to continue to improve on.

To deliver services and use resources efficiently

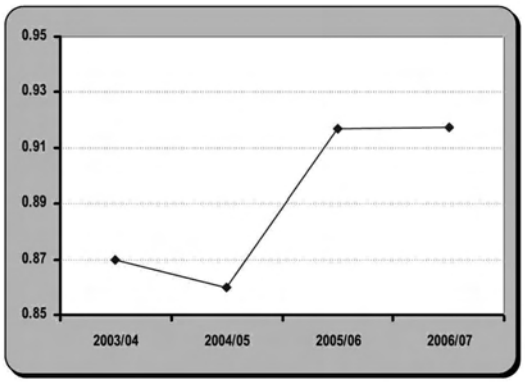
Resource utilisation ratio the value of services provided against the costs of providing those services. Ideally the ratio will be greater than 1, meaning that the value of the services provided is greater than the costs of producing them.

Target 2006/07 = 1.0

Not Achieved

The resource utilisation ratio for the financial year was 0.92 which is close to the target.

The following graph shows the results over the last four years and reflects the significant impact of the move 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	
Board monitoring of organisational performance against strategic and annual plans, through review of monthly and quarterly reports to the Board. All years target > Board reviews reports of performance against DAP financial and non financial performance indicators, and Hospital Benchmark Indicators quarterly	**Achieved** The Board receives non financial quarterly reports and organisation performance indicators and objectives on a regular basis. Reports reviewed include: > DHB Non Financial Report to MOH for each quarter > DHB Crown Funding Agreement quarterly MOH assessment > Monthly financial reports against the DAP financial budgets
Audit and Risk Committee reviews and monitors, quarterly. All years target > Board review audit and risk reports at least quarterly	**Achieved** The Audit and 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.

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. 2006/07 = 2 or more.
  > Mana Whenua relationship agreement updated. Mana Whenua relationship agreement reviewed an updated by June 2007.
  > Number of joint DHB Board-Mana Whenua meetings held. 2006/07 = 3 or more
	Substantially Achieved
	An important change during the year was the renaming of Mana Whenua to Te Oranga o Te Iwi Kainga. This change is a Maori definition that better reflects all things pertaining to health.
	A number of hui were held with Te Oranga o Te Iwi Kainga and the Moari Health Committee covering a variety of strategic documents, including the District Annual Plan.
	During the year the relationship agreement between Wairarapa DHB and Te Oranga o Te Iwi Kainga was reviewed. The final agreement is awaiting the required approvals from the Ministry of Health so has not been formally signed by the two parties.
	Combined Te Oranga o Te Iwi Kainga / Board meetings were held during the year in November 2006 and April 2007. The scheduled meeting in June 2007 was postponed because the parties are awaiting the approvals of the Relationship Agreement as noted above.

... Governance & Administration

DELIVERABLES/TARGETS	PERFORMANCE/ACHIEVEMENT
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. 2006/07 = 2 or more	**Achieved** The Wairarapa Community PHO attended the following meetings with the Board: > 23 Apri 2007l Combined Chairs Board Meeting > Board Chairman and CEO of WDHB met with GM WCPHO and PHO Chair on 15 June 2007 > PHO Management and Board Trustees attended 26th June 2006 Board Meeting
To meet all financial targets and achieve and maintain financial breakeven Actual financial performance - net operating result - compared with expected, as shown in the approved District Annual Plan	**Achieved** The DHB has achieved a net surplus for the financial year of $72,000 compared to a target of $50,000. The current year surplus of $72,000 follows a surplus in the 2005/06 year of $109,000 and a deficit in 2004/05 of $258,000. This trend is very pleasing and shows the significant strides the DHB has made over the last 4 years.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit Report

TO THE READERS OF THE WAIRARAPA DISTRICT HEALTH BOARD AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION for the year ended 30 June 2007

The Auditor-General is the auditor of the 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 on his behalf. The audit covers the financial statements and statement of service performance of the Health Board and group for the year ended 30 June 2007.

Unqualified Opinion

In our opinion:

- The financial statements of the Health Board and group on pages 12 to 28:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Health Board and group's financial position as at 30 June 2007; and
    - the results of operations and cash flows for the year ended on that date.
- The statement of service performance of the Health Board and group on pages 29 to 41:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the expected revenues and proposed output expenses included in the statement of forecast service performance at the start of the financial year.

The audit was completed on 28 September 2007, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

Responsibilities of the Board and the Auditor

The Board is responsible for preparing financial statements and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Health Board and group as at 30 June 2007 and the results of operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Health Board and group s standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses at the start of the financial year. The Board's responsibilities arise from the New Zealand Public Health and Disability Act 2000 and the Crown Entities Act 2004.

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

Independence

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

In addition to the audit, we have carried out independent probity assurance over a medical laboratory testing tender. 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

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

Directory

Board Office

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Board Members

Bob Francis - *Chair*
Janine Vollebregt - *Deputy Chair*
Cheryl-Ann Broughton-Kurei
Perry Cameron
Dr Liz Faulkner
Yvette Hikitapua-Grace
Pamela Jefferies
Vivien Napier
Trish Taylor
Dr Ron Tuckett

Chief Executive

David Meates

Executive Managers

Eric Sinclair - *Chief Financial Officer / General Manager Corporate Services*
Joy Cooper - *Director, Planning & Funding*
Anne McLean - *General Manager, Wairarapa Hospital*
Maggie Morgan - *General Manager, Community, Mental Health & Public Health*
Bruce MacGregor - *General Manager, Human Resources*
Alan Shirley - *Chief Medical Advisor*
Helen Pocknall - *Director of Nursing*
Stephanie Turner - *Director of Maori Health*

Auditor

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

Bankers

ANZ Banking Group (New Zealand) Ltd
Crown Health Financing Agency

Wairarapa DHB

Wairarapa District Health Board

Te Poari Hauora a-rohe o Wairarapa

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