

Wairarapa District Health Board  
**Annual Report**  
2009



**Wairarapa DHB**

*Wairarapa District Health Board*

Te Poari Hauora a-rohe o Wairarapa

## **WAIRARAPA DISTRICT HEALTH BOARD'S VISION IS:**

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

## **OUR MISSION IS:**

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

## **WAIRARAPA DISTRICT HEALTH BOARD 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 Te Oranga o te Iwi Kainga to ensure Maori participation at all levels of service planning, and service delivery for the protection and improvement of the health status of Maori.

## **WAIRARAPA DISTRICT HEALTH BOARD VALUES**

The values that underpin all of our work are:

- **Respect - Whakamana Tangata**  
According respect, courtesy and support to all
- **Integrity – Mana Tu**  
Being inclusive, open, honest and ethical
- **Self Determination - Rangatiratanga**  
Determining and taking responsibility for ones actions
- **Co-operation - Whakawhanaungatanga**  
Working collaboratively with other individuals and organisations
- **Excellence – Taumatatanga**  
Striving for the highest standards in all that we do

# CONTENTS

<b>CHAIRMAN’S AND CHIEF EXECUTIVE’S REVIEW</b>	<b>1</b>
<b>STATEMENT OF SERVICE PERFORMANCE</b>	<b>3</b>
<b>FINANCIAL STATEMENTS</b>	<b>20</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>26</b>
<b>STATEMENT OF RESPONSIBILITY</b>	<b>51</b>
<b>AUDITOR’S REPORT</b>	<b>52</b>
<b>STATUTORY INFORMATION AND OTHER DISCLOSURES</b>	<b>54</b>
<b>DIRECTORY</b>	<b>57</b>

---

# CHAIRMAN'S AND CHIEF EXECUTIVE'S REVIEW

---

It is our pleasure to present the Annual Report of the Wairarapa District Health Board (WDHB) for 2008/2009. This report outlines the WDHB's performance in meeting its objectives under the New Zealand Public Health and Disability Act 2000. We are particularly pleased to report that we continue to make steady progress in further building the capacity of the organisation, while continuing to increase the range and volume of services.

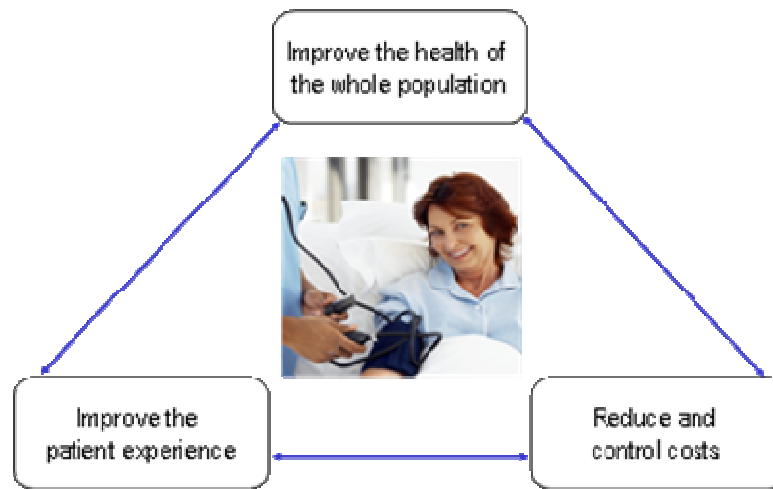
The WDHB and its health partners have been successful in meeting or exceeding almost all of the Health Targets set by the Ministry of Health. Wairarapa stands out as one of New Zealand's highest performing district health boards and is making a strong contribution to the national achievement of health targets. Additionally the WDHB has continued to significantly increase the numbers of elective surgical procedures from the previous financial year.

In the past year Wairarapa DHB has achieved considerable success in several areas, working towards both national and local objectives. These include:

- Significant increases in elective service volumes
- Maintained compliance on all ESPIs (Elective Service Performance Indicators)
- Established new services – Palliative Care, Before School checks, nurse led clinics for ophthalmology and urology, hepatitis C clinic
- Increased access to primary health services in community settings – schools, marae, and outreach clinics
- Continued rollout of the Long Term Conditions (LTC) Management System for CVD risk and initiated the Wairarapa LTC Breakthrough Collaborative
- Increased the number of older people supported to live in the community through a variety of service initiatives
- Implemented a single point of entry for all Community Health and Support Services
- Diagnostics Project completed with six diagnostic protocols developed with the aim of Getting Results Quicker
- Regional Clinical Services Plan completed
- Achieved positive progress overall against Health Targets
- Supported 5 major community action fund proposals for Maori in the Wairarapa.

Notwithstanding the significant successes outlined above the year was challenging financially for the WDHB, with a deficit of \$3,999,000 being reported within this Annual Report. To address the deficit, whilst maintaining the services provided the WDHB has commenced a programme of work under the banner "Moving from Good to Great". This programme is built around the "Triple Aim" philosophy which is depicted in the following diagram:

## Moving from Good to Great



The focus on improving the patient experience, improving the health of the population, whilst reducing and controlling costs will enable the WDHB to make sustainable change. The Clinical Services Plan (CSP) which has been developed, and will be led, by Clinicians has identified a range of improvements that can be made to services to deliver the 'Triple Aim'. The plan of a zero deficit by June 2011 will be achieved through the implementation of the initiatives within the CSP and other management strategies.

We would like to thank all DHB staff, the Board Members and all the staff within our health partners for their support during what was a challenging but successful year for the WDHB. We are all confident we are on the right track for the future.

**Bob Francis**  
Board Chairman

**Tracey Adamson**  
Chief Executive

---

# STATEMENT OF SERVICE PERFORMANCE

---

WDHB's business is the funding and provision of health services to meet the needs of its resident population, improve health outcomes and reduce inequalities in health between population groups, and particularly between Maori and non Maori.

WDHB's activity is guided by its District Strategic (2005) Plan which set four population health priorities and three disease priorities to be addressed through a mix of population, service and disease based approaches. These represent areas where WDHB believes there is potential to make improvements in the health status of its population and in the delivery and effectiveness of the services provided.

The priorities selected were:

- Improving the health of:
  - Maori
  - People in low socio-economic groups
  - Older people
  - Children and Youth
- Reducing the incidence and impact of:
  - Chronic conditions
  - Mental illness and addictions
  - Cancer

In its Statement of Intent for 2008/09 WDHB set out objectives, measures and targets to reflect the activity it expected to achieve in each of these priority areas. Additional performance measures and targets were included regarding improved service delivery in key areas of elective services, medication management, and quality of hospital services.

This section of the annual report describes achievement against each objective to demonstrate WDHB's performance during the year and show how progress is made towards the WDHB's strategic priorities.

The performance objectives and measures shown here include several measures over which the WDHB does not have direct control, for example reduction in smoking. These measures are included as they are important determinants of health status and the ability of the WDHB is limited to one of influencing the behaviour of the community. By including these measures WDHB is acknowledging that it cannot achieve its purpose by its own actions alone. WDHB continues to work with other providers, national and local external agencies and community groups to collectively improve the health of its community.

The WDHB is required to disclose the actual revenue earned and output expenses incurred for each of the output classes. The WDHB, consistent with the other district health boards in New Zealand has three output classes specified by the government: Funds, Governance and Provider. The financial information is disclosed in Note 21 on page 49.

## IMPROVED HEALTH STATUS FOR MAORI IN WAIRARAPA

Improving Maori health is both a national and local priority. The Wairarapa health status report 2005 indicates that Maori have much worse health status than non-Maori across nearly all indicators. Disparities in health outcome are greater between Maori and non-Maori than between any other population groups. Maori have much higher rates of admission to hospital than non-Maori. WDHB works to improve Maori health through continual development of its partnership with Iwi at governance level; Maori participation in health planning; service provision and monitoring of service delivery; development of the Maori health workforce; and assurance of culturally appropriate services.

### Reduction in ambulatory sensitive admissions of Maori

These are admissions to hospital that are potentially preventable by access to appropriate primary health care. This measure provides an indication of access to, and effectiveness of primary care services for Maori. However, primary care is only one influence.

The ratios of observed (actual) to expected ambulatory sensitive hospital admissions of Maori in the age groups 0-4 years, 45-64 years and 0-74 years. The expected rate is the age-group specific national average admission rate for Maori. If actual rates match expected the ratio equals 100. A ratio greater than 100 indicates performance below the national average.

#### Targets:

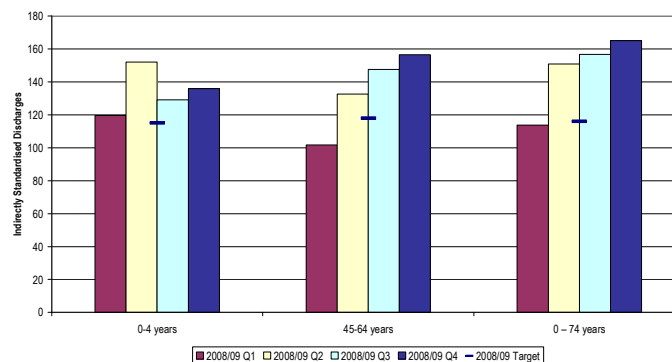
0-4yrs	≤ 115
45-64 yrs	≤ 118
0-74 yrs	≤ 116

#### **Not Achieved**

#### **Wairarapa Maori**

	0-4 years	45-64 years	0 – 74 years
<b>Target 2008/09</b>	<b>≤115</b>	<b>≤118</b>	<b>≤116</b>
Q1	119.7	101.8	113.8
Q2	152.0	132.6	151.0
Q3	129.1	147.5	156.8
Q4	135.9	156.5	165.0

Wairarapa DHB Ambulatory Sensitive Hospitalisations Results 2008/09 - Wairarapa Maori  
Indirectly Standardised Discharge Ratios vs Agreed Targets



Results are disappointing, but this is a long term goal. We know more Maori are now accessing primary health services, and being enrolled in Care Plus, and Maori rates of immunisation have increased dramatically over the last 3 years. Early research carried out nationally indicated Care Plus enrolments led to increasing hospitalisations, perhaps because more illness was identified and treated than previously presented to health services.

## IMPROVED HEALTH STATUS FOR PEOPLE IN LOW SOCIO-ECONOMIC GROUPS

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 admitted to hospital more often 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; and are more likely to live in poorly insulated homes than are detrimental to good health. About 12% of the total Wairarapa population lives in the most deprived areas (Deciles 9 and 10).

Increase in access to primary health care by people living in areas of high deprivation	
<p>The ratio of primary care consultations by high needs people to primary care consultations by all people.</p> <p>We expect the ratio to be greater than one as people in high needs groups have greater needs for health services than those in non-high needs groups. Growth in primary care consultations by people with high needs (those living in areas of high deprivation) indicates increasing access to services.</p> <p>Wairarapa ratio 2005/06 = 1.09</p> <p>Wairarapa ratio 2006/07 = 1.14</p>	
<p><u>Target:</u></p> <p>Ratio = 1.15</p>	<p><b>Not Achieved</b></p> <p>Ratio = 1.12</p> <p>The data for this measure of primary care utilisation covers only a subset of primary care consultations and does not include visits to outreach and marae clinics or visits covered by funding for services such as ACC, maternity, immunisation or Services to Increase Access (SIA). Outreach and marae clinics provide services at no charge to patients and are used extensively by Maori and Pacific people. The ratio of actual utilisation by high needs people to non high needs people is likely to be higher than 1.17.</p>



## IMPROVED HEALTH STATUS OF OLDER PEOPLE

Improving services for older people is important to both the local community and the Minister of Health. As people age their health needs usually increase. Older people's problems are also more likely to be complex with longer and more severe impact, and they are more likely to suffer from chronic conditions. Wairarapa has a proportionally large population of older people. Increasing access to primary and preventive care (such as flu vaccination) improves health outcomes, and reduces avoidable admissions to hospital for older people.

Some frail older people require disability support services on a daily basis. Usually they prefer to receive these services in their own homes where this is possible, rather than entering residential care. Research evidence shows people supported in their own homes have better health outcomes than those admitted to residential care. During 2008/09 we will continue to expand service options to enable more people to remain in their own homes if they wish.

Older people increase their use of primary and preventive care	
<p>Numbers of people aged 65 years and above vaccinated against influenza.</p> <p>Increasing influenza vaccination rates are related to increasing access and use of primary care. Uptake of vaccination reduces the impact of flu among older people where risk of complications is higher.</p>	
<p><u>Target:</u></p> <p>The percentage of people aged 65 years and above who have been vaccinated against influenza is 90%</p>	<p><b>Not achieved</b></p> <p>Percentage achieved = 68.6%</p> <p>Following exceptionally good uptake in 2007 it was disappointing to see a dip in 2008. The results for influenza vaccinations are influenced by a complex mix of social, environmental and behaviour factors, out of the direct control of the DHB. The uptake of influenza vaccination appears to reflect the community concern (or lack of concern) with regard to risk of pandemic influenza (e.g. bird flu, swine flu).</p> <p>A survey of residential care providers indicated that 7 of the 12 residential care providers achieved over 80% of their residents having the influenza vaccination, with 3 achieving 100%</p>

**Increased 'aging in place'**

The percentage of people aged 65 years and above, receiving disability support services, who are supported in their own homes, rather than in residential care.

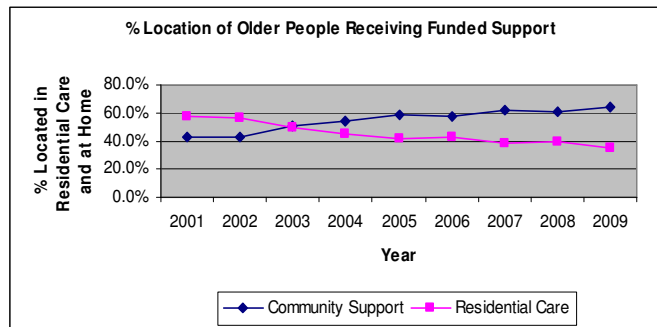
Target

70%

**Not achieved**

Percentage achieved = 64.7%

As shown in the graph below, there has been a continuing trend toward an increasing percentage of older people being supported in their own home rather than residential care.



Of those supported at home, 37% have been assessed as having high/very high support needs and are eligible for residential care. Wairarapa DHB has achieved these results for 2008 – 09 through a number of initiatives:

- Evaluation of the trial Support to Live at Home service. This is a flexible, goal focused support service to assist older people with complex needs who wish to remain at home, but who otherwise would be in residential care.
- Reviewed Health Recovery (transitional) Programme. 76% of all participants returned home from hospital through this programme. Referrals from GPs have also increased for this programme.
- Established the Single point of entry for all Community Health and Support Services. It has enhanced the continuum of care through providing seamless transition between funding streams. This means that all people in Wairarapa regardless of their age, ethnicity, and health or disability status have access to support services, community nursing and palliative care.
- Established the Needs Assessment and Service Coordination (NASC) Carer Support co-ordinator role to enable identification of family carers, provide relevant information, education and networking for family carers. This role also helps carers to use allocated support for their own wellbeing and manages access to beds for respite care when needed. A local carer support publication has been launched and regular face-to-face group support for family carers is now well established.
- The Public Health programme for Older People has been extended to South Wairarapa (Featherston).
- Appointment of a clinical nurse specialist – Gerontology and Rehabilitation

## CHILD & YOUTH HEALTH

Health Needs Assessment information indicates children and youth in Wairarapa have poorer health than elsewhere. Research completed by Wairarapa Community PHO indicates that children in some groups have very low rates of access to primary care. Public consultation and hospital admission data indicate youth health is a pressing issue. Key actions planned to address child and youth health needs in 2008/09 include:

- Commence roll-out of the Before School checks programme for four year olds
- Continue to improve uptake of child immunisation
- Progress implementation of new model of oral health service provision for children and adolescents
- Continue to promote breastfeeding and increase resources for lactation support and advice

## Improving immunisation coverage

Progress towards the national target of 95% of two year olds fully immunised.

Higher immunisation rates reduce exposure to vaccine preventable diseases, and indicate more families having regular contact with primary health care and well child services.

Targets:

Maori	85%
Other	89%

**Not Achieved**

Maori	81%
Other	83%

Exceptionally good rates were achieved in 2007/08 and targets were stretched for 2008/09. Despite on-going collaboration, it has proved difficult to maintain and improve immunisation rates above 85%. Performance was disappointing in the first three quarters of the year, but is trending positively in the last quarter. Wairarapa DHB continues to perform well compared to the national average immunisation rate of 77% for all 2 year olds and 69% for Maori (as at March 2009).

**Percent 2 year olds fully immunised**

Period	Maori (%)	Total (%)
Dec-07	81	78
Mar-08	88	86
Jun-08	87	86
Sep-08	85	83
Dec-08	85	84
Mar-09	82	83
Jun-09	86	84

Improve adolescent oral health	
<p>Progress towards the national target of utilisation of oral health services by 85% of adolescents.</p> <p>Good oral health is a precursor of ongoing health and well-being in adulthood. Utilisation of oral health services is an indicator of engagement with and access to health services.</p>	
<p><u>Target:</u></p> <p>Rate = 81%</p>	<p><b>Not Achieved</b></p> <p>Rate achieved = 74%</p> <p>The DHB has not met this target but is the 5<sup>th</sup> Highest achieving District Health Board for this indicator and is well above the national average of 60.5%. Wairarapa dentists continue to strive towards improving this indicator each year.</p>

Increasing use of breastfeeding	
<p>Breastfeeding protects babies from a range of problems, and promotes good health.</p>	
<p><u>Targets:</u></p> <p>Percentage of children exclusively and fully breastfed at six weeks = 75%</p> <p>Percentage of children exclusively and fully breastfed at six months = 34%</p>	<p><b>Not Achieved</b></p> <p>Although the percentage achieved of 69.7% for both the total population and Māori at 6 weeks did not meet the target, it should be noted that Wairarapa is well ahead of the national results (65.2% for all and 57.8% for Māori).</p> <p>Wairarapa exceeded the national target (of 57%) for all with 58.5% infants exclusively and fully breastfed at 3 months. Māori figures were lower at 48.2%.</p> <p>Although the WDHB target was not achieved, WDHB exceeded the national target for all with 27.1% of infants exclusively and fully breastfed at 6 months. Māori figures were slightly lower at 23.5%.</p> <p>A new Breastfeeding Action Plan has been developed and interventions will focus on improving breastfeeding rates for Māori, particularly at 3 and 6 months (increase duration of breastfeeding).</p>

## REDUCE THE IMPACT AND INCIDENCE OF CHRONIC DISEASES

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 world wide. 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 supported by services that are more holistic and better coordinated. Because chronic conditions have common risk factors – inactivity, unhealthy diets, obesity, stress, depression, smoking and alcohol mis-use much chronic illness is preventable.

Key actions/outputs planned for 2008/09 include:

- Implementation of the district Tobacco Control and Healthy Eating Healthy Action plans
- Implement the PHO chronic care management project to identify people at risk of cardio-vascular disease and diabetes

Improving detection and management of diabetes	
<p>Percentage of the numbers people in all population groups estimated to have diabetes who are accessing free annual checks.</p> <p>Increasing numbers and percentages accessing free annual diabetes checks indicates increasing access to diabetes treatment and monitoring services.</p>	
<p><u>Target:</u></p> <p>Percentage of the numbers people in all population groups estimated to have diabetes who are accessing free annual checks</p> <ul style="list-style-type: none"> <li>• Overall 78%</li> <li>• Maori 80%</li> <li>• Other 80%</li> </ul>	<p><b>Partially Achieved</b></p> <p>Overall 75%</p> <p>Maori 73%</p> <p>Other 83%</p> <p>Although the targets for Maori and 'overall' have not been met their has been good progress made, and inequalities reduced. Compared to 2007/08, the number of Maori receiving their annual review rose by 13%, Pacific Island people increased by 4% and others increased by 16%, with a total overall increase of 7%.</p> <p>Most practices now have diabetes reviews linked effectively with Care Plus. It is anticipated that, with recall systems being established in GP practices, the number of people with diabetes who receive their annual reviews will continue to rise.</p> <p>In 2008, the Maori Health Whanau Ora contract was amended to more clearly describe expected links with GP practices in terms of Diabetes annual reviews and management. GP practices can now identify non-attenders for review and refer to the Whanau Ora provider for follow-up access to services and assistance in managing the person's diabetes.</p>

Improving detection and management of diabetes	
The percentage on the diabetes register who have good diabetes management	
<p><u>Target:</u></p> <p>Percentage of the numbers people in all population groups estimated to have diabetes who are accessing free annual checks</p> <ul style="list-style-type: none"> <li>Overall 75%</li> <li>Maori 72%</li> <li>Other 75%</li> </ul>	<p><b>Partially Achieved</b></p> <p>Overall 75%</p> <p>Maori 63%</p> <p>Other 79%</p> <p>The result for Maori appears disappointing but reflects increasing numbers of patients in this cohort which is pleasing.</p> <p>Wairarapa PHO has had a significant drive to ensure annual reviews are completed for their more difficult diabetes patients (with less well controlled HbA1c) and this, coupled with increasing focus on increasing uptake of reviews by Maori, will skew results. In addition CVD risk screening and the PHO's Long Term Condition project has resulted in a number of first time reviews for Maori with high HbA1C. It is expected that now that these people are in the system their diabetes will be better managed.</p> <p>Unfortunately the 'snapshot' data that is reported on a quarterly or annual basis does not capture the whole story in terms of improvement over time for either individuals or cohorts as the population that are having reviews keeps changing.</p>

Reduction in smoking	
<p>Smoking is a major preventable cause of death and chronic illness in all age groups, particularly among Maori and low income groups.</p> <p>Reducing smoking reduces risks of respiratory disease, heart disease and cancer.</p>	
<p><u>Targets:</u></p> <p>Percentage of 14 and 15 year olds who have never smoked = 50%</p> <p>Percentage of homes with one or more smoker and one or more children that are smoke free &gt; 75%</p>	<p><b>Not Achieved</b></p> <p>A percentage of 39.7% against a result of 47.3% last year and a national average of 60.5% was achieved for the 14 and 15 years who have never smoked.</p> <p>The percentage of homes with one or more smoker is 44% against 50% last year and a national average of 41.4%</p> <p>The sample size used by the ASH Survey in 2008 was very small in comparison with previous years and may be impacting on the validity of the outcome.</p> <p>Over a 5 year period there has been an overall positive trend in both indicators locally and nationally</p>

Improving nutrition, increase physical activity and reduce obesity	
<p>Better nutrition and exercise reduce the risks of developing many diseases and alleviate symptoms of many conditions.</p> <p>Proportion of adults (15+ years) consuming at least three servings of vegetables per day and proportion of adults (15+ years) consuming at least two servings of fruit per day.</p>	
<p><u>Targets:</u></p> <p>Vegetable consumption = 70%</p> <p>Fruit consumption = 62%</p>	<p><b>Not Achieved</b></p> <p>The Survey and indicates that 63.2% of adults in the Greater Wellington Region consume 3 servings of vegetables per day.</p> <p>The survey indicates that 61.3% of adults in the Greater Wellington Region consume 2 servings of fruit per day.</p> <p>It should be noted that these results are for the combined Wellington region (WDHB, HVDHB and CCDHB), not for Wairarapa alone and that the survey is carried out every 3 years.</p> <p>Adults (parents and caregivers) who participated in the Children's Food and Drinks Survey carried out in Wairarapa in 2008 (310 families), reported that fruit was available on a daily basis in 93% of homes and vegetables available on a daily basis in 72% of homes.</p> <p>Thirty-eight gardens have been funded in education settings and three in community settings to increase vegetable consumption.</p> <p>This target has been removed as a national health target as it is difficult to measure accurately and progress cannot be measured on an annual basis.</p> <p>(Statistics taken from the 2006/07 National Health Survey)</p>

**To reduce avoidable admissions to hospital**

Data shows Wairarapa has very high rates of hospital admission for conditions that should usually be treated and managed in the community – this indicates scope for system improvements.

Rates and numbers of ambulatory sensitive (avoidable) hospitalisations for Maori and non-Maori, aged 0-74 years, 0-4, 45-64.

Targets:Age 0-4

- Maori = 115
- Other = 112

Age 45-64

- Maori = 118
- Other = 106

Age 0-74

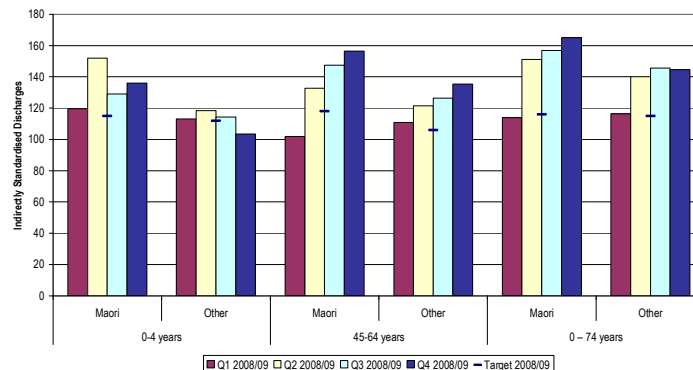
- Maori = 116
- Other = 115

**Not Achieved**

**Note:** The quarters where targets were achieved are in "bold".

	0-4 years		45-64 years		0 – 74 years	
	Maori	Other	Maori	Other	Maori	Other
Target 2008/09	≤115	≤112	≤118	≤106	≤116	≤115
Q1	119.7	113.1	<b>101.8</b>	110.8	<b>113.8</b>	116.3
Q2	152.0	118.3	132.6	121.4	151.0	140.1
Q3	129.1	114.3	147.5	126.3	156.8	145.5
Q4	135.9	<b>103.3</b>	156.5	135.4	165.0	144.5

Wairarapa DHB Ambulatory Sensitive Hospitalisations Results 2008/09 - Wairarapa Population  
Indirectly Standardised Discharge Ratios vs Agreed Targets



These results are disappointing, and show a negative trend compared with previous years. However the reported data is misleading. Recently we have found that in 2007/08 and 2008/09 Wairarapa hospital has been reporting all attendances at the Emergency Department that are longer than three hours as hospital admissions. Consequently increasing attendances at ED have been reflected in increasing numbers of hospital admissions reported and overinflated the hospital admission figures. This is out of line with practice in other DHBs and practice has now been corrected from 1 July 2009.



## MENTAL HEALTH

About 3% of the population has 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 – we will need to increase services over several more years. Key actions/outputs planned to improve mental health services in 2008/09 include:

- Implement outcome measurement in mental health services
- Develop range of care options for older people with mental illness
- Increase support services available for people affected by alcohol/drug induced disability

### All clients of mental health services have up to date relapse prevention plans

Advance planning in how to identify and manage emerging signs of deterioration in mental state empowers clients and families and enables the impact of a serious mental illness to be minimized and crises prevented or ameliorated early.

#### Target:

Percentage of mental health services' long term clients who have up to date relapse prevention plans is 98%.

#### **Partially Achieved**

% of people with up to date crisis prevention/resiliency plans within <b>Recovery Plan</b>			
Ethnicity	Total	Māori	Pacific
20 years plus (excluding those with addictions only)	85.50%	85.70%	100%
AOD	100%	N/A	N/A
Child & Youth >1Yr	100%	100%	0

Last year Wairarapa DHB estimated and reported that 95% of adult mental health services clients, and 57% of child and youth clients had a relapse prevention plan in place. 100% of addictions services clients had relapse prevention plans. This year's report shows significant improvement for children and youth long term clients with 100% now having plans.

100% has been maintained for addictions services clients, but the percentage for clients of adult mental health services appears to have dropped. This is most likely due to a change in information systems rather than any reduction in practice. Information and reporting systems in clinical mental health services have improved and Wairarapa DHB is now able to report more accurately that in fact, 85.5% of long term clients have a plan. The reduction does not reflect lesser performance but a better understanding of the client base and in particular, long term clients without plans who are monitored using different models of care.

**More people access and are supported by mental health and addiction services**

The average number of people domiciled in the DHB region, seen per year by mental health and addiction services, rolling every three months being reported (the period is lagged by 3 months).

Target:Ages 0-19

- Maori = 2.8%
- Other = 2.8%
- Total = 2.8%

Ages 20-64

- Maori = 3.0%
- Other = 3.0%
- Total = 3.0%

Ages 65+

- Total = 1.0%

***Partially Achieved***

0-19		
	Target	Actual
Maori	2.8	1.29
Other	2.8	1.38
Total	2.8	1.36

Adult		
	Target	Actual
Maori	3	2.94
Other	3	1.72
Total	3	1.88

Older people		
	Target	Actual
Maori	3	0.31
Other	3	0.36
Total	0	0.36

Results appear disappointing, except for older people where access is shown to have increased. The small size of the Wairarapa population should be taken into account in interpreting these figures.

Also during 2008/09 there has been a change in national data collection systems for this report. Other local DHB reporting shows that over the past 3 years access rates to all services, by all groups, have increased. Since the WDHB moved on to reporting access to the Ministry on a new system known as PRIMHD the results for the year have been distorted.

It is anticipated that this will be rectified early in the 2009/10 year and the ongoing upward trend in access to services will be recorded accurately.

## CANCER

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 cancer affects growing numbers of people. Cancer is a leading cause of hospitalisation and death – the second highest cause of death in Wairarapa. The incidence of cancer is increasing, but cancer survival rates are improving.

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 and the length of time that they are affected, while more co-ordinated and accessible treatment, support and palliative care services can greatly reduce the impacts of cancer on patients and their families. Key actions planned for 2007/08 include:

- Implementation of the district Cancer plan
- Implementation of the district Palliative Care plan and increase access to palliative care services
- Increase access to radiation therapy services

Reducing cancer waiting times	
<p>Timely access to treatment improves outcomes.</p> <p>Percentage of patients that receive radiation oncology treatment within six weeks of their first specialist assessment (excluding category D patients).</p> <p>This is a new measure for 2008/09. The previous measure used counted patients receiving treatment within eight weeks, rather than six weeks. In 2006/07 about 90% of patients received treatment within eight weeks.</p>	
<p><u>Targets:</u></p> <p>100%</p>	<p><b>Not Achieved</b></p> <p>90.7%</p> <p>This is a pleasing result that shows improvement over that achieved in 2007/08. In January 2009 an additional linear accelerator was commissioned at Capital and Coast DHB. This provides additional treatment capacity and will enable waiting times to reduce further in 2009/10. WDHB continues to work with the Central Cancer Network and Regional Cancer Treatment Services to improve client pathways and streamline access to services.</p>

Increase access to and consistency of provision of comprehensive palliative care services	
<p>Progress in implementation of new Wairarapa Palliative Care Service to provide a single integrated service.</p>	
<p><u>Targets:</u></p> <ul style="list-style-type: none"> <li>• New service operational by 1 September 2008</li> <li>• &gt; 150 patients treated</li> </ul>	<p><b>Achieved</b></p> <p>The targets for this performance indicator have been fully achieved. The new service was operational from 1 September 2008, providing comprehensive palliative care services for an increased number of patients.</p> <p>172 patients had been treated by 30 June 2009.</p>

## DHB PROVIDER QUALITY, SAFETY, EFFICIENCY AND EFFECTIVENESS (HOSPITAL, COMMUNITY, MENTAL AND PUBLIC HEALTH SERVICES)

The DHB is the major provider of health services in Wairarapa. As a provider the DHB must ensure its services are safe and of high quality. To remain a clinically and financially sustainable provider, it must ensure that it continues to improve operating efficiency and effectiveness, and that it is able to attract and retain appropriate numbers of suitably qualified staff. Key actions for 2008/09 include:

- Implement local projects and initiatives to further develop clinical governance and assure safety
- Continue to increase volumes of elective surgery
- Improve management of acute demand and reduce unnecessary admissions to hospital

Excellent provision of elective services	
<p>Elective services are provided to patients whose condition does not require urgent action and whose treatment can be planned.</p> <p>Level of compliance with Elective Services Patient Flow Indicators: Achievement of Green status on all indicators demonstrates patients have certainty about their treatment, timely access to assessment and treatment, and are prioritised fairly and appropriately.</p>	
<p><u>Target:</u></p> <p>Green</p>	<p><b>Achieved</b></p> <p>All ESPIs remained green throughout the year.</p>

Safer medication management	
<p>Develop and implement medicines reconciliation system and processes.</p> <p>Medication errors in hospitals are mostly preventable. A medicines reconciliation system will provide accurate information about a patient's medication history, and ensure the patient's medication list is up to date when transferring between services.</p>	
<p><u>Target:</u></p> <p>System fully implemented by June 2009</p>	<p><b>Achieved</b></p> <p>The status for Medicine reconciliation is that the target has been achieved. That is, we have a system fully implemented.</p> <p>Medicine reconciliation is up and running, it is currently the Pharmacist who is providing the service:</p> <p>The Pharmacist has written a pharmacy procedure around this, ensuring the practice here is in line with national standards as issued by the Safe Medicine Management group.</p> <p>This a Mon-Fri service – New admissions to MSW are targeted for a discussion with the pharmacist to determine what recent medicines the patient is on at home and how they take them. This information is then checked with a second source (such as the patient's community pharmacy or GP).</p> <p>Any differences are noted on the Medicine reconciliation form and this is left in the patient's medicine chart folder. The pharmacist attaches a medicine reconciliation note to the front of the chart to alert and direct the RMO to reconcile the patient's medicines.</p> <p>Each month the pharmacist randomly audits approx 20 medicine reconciliation forms from medical records. The results of this audit are forwarded onto the Clinical Board and the Quality office.</p> <p>Results of the audit are also displayed in MSW ('percentage of charts 100% accurate on admission' and 'percentage reduction in error').</p>

**Excellent management of health care incidents**

Percentages of DHB frontline nursing and medical staff who have completed training in adverse event management and open disclosure.

A standard approach to management of incidents reduces patient risk and harm through rapid provision of the most effective response, and enables identification and analysis of common causes of system failure and redesign of patient care processes to eliminate them.

Target:

90% trained by June 2009

***Partially Achieved***

Training was arranged and booked with Communio as part of the QIC NZ Incident management Project for June, however due to adverse weather conditions has been postponed until August 2009. Training is being provided to key frontline staff, and training then cascaded to other DHB staff as part of the ongoing quality and risk training and development.

**Increase hospital efficiency and capacity in delivery of elective services**

Treating more people as day cases, and admitting as many as possible on the day of their surgery reduces time spent in hospital and risks of hospital acquired infection, and increases productivity.

Target:

- Percentage of people admitted for surgery whose surgery is performed on the day of admission (DOSA) = 100%
- Percentage of people receiving elective operations whose operation is performed as a day case >70%

***Partially Achieved***

DOSA rate achieved was 98.7%.

The day case elective rate achieved was 73%

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ending 30 June 2009

		Group Budget	Group Actual		Parent Actual	
	Note	2009 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Operating income	1	112,528	118,919	110,255	117,625	108,971
Finance income	2	530	424	266	396	258
<b>Total income</b>		<b>113,058</b>	<b>119,343</b>	<b>110,521</b>	<b>118,021</b>	<b>109,229</b>
Employee benefits	3	33,515	34,111	31,321	34,111	31,321
Other operating expenses	4	74,158	84,703	76,726	83,463	75,576
Depreciation & amortisation expense	7,8	2,569	2,008	1,956	1,911	1,867
Finance costs	5	2,735	2,643	2,189	2,643	2,189
Write-up on property revaluation	7	0	0	0	0	0
Tax expense	6	26	(123)	20	0	0
<b>Total expenses</b>		<b>113,003</b>	<b>123,342</b>	<b>112,212</b>	<b>122,128</b>	<b>110,953</b>
<b>Net surplus/(deficit)</b>		<b>55</b>	<b>(3,999)</b>	<b>(1,691)</b>	<b>(4,107)</b>	<b>(1,724)</b>

## CONSOLIDATED STATEMENT OF RECOGNISED INCOME & EXPENSE

For the year ending 30 June 2009

	Group Budget	Group Actual		Parent Actual	
Note	2009 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revaluation of property, plant & equipment	0	0	0	0	0
Other changes recognised directly in equity	0	590	(4)	590	(4)
<b>Net income recognised directly in equity</b>	<b>0</b>	<b>590</b>	<b>(4)</b>	<b>590</b>	<b>(4)</b>
<b>Surplus / (deficit) for the period</b>	<b>55</b>	<b>(3,999)</b>	<b>(1,691)</b>	<b>(4,107)</b>	<b>(1,724)</b>
<b>Total recognised income &amp; expenses for the period</b>	<b>55</b>	<b>(3,409)</b>	<b>(1,695)</b>	<b>(3,517)</b>	<b>(1,728)</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

		Group Budget	Group Actual		Parent Actual	
	Note	2009 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>Assets</b>						
Property, plant & equipment	7	47,895	42,011	42,164	41,872	41,955
Intangible assets	8	0	942	604	913	567
Investments	9	0	0	0	103	103
Trust fund assets	16	45	61	54	61	54
<b>Total non-current assets</b>		<b>47,940</b>	<b>43,014</b>	<b>42,822</b>	<b>42,949</b>	<b>42,679</b>
Cash & cash equivalents	10	1,958	(984)	2,151	(1,260)	1,974
Inventories	11	600	698	672	698	672
Trade & other receivables	12	3,414	4,111	3,780	3,998	3,701
Assets classified as held for sale	7	0	2,300	2,300	2,300	2,300
<b>Total current assets</b>		<b>5,972</b>	<b>6,125</b>	<b>8,903</b>	<b>5,736</b>	<b>8,647</b>
<b>Total assets</b>		<b>53,912</b>	<b>49,139</b>	<b>51,725</b>	<b>48,685</b>	<b>51,326</b>
<b>Equity</b>						
Crown equity	13	17,487	18,854	18,264	18,854	18,264
Revaluation reserve	13	1,479	1,479	1,479	1,479	1,479
Retained earnings	13	(9,762)	(14,897)	(10,898)	(15,247)	(11,140)
<b>Total equity</b>		<b>9,204</b>	<b>5,436</b>	<b>8,845</b>	<b>5,086</b>	<b>8,603</b>
<b>Liabilities</b>						
Interest-bearing loans & borrowings	14	25,678	20,208	25,743	20,208	25,743
Employee benefits	15	352	520	528	520	526
Trust funds	16	45	61	54	61	54
<b>Total non-current liabilities</b>		<b>26,075</b>	<b>20,789</b>	<b>26,325</b>	<b>20,789</b>	<b>26,323</b>
Interest-bearing loans & borrowings	14	0	5,558	261	5,558	261
Payables & accruals	17	12,633	11,334	10,436	11,286	10,344
Employee benefits	15	6,000	6,022	5,858	5,966	5,795
<b>Total current liabilities</b>		<b>18,633</b>	<b>22,914</b>	<b>16,555</b>	<b>22,810</b>	<b>16,400</b>
<b>Total liabilities</b>		<b>44,708</b>	<b>43,703</b>	<b>42,880</b>	<b>43,599</b>	<b>42,723</b>
<b>Total equity &amp; liabilities</b>		<b>53,912</b>	<b>49,139</b>	<b>51,725</b>	<b>48,685</b>	<b>51,326</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ending 30 June 2009

	Group Budget	Group Actual		Parent Actual	
Note	2009 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>Cash flows from operating activities</b>					
Operating receipts	112,531	118,509	108,253	117,202	108,253
Interest received	530	388	214	360	214
Payments to suppliers & employees	(107,689)	(117,500)	(104,502)	(116,254)	(104,501)
Capital charge paid	(850)	(811)	(721)	(811)	(721)
Interest paid	(1,840)	(1,958)	(1,653)	(1,958)	(1,653)
Income tax paid	0	123	0	0	0
Goods and Services Tax (net)	0	46	(535)	66	(535)
10	<b>2,682</b>	<b>(1,203)</b>	<b>1,056</b>	<b>(1,395)</b>	<b>1,057</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant & equipment	2,300	0	28	0	28
Dividends received	0	0	0	17	15
Acquisition of property, plant & equipment	(3,857)	(1,905)	(1,838)	(1,834)	(1,838)
Acquisition of intangible assets	0	(383)	(154)	(378)	(154)
	<b>(1,557)</b>	<b>(2,288)</b>	<b>(1,964)</b>	<b>(2,195)</b>	<b>(1,949)</b>
<b>Cash flows from financing activities</b>					
Loans drawn down	120	120	6,120	120	6,120
Equity injected	1,525	590	0	590	0
Repayments of loans	(250)	(358)	(139)	(358)	(139)
Repayment of equity	(2,303)	(3)	(3)	(3)	(3)
Restricted fund movement	0	7	9	7	9
	<b>(908)</b>	<b>356</b>	<b>5,987</b>	<b>356</b>	<b>5,987</b>
<b>Net Increase in Cash Held</b>	<b>217</b>	<b>(3,135)</b>	<b>5,079</b>	<b>(3,234)</b>	<b>5,095</b>
Cash & cash equivalents at beginning of year	1,741	2,151	(2,928)	1,974	(3,121)
<b>Cash &amp; cash equivalents at end of year</b>	<b>10</b>	<b>1,958</b>	<b>2,151</b>	<b>(1,260)</b>	<b>1,974</b>

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

**CONSOLIDATED STATEMENT OF CONTINGENCIES**

As at 30 June 2009

**CONTINGENT LIABILITIES**

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Legal Proceedings and Disputes by Third Parties	0	0	0	0

## CONSOLIDATED STATEMENT OF COMMITMENTS

As at 30 June 2009

	Group Actual		Parent Actual	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>Capital Commitments</b>	<b>11</b>	<b>49</b>	<b>11</b>	<b>49</b>
<b>Operating Lease Commitments:</b>				
Less than One Year:	940	1,153	880	1,114
One to Two Years	349	753	306	692
Two to Five Years	153	512	100	351
Five Years	0	0	0	0
	<b>1,442</b>	<b>2,418</b>	<b>1,286</b>	<b>2,157</b>
<b>Non-cancellable contracts for the provision of services</b>				
<i>Not later than one year</i>				
Non funder	0	2,470	2,839	2,470
Funder	0	7,094	7,869	7,094
<i>Later than one year &amp; not later than two years</i>				
Non funder	0	1,628	160	1,628
Funder	0	6,261	7,325	6,261
<i>Later than two years &amp; not later than five years</i>				
Non funder	0	160	0	160
Funder	0	10,111	4,134	10,111
<i>Over five years</i>				
Non funder	0	0	0	0
Funder	0	0	0	0
	<b>0</b>	<b>27,724</b>	<b>22,327</b>	<b>27,724</b>
<b>Total Commitments</b>	<b>1,453</b>	<b>30,191</b>	<b>23,624</b>	<b>29,930</b>

---

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

## SIGNIFICANT ACCOUNTING POLICIES

### REPORTING ENTITY

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

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

The consolidated financial statements of Wairarapa DHB for the year ended 30 June 2009 comprise Wairarapa DHB and its subsidiary Biomedical Services New Zealand Limited (together referred to as "WDHB") and joint venture the Central Region Technical Advisory Service Limited (TAS) which is one sixth owned.

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

### STATEMENT OF COMPLIANCE

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

### BASIS OF PREPARATION

The financial statements are presented in New Zealand Dollars (NZD), rounded to the nearest thousand. The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments (foreign exchange and interest rate swap contracts), financial instruments classified as available-for-sale, land and buildings and investment property.

Non-current assets held for sale and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **BASIS FOR CONSOLIDATION**

### ***Subsidiaries***

Subsidiaries are entities controlled by Wairarapa DHB. Control exists when Wairarapa DHB has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

### ***Joint ventures***

Joint ventures are those entities over whose activities WDHB has joint control, established by contractual agreement. The consolidated financial statements include WDHB's interest in joint ventures, using the equity method, from the date that joint control commences until the date that joint control ceases.

### ***Transactions eliminated on consolidation***

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of WDHB's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **BUDGET FIGURES**

The budget figures are those approved by the health board in its District Annual Plan and included in the Statement of Intent tabled in parliament. The budget figures have been prepared in accordance with NZGAAP. They comply with NZIFRS and other applicable Financial Reporting Standards as appropriate for public benefit entities. Those standards are consistent with the accounting policies adopted by WDHB for the preparation of these financial statements.

## **GOODS AND SERVICES TAX**

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

## **REVENUE**

### ***Crown funding***

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

### ***Revenue relating to service contracts***

WDHB is required to expend all monies appropriated within certain contracts during the year in which it is appropriated. Should this not be done, the contract may require repayment of the money or WDHB, with the agreement of the Ministry of Health, may be required to expend it on specific services in subsequent years. The amount unexpended is recognised as a liability.

### ***Goods sold and services rendered***

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

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

### ***Rental income***

Rental income from investment property is recognised in the statement of financial performance on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the lease term.

## **EXPENSES**

### ***Operating lease payments***

Payments made under operating leases are recognised in the statement of financial performance in the periods in which they are incurred.

### ***Finance lease payments***

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

### ***Net financing costs***

Net financing costs comprise interest paid and payable on borrowings calculated using the effective interest rate method, interest received and receivable on funds invested calculated using the effective interest rate method, dividend income and gains and losses on hedging instruments that are recognised in the statement of financial performance.

The interest expense component of finance lease payments is recognised in the statement of financial performance using the effective interest rate method.

Dividend income is recognised in the statement of financial performance when the shareholder's right to receive payment is established.

### ***Non-current assets held for sale***

Immediately before the classification of assets as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable NZIFRSs. Then, on initial classification as held for sale, a non-current asset and/or a disposal group is recognised at the lower of its carrying amount and its fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in the statement of financial performance, even when the asset was previously revalued. The same applies to gains and losses on subsequent remeasurement.

### ***Business combinations involving entities under common control***

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

WDHB applies the book value measurement method to all common control transactions.

## **INCOME TAX**

WDHB is a crown entity 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.

## **FOREIGN CURRENCY**

### ***Foreign currency transactions***

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of financial performance. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZD at foreign exchange rates ruling at the dates the fair value was determined.

## PROPERTY, PLANT AND EQUIPMENT

### *Classes of property, plant and equipment*

The major classes of property, plant and equipment are as follows:

- freehold land
- freehold buildings
- medical equipment
- information technology
- motor vehicles
- other plant and equipment
- work in progress.

### *Owned assets*

Except for land and buildings and the assets vested from the hospital and health service (see below), items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of direct overheads.

Land and buildings are revalued to fair value as determined by an independent registered valuer with sufficient regularity to ensure the carrying amount is not materially different to fair value, and at least every five years. Any increase in value of a class of land and buildings is recognised directly to equity unless it offsets a previous decrease in value recognised in the statement of financial performance. Any decreases in value relating to a class of land and buildings are debited directly to the revaluation reserve, to the extent that they reverse previous surpluses and are otherwise recognised as an expense in the statement of financial performance.

Additions to property, plant and equipment between valuations are recorded at cost.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of 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 company) 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 health board has recognised the cost (or in the case of land and buildings – the valuation) and accumulated depreciation amounts from the records of the hospital and health service. The vested assets will continue to be depreciated over their remaining useful lives.

### *Disposal of Property, Plant and Equipment*

Where an item of plant and equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the net sales price and the carrying amount of the asset.

### *Properties Intended for Sale*

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

### *Leased assets*

Leases where WDHB assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

The property held under finance leases and leased out under operating lease is classified as investment property and stated at fair value. Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis.



**Subsequent costs**

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the service potential or future economic benefits embodied within the new item will flow to WDHB. All other costs are recognised in the statement of financial performance as an expense as incurred.

**Depreciation**

Depreciation is charged to the statement of financial performance using the straight line method. Land is not depreciated.

Depreciation is set at rates that will write off the cost or fair value of the assets, less their estimated residual values, over their useful lives. The estimated useful lives of major classes of assets and resulting rates are as follows:

<b>Class of Asset</b>	<b>Estimated Life</b>
• Freehold buildings	2 to 50 years
• Medical equipment	2.5 to 15 years
• Information technology	2.5 to 15 years
• Motor vehicles	5 to 12.5 years
• Other plant and equipment	2.5 to 15 years

The residual value of assets is reassessed annually.

Work in progress is not depreciated. The total cost of a project is transferred to the appropriate class of asset on its completion and then depreciated.

**INTANGIBLE ASSETS**

Intangible assets comprise computer software products acquired by WDHB and are stated at cost less accumulated amortisation and impairment losses.

**Subsequent expenditure**

Subsequent expenditure on intangible assets is capitalised only when it increases the service potential or future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

**Amortisation**

Amortisation is charged to the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

<b>Type of asset</b>	<b>Estimated life</b>
• Software	2 to 5 years

**IMPAIRMENT**

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

For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date and was estimated at the date of transition.

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

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

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of financial performance even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of financial performance is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of financial performance.

***Calculation of recoverable amount***

The estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is calculated differently depending on whether an asset generates cash or not. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

For non-cash generating assets that are not part of a cash generating unit value in use is based on depreciated replacement cost (DRC). For cash generating assets value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Impairment gains and losses, for items of property, plant and equipment that are revalued on a class of assets basis, are also recognised on a class basis.

***Reversals of impairment***

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount.

An impairment loss on an equity instrument investment classified as available-for-sale or on items of property, plant and equipment carried at fair value is reversed through the relevant reserve. All other impairment losses are reversed through the statement of financial performance.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**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.

**TRADE AND OTHER RECEIVABLES**

Trade and other receivables are initially recognised at fair value and subsequently stated at amortised cost less impairment losses. Bad debts are written off during the period in which they are identified.

**INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on weighted average cost.

***Inventories held for distribution***

Inventories held for distribution are stated at the lower of cost and current replacement cost.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprises cash balances, call deposits and deposits with a maturity of no more than twelve months from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of WDHB's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**INTEREST-BEARING BORROWINGS**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of financial performance over the period of the borrowings on an effective interest basis.

## EMPLOYEE BENEFITS

### *Defined contribution plans*

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

### *Defined benefit plan*

WDHB's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on New Zealand government bonds that have maturity dates approximating to the terms of WDHB's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of financial performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of financial performance.

All actuarial gains and losses as at 1 July 2006, the date of transition to NZIFRSs, were recognised. Likewise, all actuarial gains and losses that arise subsequent to the transition date in calculating WDHB's obligation in respect of a plan are recognised in the statement of financial performance.

### *Long service leave, sabbatical leave and retirement gratuities*

WDHB's net obligation in respect of long service leave, sabbatical leave and retirement gratuities is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the market yield on relevant New Zealand government bonds at the balance sheet date.

### *Annual leave, conference leave, sick leave and medical education leave*

Annual leave, sick leave and medical education leave are short-term obligations and are calculated on an actual basis at the amount WDHB expects to pay. WDHB accrues the obligation for paid absences when the obligation both relates to employees' past services and it accumulates.

## PROVISIONS

A provision is recognised when WDHB has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

### *Restructuring*

A provision for restructuring is recognised when Wairarapa DHB has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

## TRADE & OTHER PAYABLES

Trade and other payables are stated at amortised cost using the effective interest rate.

## 1. OPERATING INCOME

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Health & disability services (MOH contracted revenue)	109,842	101,999	109,842	101,999
Inter district patient inflows	2,915	2,690	2,915	2,690
ACC contract	2,273	1,743	2,273	1,743
Donations & bequests	7	16	7	16
Other income	3,882	3,807	2,588	2,523
<b>Total operating income</b>	<b>118,919</b>	<b>110,255</b>	<b>117,625</b>	<b>108,971</b>

## 2. FINANCE INCOME

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Interest income	388	222	360	214
Dividend income	17	15	17	15
Gain on disposal of property, plant & equipment	19	29	19	29
<b>Total finance income</b>	<b>424</b>	<b>266</b>	<b>396</b>	<b>258</b>

## 3. EMPLOYEE BENEFITS

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Wages & salaries	34,111	31,321	34,111	31,321
Contributions to defined benefit plans	0	0	0	0
Increase / decrease in employee benefit provisions	0	0	0	0
<b>Total employee benefits</b>	<b>34,111</b>	<b>31,321</b>	<b>34,111</b>	<b>31,321</b>

#### 4. OTHER OPERATING EXPENSES

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Other operating expenses	20,475	18,987	19,324	17,927
Payments to non-health board providers	61,884	55,612	61,884	55,612
Operating lease expenses	1,873	1,672	1,798	1,601
Audit fees (for the audit of the financial statements)	93	95	82	82
Audit fees (for other assurance work)	0	0	0	0
Impairment of trade receivables (bad & doubtful debts)	78	46	78	46
Board member fees & expenses	262	262	259	256
Loss / (gain) on disposal of property, plant & equipment	38	52	38	52
Impairment loss on property, plant & equipment	0	0	0	0
<b>Total other operating expenses</b>	<b>84,703</b>	<b>76,726</b>	<b>83,463</b>	<b>75,576</b>

#### 5. FINANCE COSTS

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Interest expense	1,958	1,461	1,958	1,461
Capital charge	685	728	685	728
<b>Total finance costs</b>	<b>2,643</b>	<b>2,189</b>	<b>2,643</b>	<b>2,189</b>

Wairarapa DHB pays a capital charge to the Crown based on the greater of its actual or budgeted closing equity balance, adjusted for equity contributions or repayment of equity, for the year. The capital charge rate for the period ended 30 June 2009 was 8% (2008 – 8%).

#### 6. INCOME TAX

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.

Biomedical Services New Zealand Limited successfully applied to the Inland Revenue Department to be acknowledged as a public authority in terms of the Income Tax Act 1993. This has resulted in the company being exempt from income tax.

The date of effect for the public authority status is 1 January 2001 being the day that the parent of Biomedical Services New Zealand Limited, Wairarapa District Health Board came into existence. The Wairarapa District Health Board is a public authority in terms of the New Zealand Public Health and Disability Act 2000.

The Inland Revenue Department has confirmed Biomedical Services New Zealand Limited as a public authority and tax payments made by the company since 1 January 2001 were refunded by the Inland Revenue Department. The amount of the refund was \$124,921. This amount has been recognised within the financial statements contained herein.

## 7. PROPERTY, PLANT & EQUIPMENT

Group	Freehold land (at valuation) \$000	Freehold buildings (at valuation) \$000	Clinical equipment \$000	Other equipment \$000	Information technology \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
<b>Cost / valuation</b>								
Balance at 1 July 2007	2,165	35,716	9,174	3,566	1,289	791	245	52,946
Additions	0	865	727	670	58	142	116	2,578
Disposals	0	(73)	(4,062)	(1,924)	(612)	(14)	(54)	(6,739)
Revaluations	0	0	0	0	0	0	0	0
<b>Balance at 30 June 2008</b>	<b>2,165</b>	<b>36,508</b>	<b>5,839</b>	<b>2,312</b>	<b>735</b>	<b>919</b>	<b>307</b>	<b>48,785</b>
Balance at 1 July 2008	2,165	36,508	5,839	2,312	735	919	307	48,785
Additions	0	337	337	131	38	215	809	1,867
Disposals	0	0	(169)	(65)	(1)	(559)	0	(794)
Revaluations	0	0	0	0	0	0	0	0
<b>Balance at 30 June 2009</b>	<b>2,165</b>	<b>36,845</b>	<b>6,007</b>	<b>2,378</b>	<b>772</b>	<b>575</b>	<b>1,116</b>	<b>49,858</b>
<b>Depreciation &amp; impairment losses</b>								
Balance at 1 July 2007	0	0	6,277	2,641	1,268	579	0	10,765
Depreciation charge for the year	0	1,072	554	192	22	54	0	1,894
Impairment losses	0	0	0	0	0	0	0	0
Disposals	0	(21)	(3,886)	(1,508)	(621)	(2)	0	(6,038)
Revaluations	0	0	0	0	0	0	0	0
<b>Balance at 30 June 2008</b>	<b>0</b>	<b>1,051</b>	<b>2,945</b>	<b>1,325</b>	<b>669</b>	<b>631</b>	<b>0</b>	<b>6,621</b>
Balance at 1 July 2008	0	1,051	2,945	1,325	669	631	0	6,621
Depreciation charge for the year	0	1,076	557	199	15	91	0	1,938
Impairment losses	0	0	0	0	0	0	0	0
Disposals	0	(15)	(149)	(9)	(1)	(538)	0	(712)
Revaluations	0	0	0	0	0	0	0	0
<b>Balance at 30 June 2009</b>	<b>0</b>	<b>2,112</b>	<b>3,353</b>	<b>1,515</b>	<b>683</b>	<b>184</b>	<b>0</b>	<b>7,847</b>
<b>Carrying amounts</b>								
At 1 July 2007	2,165	35,716	2,897	925	21	212	245	42,181
<b>At 30 June 2008</b>	<b>2,165</b>	<b>35,457</b>	<b>2,894</b>	<b>987</b>	<b>66</b>	<b>288</b>	<b>307</b>	<b>42,164</b>
At 1 July 2008	2,165	35,457	2,894	987	66	288	307	42,164
<b>At 30 June 2009</b>	<b>2,165</b>	<b>34,733</b>	<b>2,654</b>	<b>863</b>	<b>89</b>	<b>391</b>	<b>1,116</b>	<b>42,011</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Parent	Freehold land (at valuation) \$000	Freehold buildings (at valuation) \$000	Clinical equipment \$000	Other equipment \$000	Information technology \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
<b>Cost / valuation</b>								
Balance at 1 July 2007	2,165	35,716	9,174	3,111	1,182	729	225	52,302
Additions	0	865	727	521	11	133	82	2,339
Disposals		(73)	(4,062)	(1,896)	(580)			(6,611)
Revaluations								0
<b>Balance at 30 June 2008</b>	<b>2,165</b>	<b>36,508</b>	<b>5,839</b>	<b>1,736</b>	<b>613</b>	<b>862</b>	<b>307</b>	<b>48,030</b>
Balance at 1 July 2008	2,165	36,508	5,839	1,736	613	862	307	48,030
Additions	0	337	337	105	37	171	809	1,796
Disposals			(169)	(2)		(545)		(716)
Revaluations								0
<b>Balance at 30 June 2009</b>	<b>2,165</b>	<b>36,845</b>	<b>6,007</b>	<b>1,839</b>	<b>650</b>	<b>488</b>	<b>1,116</b>	<b>49,110</b>
<b>Depreciation &amp; impairment losses</b>								
Balance at 1 July 2007		0	6,277	2,254	1,178	536	0	10,245
Depreciation charge for the year	0	1,072	554	127	8	48	0	1,809
Impairment losses								0
Disposals	0	(21)	(3,886)	(1,495)	(589)	12	0	(5,979)
Revaluations								0
<b>Balance at 30 June 2008</b>	<b>0</b>	<b>1,051</b>	<b>2,945</b>	<b>886</b>	<b>597</b>	<b>596</b>	<b>0</b>	<b>6,075</b>
Balance at 1 July 2008	0	1,051	2,945	886	597	596	0	6,075
Depreciation charge for the year	0	1,076	557	138	7	76	0	1,854
Impairment losses								0
Disposals	0	(15)	(149)	(3)	0	(524)	0	(691)
Revaluations								0
<b>Balance at 30 June 2009</b>	<b>0</b>	<b>2,112</b>	<b>3,353</b>	<b>1,021</b>	<b>604</b>	<b>148</b>	<b>0</b>	<b>7,238</b>
<b>Carrying amounts</b>								
At 1 July 2007	2,165	35,716	2,897	857	4	193	225	42,057
<b>At 30 June 2008</b>	<b>2,165</b>	<b>35,457</b>	<b>2,894</b>	<b>850</b>	<b>16</b>	<b>266</b>	<b>307</b>	<b>41,955</b>
At 1 July 2008	2,165	35,457	2,894	850	16	266	307	41,955
<b>At 30 June 2009</b>	<b>2,165</b>	<b>34,733</b>	<b>2,654</b>	<b>818</b>	<b>46</b>	<b>340</b>	<b>1,116</b>	<b>41,872</b>

(Note: An amount for disposal shown in the work in progress category represents amounts transferred to the appropriate asset category)

### **Impairment**

No impairment losses have been recognised during the period.

### **Revaluation**

Current Crown accounting policies require all crown entities to revalue land and buildings in accordance with NZIAS 16, Property, Plant and Equipment. Current valuation standards and guidance notes have been developed in association with the treasury for the valuation of hospitals and tertiary institutions.

### **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.

## 8. INTANGIBLE ASSETS

### Group

	Software \$000	Work in progress \$000	Total \$000
<b><u>Cost / valuation</u></b>			
Balance at 1 July 2007	445	10	455
Additions	282	153	435
Disposals	(1)	0	(1)
Revaluations	0	0	0
<b>Balance at 30 June 2008</b>	<b>726</b>	<b>163</b>	<b>889</b>
Balance at 1 July 2008	726	163	889
Additions	174	234	408
Disposals	0	0	0
Revaluations	0	0	0
<b>Balance at 30 June 2009</b>	<b>900</b>	<b>397</b>	<b>1,297</b>
<b><u>Depreciation &amp; impairment losses</u></b>			
Balance at 1 July 2007	29	0	29
Amortisation charge for the year	62	0	62
Impairment losses	0	0	0
Disposals	194	0	194
Revaluations	0	0	0
<b>Balance at 30 June 2008</b>	<b>285</b>	<b>0</b>	<b>285</b>
Balance at 1 July 2008	285	0	285
Amortisation charge for the year	70	0	70
Impairment losses	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
<b>Balance at 30 June 2009</b>	<b>355</b>	<b>0</b>	<b>355</b>
<b><u>Carrying amounts</u></b>			
At 1 July 2007	416	10	426
<b>At 30 June 2008</b>	<b>441</b>	<b>163</b>	<b>604</b>
At 1 July 2008	441	163	604
<b>At 30 June 2009</b>	<b>545</b>	<b>397</b>	<b>942</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Parent

	Software \$000	Work in progress \$000	Total \$000
<b><u>Cost / valuation</u></b>			
Balance at 1 July 2007	410	10	420
Additions	246	153	399
Disposals	0	0	0
Revaluations			0
<b>Balance at 30 June 2008</b>	<b>656</b>	<b>163</b>	<b>819</b>
Balance at 1 July 2008	656	163	819
Additions	169	234	403
Disposals			0
Revaluations			0
<b>Balance at 30 June 2009</b>	<b>825</b>	<b>397</b>	<b>1,222</b>
<b><u>Depreciation &amp; impairment losses</u></b>			
Balance at 1 July 2007	0		0
Amortisation charge for the year	58	0	58
Impairment losses			0
Disposals	194	0	194
Revaluations			0
<b>Balance at 30 June 2008</b>	<b>252</b>	<b>0</b>	<b>252</b>
Balance at 1 July 2008	252	0	252
Amortisation charge for the year	57	0	57
Impairment losses			0
Disposals	0	0	0
Revaluations			0
<b>Balance at 30 June 2009</b>	<b>309</b>	<b>0</b>	<b>309</b>
<b><u>Carrying amounts</u></b>			
At 1 July 2007	410	10	420
<b>At 30 June 2008</b>	<b>404</b>	<b>163</b>	<b>567</b>
At 1 July 2008	404	163	567
<b>At 30 June 2009</b>	<b>516</b>	<b>397</b>	<b>913</b>

(Note: An amount for disposal shown in the work in progress category represents amounts transferred to the appropriate asset category)

### ***Impairment***

No impairment losses have been recognised during the period.

## 9. INVESTMENTS

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Investment in subsidiary	0	0	103	103

### *Investment in Subsidiary*

Biomedical Services New Zealand Limited is 100% owned by Wairarapa DHB (2008 – 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.

### *Investment in Associate*

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 2009 all share capital remains uncalled. The balance date of TAS is 30 June.

## 10. CASH & CASH EQUIVALENTS

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Short term deposits	2,190	4,584	2,000	4,500
Cash & cash equivalents	4	2	4	2
Bank overdraft	(3,178)	(2,435)	(3,264)	(2,528)
<b>Total cash &amp; cash equivalents</b>	<b>(984)</b>	<b>2,151</b>	<b>(1,260)</b>	<b>1,974</b>

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 \$6,000,000. The current interest rate on the group's bank overdraft is 10.55% per annum (2008 – 12.15%).

**Reconciliation of Net Deficit to Net Operating Cash Flows**

	Group Actual		Parent Actual	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>Net surplus</b>	<b>(3,999)</b>	<b>(1,691)</b>	<b>(4,107)</b>	<b>(1,724)</b>
<b>Add/(less) Non-cash items:</b>				
Depreciation & amortisation	2,008	1,956	1,911	1,867
Write-up on property revaluation	0	0	0	0
Increase/(decrease) employee benefits (non-current)	0	153	(6)	153
<b>Add/(less) Items classified as investment activity:</b>				
Net loss/(gain) on sale of property, plant & equipment	19	23	19	23
Dividends received	0	0	(17)	(15)
<b>Add/(less) movements in working capital items:</b>				
(Increase)/decrease in receivables	(331)	(762)	(282)	(789)
(Increase) in inventories	(26)	(46)	(26)	(46)
(Decrease) in payables & accruals	1,062	1,415	1,113	1,588
Increase/(decrease) in taxation	0	8	0	0
<b>Net cash flow from operating activities</b>	<b>(1,267)</b>	<b>1,056</b>	<b>(1,395)</b>	<b>1,057</b>

## 11. INVENTORIES

	Group Actual		Parent Actual	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Central stores	243	200	243	200
Pharmaceuticals	84	82	84	82
Theatre supplies	228	228	228	228
Other supplies	143	162	143	162
<b>Total inventories</b>	<b>698</b>	<b>672</b>	<b>698</b>	<b>672</b>

Write-down of inventories amounted to nil for 2009 (2008 – nil). The amount of inventories recognised as an expense during the year ended 30 June 2009 was nil (2008 – nil).

No inventories are pledged as security for liabilities but some inventories are subject to retention of title clauses (Romalpa clauses). 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.

## 12. TRADE & OTHER RECEIVABLES

	Group Actual		Parent Actual	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Trade Debtors	3,990	3,594	3,872	3,510
Provision for Doubtful Debts	(82)	(60)	(82)	(60)
Prepayments	203	246	202	245
Amount Owing by Subsidiary	0	0	6	6
<b>Total trade &amp; other receivables</b>	<b>4,111</b>	<b>3,780</b>	<b>3,998</b>	<b>3,701</b>

## 13. EQUITY

### Group

	Crown equity \$000	Property revaluation reserve \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2007	18,268	1,479	(9,207)	10,540
Total recognised income & expenses	0	0	(1,691)	(1,691)
Contribution (net) from the Crown	(4)	0	0	(4)
Movement in revaluation of land & buildings	0	0	0	0
<b>Balance at 30 June 2008</b>	<b>18,264</b>	<b>1,479</b>	<b>(10,898)</b>	<b>8,845</b>
Balance at 1 July 2008	18,264	1,479	(10,898)	8,845
Total recognised income & expenses	0	0	(3,999)	(3,999)
Contribution (net) from the Crown	590	0	0	590
Movement in revaluation of land & buildings	0	0	0	0
<b>Balance at 30 June 2009</b>	<b>18,854</b>	<b>1,479</b>	<b>(14,897)</b>	<b>5,436</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Parent

	Crown equity \$000	Property revaluation reserve \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2007	18,268	1,479	(9,416)	10,331
Total recognised income & expenses			(1,724)	(1,724)
Contribution (net) from the Crown	(4)			(4)
Movement in revaluation of land & buildings		0		0
<b>Balance at 30 June 2008</b>	<b>18,264</b>	<b>1,479</b>	<b>(11,140)</b>	<b>8,603</b>
Balance at 1 July 2008	18,264	1,479	(11,140)	8,603
Total recognised income & expenses			(4,107)	(4,107)
Contribution (net) from the Crown	590	0		590
Movement in revaluation of land & buildings		0		0
<b>Balance at 30 June 2009</b>	<b>18,854</b>	<b>1,479</b>	<b>(15,247)</b>	<b>5,086</b>

### Revaluation reserve

The revaluation reserve relates to land and buildings. Where buildings are reclassified as investment property, the cumulative increase in the fair value of the buildings at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

## 14. INTEREST-BEARING LOANS & BORROWINGS

	Group Actual		Parent Actual	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>Non current liabilities</b>				
Privately sourced loans	208	243	208	243
Crown sourced loans	20,000	25,500	20,000	25,500
<b>Total non current interest-bearing loans &amp; borrowings</b>	<b>20,208</b>	<b>25,743</b>	<b>20,208</b>	<b>25,743</b>
<b>Current liabilities</b>				
Privately sourced loans	120	73	120	73
Crown sourced loans	5,438	188	5,438	188
<b>Total current interest-bearing loans &amp; borrowings</b>	<b>5,558</b>	<b>261</b>	<b>5,558</b>	<b>261</b>

The Crown Health Financing Agency (CHFA) and the DHB have agreed a debt facility of \$25,750,000 of which \$25,438,000 was drawn at 30 June 2009. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Wairarapa Community Health Trust has provided privately funded financing arrangements for the DHB to acquire the ambulance vehicle fleet & ophthalmic instruments & equipment. Wairarapa DHB has no other privately funded financing arrangements.

Details of the interest rates & repayment schedule applicable to the interest-bearing loans & borrowings is shown below:

	Group Actual		Parent Actual	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>Crown Health Financing Agency</b>				
Interest rate summary	5.92%	6.34%	5.92%	6.34%
Repayable as follows:				
Less than one year	5,438	188	5,438	188
One to two years	5,000	5,000	5,000	5,000
Two to five years	15,000	20,500	15,000	20,500
	<b>25,438</b>	<b>25,688</b>	<b>25,438</b>	<b>25,688</b>
<b>Privately sourced loans</b>				
Interest rate summary	4.60%	2.10%	4.60%	2.10%
Repayable as follows:				
Less than one year	120	73	120	73
One to two years	133	127	133	127
Two to five years	75	116	75	116
	<b>328</b>	<b>316</b>	<b>328</b>	<b>316</b>

## 15. EMPLOYEE BENEFITS

	Group Actual		Parent Actual	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>Non current liabilities</b>				
Liability for long service leave	234	200	234	200
Liability for retirement gratuities	286	328	286	326
<b>Total non current employee benefits</b>	<b>520</b>	<b>528</b>	<b>520</b>	<b>526</b>
<b>Current liabilities</b>				
Liability for long service leave	433	97	433	97
Liability for retirement gratuities	87	100	85	100
Liability for sabbatical leave	50	50	50	50
Liability for continuing medical education leave	580	623	580	623
Liability for maternity grant	10	34	10	34
Liability for annual leave	2,637	2,386	2,603	2,340
Liability for sick leave	402	1,334	402	1,334
Salary & wages accrual	1,823	1,234	1,803	1,217
<b>Total current employee benefits</b>	<b>6,022</b>	<b>5,858</b>	<b>5,966</b>	<b>5,795</b>

### Defined Benefit Plans

Wairarapa DHB does not make any contributions to a defined benefit plan and has no defined benefit obligations.

## 16. TRUST FUNDS

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Balance at beginning of year	54	45	54	45
Funds received	7	9	7	9
Interest received		0		0
Funds spent		0		0
<b>Balance at end of year</b>	<b>61</b>	<b>54</b>	<b>61</b>	<b>54</b>

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.

## 17. PAYABLES & ACCRUALS

	Group Actual		Parent Actual	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade creditors & accruals	9,770	8,952	9,692	8,863
Capital charge payable	173	299	173	299
GST & other taxes payable	1,107	1,069	1,125	1,066
Income received in advance	284	116	284	116
Amount owing to subsidiary	0	0	12	0
<b>Total payables &amp; accruals</b>	<b>11,334</b>	<b>10,436</b>	<b>11,286</b>	<b>10,344</b>

## 18. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arise in the normal course of Wairarapa DHB's operations. The DHB does not utilise derivative financial instruments to hedge exposure to fluctuations in foreign exchange rates and interest rates.

### **Credit Risk**

Financial instruments, which potentially subject the DHB to concentrations of risk, consist principally of cash, short-term deposits and accounts receivable.

The DHB places its cash and short-term deposits with high-quality financial institutions and the DHB has a policy that limits the amount of credit exposure to any one financial institution.

Concentrations of credit risk from accounts receivable are limited due to the large number and variety of customers. The Ministry of Health is the largest single debtor (approximately 60 per cent). It is assessed to be a low risk and high-quality entity due to its nature as the government funded purchaser of health and disability support services.

The status of trade receivables at the reporting date is as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group					
	Actual 2009			Actual 2008		
	\$000 Gross	\$000 Impairment	\$000 Net	\$000 Gross	\$000 Impairment	\$000 Net
Not past due	2,229	0	2,229	2,655	0	2,655
Past due 1-30 days	1,300	0	1,300	805	0	805
Past due 31-60 days	323	(2)	321	28	(9)	19
Past due 61-90 days	59	(16)	43	8	0	8
Past due > 91 days	91	(64)	27	98	(51)	47
<b>Total</b>	<b>4,002</b>	<b>(82)</b>	<b>3,920</b>	<b>3,594</b>	<b>(60)</b>	<b>3,534</b>

	Parent					
	Actual 2009			Actual 2008		
	\$000 Gross	\$000 Impairment	\$000 Net	\$000 Gross	\$000 Impairment	\$000 Net
Not past due	2,229	0	2,229	2,655	0	2,655
Past due 1-30 days	1,175	0	1,175	723	0	723
Past due 31-60 days	323	(2)	321	26	(9)	17
Past due 61-90 days	54	(16)	38	8	0	8
Past due > 91 days	91	(64)	27	98	(51)	47
<b>Total</b>	<b>3,872</b>	<b>(82)</b>	<b>3,790</b>	<b>3,510</b>	<b>(60)</b>	<b>3,450</b>

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

### **Liquidity Risk**

Liquidity risk represents the DHB's ability to meet its contractual obligations. The DHB evaluates its liquidity requirements on an ongoing basis. In general, the DHB generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate or, the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The DHB adopts a policy of ensuring that greater than 75% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. No interest rate swaps are deemed necessary.

The interest rates applicable to the DHB have been disclosed in note 14.

### **Foreign Currency Risk**

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The DHB is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than NZD. The currencies giving rise to this risk are primarily Australian Dollars, U.S. Dollars and Japanese Yen.

The DHB has deemed that hedging will only occur for significant, generally in excess of \$50,000, transactions sourced directly from overseas. The DHB has not entered any hedge contracts for foreign exchange transactions during the year.

### **Capital Management**

The DHB's capital is its equity, which comprises Crown equity, reserves, and retained earnings. Equity is represented by net assets. The DHB manages its revenues, expenses, assets, liabilities and general financial dealings prudently in compliance with the budgetary processes.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The DHB's policy and objectives of managing the equity is to ensure the DHB effectively achieves its goals and objectives, whilst maintaining a strong capital base. The DHB policies in respect of capital management are reviewed regularly by the governing Board.

There have been no material changes in the GRP DHB's management of capital during the period.

### Sensitivity Analysis

In managing interest rate and currency risks the DHB aims to reduce the impact of short-term fluctuations on the DHB's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 30 June 2009, it is estimated that a general increase of one percentage point in interest rates would increase Wairarapa DHB's deficit before tax by approximately \$275,000 (2008: \$257,000). It is estimated that a general increase of one percentage point in the value of NZD against other foreign currencies would have increased Wairarapa DHB's deficit before tax by approximately \$130,000 for the year ended 30 June 2009 (2008: \$120,000).

### Fair Value Analysis

The fair value of the financial instruments is considered equivalent to the carrying value recorded in the statement of financial position.

Group	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount	Fair value
	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000
Investments					0	0	0
Trade and other receivables			4,111			4,111	4,111
Cash and cash equivalents			(984)			(984)	(984)
Crown sourced loans					25,438	25,438	25,438
Privately sourced loans					328	328	328
Trade and other payables					11,334	11,334	11,334

Group	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount	Fair value
	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000
Investments					0	0	0
Trade and other receivables			3,780			3,780	3,780
Cash and cash equivalents			2,151			2,151	2,151
Crown sourced loans					25,688	25,688	25,688
Privately sourced loans					316	316	316
Trade and other payables					10,436	10,436	10,436

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Parent	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount	Fair value
	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000
Investments					103	103	103
Trade and other receivables			3,998			3,998	3,998
Cash and cash equivalents			(1,260)			(1,260)	(1,260)
Crown sourced loans					25,438	25,438	25,438
Finance lease liabilities					328	328	328
Trade and other payables					11,286	11,286	11,286

Parent	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount	Fair value
	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000
Investments					103	103	103
Trade and other receivables			3,701			3,701	3,701
Cash and cash equivalents			1,974			1,974	1,974
Crown sourced loans					25,688	25,688	25,688
Finance lease liabilities					316	316	316
Trade and other payables					10,344	10,344	10,344

## 19. RELATED PARTIES

### *Identity of Related Parties*

Wairarapa DHB has a related party relationship with its subsidiaries, associates, joint venture and with its board members and executive officers.

### *Remuneration of key management personnel*

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly of that entity. This includes the senior management team and the Board members. The remuneration paid to the key management personnel is:

	Group Actual		Parent Actual	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Key management remuneration	1,890	1,615	1,661	1,408

All payments included in the remuneration total are classified as "short term benefits". Wairarapa DHB does not have any compensation arrangements for key management personnel of the nature of post employment benefits, other long term benefits or termination benefits.

There were no loans to board members or executive officers for the year ended 30 June 2009 (2008 – nil).

Wairarapa DHB does not provide non-cash benefits to board members or executive officers.

**Transactions with related parties**

Wairarapa DHB has a 100% shareholding in Biomedical Services New Zealand Limited. Biomedical Services New Zealand Limited has a balance date of 30 June and was incorporated in New Zealand. The directors of Biomedical Services New Zealand Limited are Pamela Jefferies (Wairarapa DHB Board member) and Wairarapa DHB has a 16.7% shareholding in Central Region Technical Advisory Services Limited (2008 – 16.7%) and participates in its commercial and financial policy decisions.

**Ownership**

Wairarapa DHB is a wholly owned entity of the Crown and is a crown entity in terms of the Crown Entities Act 2004. The Government significantly influences the role of the Wairarapa DHB as well as being its major source of revenue.

**Transaction with other entities owned by the Crown**

There have been transactions with other entities controlled by the Crown that have not been separately disclosed because the transactions have been carried out on the same terms as if the transactions had been carried out at arms length.

**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 period the following transactions were incurred by the DHB.

	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	2,915	2,690
Expenditure	20,890	17,496
Receivable at 30 June	166	251
Payable at 30 June	2,025	1,827

## 20. SUBSEQUENT EVENTS

There are no significant events subsequent to balance date.

## 21. SEGMENTAL REPORTING

Wairarapa DHB operates in three segments:

- Funds – the funding of health and disability service providers, including the DHB's own provider arm. This output was previously provided by the Health Funding Authority and the Ministry of Health. It is effectively the flow of funds between the Crown and the DHB and onto the providers.
- Provider – the provision of health and disability services through the DHB's provider arm.
- Governance – the governance of the DHB, the Office of the Chief Executive and the administration of the funding activity.

The summary financial information below show the revenue and expenditure for the financial year and the total equity position by segment for the parent DHB as required by the Operating Policy Framework.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Parent		
	Budget	Actual	
	2009 \$000	2009 \$000	2008 \$000
<b>Revenue</b>			
Funds	106,123	111,314	102,640
Provider	51,397	54,991	49,959
Governance	1,999	2,053	2,209
Eliminations	(47,448)	(50,337)	(45,579)
<b>Total revenue</b>	<b>112,071</b>	<b>118,021</b>	<b>109,229</b>
<b>Expenditure</b>			
Funds	106,123	112,066	101,188
Provider	51,395	58,204	53,055
Governance	1,999	2,195	2,289
Eliminations	(47,448)	(50,337)	(45,579)
<b>Total expenditure</b>	<b>112,069</b>	<b>122,128</b>	<b>110,953</b>
<b>Net Surplus / (Deficit)</b>	<b>2</b>	<b>(4,107)</b>	<b>(1,724)</b>

	Parent	
	Actual	
	2009 \$000	2008 \$000
<b>Equity Position</b>		
Funds	1,718	2,470
Provider	4,088	6,725
Governance	(720)	(592)
<b>Total Equity</b>	<b>5,086</b>	<b>8,603</b>

## 22. ACCOUNTING ESTIMATES & JUDGEMENTS

Management discussed with the Audit & Risk Committee the development, selection and disclosure of WDHB's critical accounting policies and estimates and the application of these policies and estimates.

Certain critical accounting judgments in applying WDHB's accounting policies are described below.

### **Investment property**

WDHB has sublet various areas within the Wairarapa Hospital facility but has decided not to treat those particular areas as an investment property because it is not WDHB's intention to hold this for capital appreciation or rental. Accordingly, this is still treated as a lease of property, plant and equipment.

### **Finance and operating leases**

The inception of the property leases of WDHB has taken place over a number of years. They are combined leases of land and buildings. It is not possible to obtain a reliable estimate of the split of the fair values of the lease interest between land and buildings at inception. Therefore, in determining lease classification WDHB evaluated whether both parts are clearly operating leases or finance leases. Firstly, land title does not pass. Secondly, because the rent paid to the landlord for the building is able to be increased to market rent at regular intervals, and WDHB does not participate in the residual value of the building it is judged that substantially all the risks and rewards of the building are with the landlord. Based on these qualitative factors it is concluded that the leases are operating leases.

## 23. EXPLANATION OF FINANCIAL VARIANCES FROM BUDGET

The significant variances between the actual reported financial results and those budgeted are as follows:

### **Revenue**

- Additional revenue has recognised during the year over the budgeted amount primarily relating to additional funding for various initiatives funded by the Ministry of Health. These initiatives also attract additional expenditure.

### **Expenditure**

- Additional expenditure has also arisen due to the higher than planned inter district flows for people Wairarapa community treated at other DHBs.
- Costs incurred in the settling of multi-employer collective agreements and in the payments for short-term contracted staff were higher than budgeted.
- Activity occurred at significantly higher than planned levels within Wairarapa Hospital resulting in increased clinical consumable costs.
- Depreciation & amortisation costs were lower than planned reflecting a delay in the acquisition of some capital asset items and technological enhancements resulting in longer useful lives, for certain categories of asset & therefore lower depreciation charges.

### **Assets**

- Property, plant & equipment was lower than planned reflecting delays in the national procurement project for oral health and the late delivery of the mobile units.
- Cash & cash equivalents are lower than planned resulting from the reported deficit and the Government expectation that public sector entities pay accounts quickly.
- Trade & other receivables are higher than budget due to the additional funding streams from the Ministry of Health as noted in the revenue commentary above.
- The budget assumed that the old Masterton Hospital campus would be sold during the financial year and the proceeds used to repay equity in line with the Minister of Health approval of the Wairarapa Hospital business case. This sale did not proceed as planned and the asset remains on the books

### **Liabilities**

- Trade & other payables are lower than planned reflecting the Government expectation that public sector entities pay accounts quickly.

### **Equity**

- As noted above the Masterton Hospital campus was expected to be sold during the financial year and the proceeds to repay equity. This did not occur.
- As noted above it was expected that the assets associated with the oral health business case would have been fully acquired during the financial year and that the WDHB would have received the full equity from the Government for these assets.

---

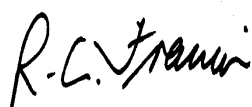
# STATEMENT OF RESPONSIBILITY

---

The Board and management of Wairarapa DHB accept responsibility for the preparation of the financial statements and the statement of service performance 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 and the statement of service performance for the year ended 30 June 2009 fairly reflect the financial position and operations of Wairarapa DHB.



Chair  
Bob Francis



Board Member & Chair, Audit & Risk Committee  
Perry Cameron



Chief Executive  
Tracey Adamson



Chief Financial Officer  
Eric Sinclair

---

# AUDITOR'S REPORT

---

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## TO THE READERS OF WAIRARAPA DISTRICT HEALTH BOARD AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

The Auditor General is the auditor of the Wairarapa District Health Board (the Health Board) and group. The Auditor General has appointed me, Leon Pieterse, 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 2009.

### ***Unqualified Opinion***

In our opinion:

- The financial statements of the Health Board and group on pages 20 to 50:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Health Board and group's financial position as at 30 June 2009; 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 3 to 19:
  - 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 29 October 2009, and is the date at which our opinion is expressed.

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

### ***Basis of Opinion***

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

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

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

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

Audit procedures generally include:

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

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

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

#### ***Responsibilities of the Board and the Auditor***

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Health Board and group as at 30 June 2009 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.

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



Leon Pieterse

Audit New Zealand

On behalf of the Auditor General

Wellington, New Zealand



---

# 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 2009. In addition Board members are able to claim reimbursement for out of pocket expenses.

	Board Fee	Committee Fees	Total Fees
Bob Francis – Chairman	32,000	4,813	36,813
Janine Vollebregt – Deputy Chair	20,000	5,375	25,375
Pamela Jefferies	16,000	4,500	20,500
Vivienne Napier	16,000	4,500	20,500
Perry Cameron	16,000	3,688	19,688
Yvette Grace	16,000	3,250	19,250
Trish Taylor	16,000	3,000	19,000
Fiona Samuel	16,000	3,000	19,000
Helen Kjestrup	16,000	2,500	18,500
Dr. Liz Falkner	16,000	2,250	18,250
Liz Mellish	16,000	750	16,750
<b>TOTAL</b>	<b>196,000</b>	<b>37,626</b>	<b>233,626</b>

## REMUNERATION OF EMPLOYEES

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

	2009	2008
	Number of Employees	Number of Employees
\$100,000 – \$110,000	10	5
\$110,001 – \$120,000	5	4
\$120,001 – \$130,000	1	2
\$130,001 – \$140,000	5	3
\$140,001 – \$150,000	2	3
\$150,001 – \$160,000	1	2
\$160,001 – \$170,000	1	0
\$170,001 – \$180,000	4	0
\$180,001 – \$190,000	4	3
\$190,001 – \$200,000	3	4
\$200,001 – \$210,000	2	3
\$210,001 – \$220,000	3	2
\$220,001 – \$230,000	4	1
\$230,001 – \$240,000	1	2
\$240,001 – \$250,000	1	1
\$270,001 – \$280,000		1
\$280,001 – \$290,000		1
	<b>47</b>	<b>37</b>

Of the employees shown above, 39 were or are clinical employees and 8 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 67 compared with the actual number of 47.

## 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	56,204
1	10,500

## 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 WDHb to the Chief Executive.

## GOOD EMPLOYER

A key value of the WDHB is to be a good employer. The WDHB embraces the 7 Key Elements of ‘the Good Employer’ as prescribed by the EEO Commissioner. The elements are:

- Leadership, Accountability and Culture
- Recruitment, selection and Induction
- Employee Development, Promotion and Exit
- Flexibility and Work Design
- Remuneration, Recognition and Conditions
- Harassment and Bullying Prevention
- Safe and Healthy Environment

The WDHB runs monthly Leadership/ Management Development seminars for all managers and those who aspire to be managers as well as providing opportunities to attend external leadership development programmes. The WDHB has an equal employment opportunities focus within the relevant polices. A rigorous recruiting and selection procedure is followed to ensure fairness and equal opportunity. Training and Development opportunities are offered to all staff, and personal performance and development plans are a requisite for all employees.

Several forums are in place comprising a selection of employees from across the WDHB. These forums meet to consider workplace practices. Flexibility and work design are among the many topics these forums consider. Other topics include health and safety, and professional practices, for example nursing, clerical and administration.

The WDHB has a zero tolerance policy to bullying and harassment. This is supported by a Harassment and Bullying Policy and frequent training sessions for all employees on dealing with bullying and harassment.

Approximately 92 per cent of employees are covered by collective employment agreements (CEA). All the CEA's have prescribed Remuneration, Recognition and conditions clauses. The WDHB has a similar approach for those employees on individual employment agreements to ensure fairness and equity in Remuneration, Recognition and Conditions across the WDHB.

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

WDHB 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.

---

# DIRECTORY

---

<b>Board Office</b>	Wairarapa DHB P O Box 96 Masterton Telephone: 06 946 9880 Fax: 06 946 9881 Website: <a href="http://www.wairarapa.dhb.org.nz">www.wairarapa.dhb.org.nz</a>	
<b>Board Members</b>	Bob Francis Janine Vollebregt Perry Cameron Doctor Liz Falkner Yvette Hikitapua-Grace Pamela Jefferies Helen Kjestrup Liz Mellish Vivien Napier Fiona Samuel Trish Taylor	Chairman Deputy Chairman
<b>Chief Executive</b>	Tracey Adamson Joy Cooper David Meates	(from 14 April 2009) (acting from 12 December 2008 to 14 April 2009) (to 12 December 2008)
<b>Executive Managers</b>	Eric Sinclair Joy Cooper Anne McLean Helen Pocknall Alan Shirley Maggie Morgan Bruce McGregor Stephanie Turner	Chief Financial Officer / General Manager Corporate Services Director, Service Planning and Funding General Manager, Hospital Services Director of Nursing Chief Medical Advisor General Manager Community, Mental and Public Health General Manager, Human Resources Director of Maori Health
<b>Auditor</b>	Audit New Zealand on behalf of the Office of the Controller and Auditor-General	
<b>Bankers</b>	ANZ Banking Group (New Zealand) Ltd Crown Health Financing Agency	