Wairarapa District Health Board

Annual Report

2012

Wairarapa DHB

Wairarapa District Health Board

Te Poari Hauora a-rohe o Wairarapa

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FOREWORD

This Annual Report is a summary of the Wairarapa District Health Board's (WDHB) performance during the year 1 July 2011 to 30 June 2012. The Report covers progress the WDHB made towards goals set in its Statement of Intent, District Annual Plan and District Strategic Plan.

ABOUT THE WAIRARAPA DISTRICT HEALTH BOARD

The WDHB works co-operatively with health professionals and the community to improve, promote and protect the health and well-being of the Wairarapa community, with a focus on reducing differences in health outcomes, particularly for Maori.

The WDHB operates hospital, health and disability support services and contracts independent community-based organisations to provide services, such as the Wairarapa Community Primary Health Organisation, family doctors, pharmacists and mental health, disability support and Maori health organisations.

In population terms, WDHB is the second smallest of the twenty-one DHBs, with a population of nearly 40,000. Whilst it has a small population base, this population is spread over a large geographic area. Its cover extends from the Rimutaka Hill and Ocean Beach in the south to Mount Bruce in the north, a total of 5,936 square kilometres. The Wairarapa district includes three Territorial Local Authorities: Masterton; Carterton and South Wairarapa. The area is characterised by urban clusters surrounded by sparsely populated rural areas. About half of the population lives in urban centres compared with the national average of 83% for all DHBs.

Masterton, the largest of these urban clusters, is located in the heart of the Wairarapa and has a population of 18,000. Masterton, separated geographically from the rest of the Wellington region by the Rimutaka Ranges, is about an hour and a half drive from both Wellington and Palmerston North. Carterton, located south of Masterton, has a population of just over 7,000. South Wairarapa, with a total population of nearly 9,000, includes the towns of Featherston, Greytown and Martinborough. Approximately 30 percent of the properties in South Wairarapa are owned by absentee owners.

Rangitane O Wairarapa and Ngati Kahungunu Ki Wairarapa have manawhenua status within the district.

The Wairarapa population is static and aging. At the 2006 census the Wairarapa DHB is estimated to have a total population of 38,610. The Wairarapa population is projected to decrease by 4% between 2006 and 2026, compared to New Zealand which is projected to increase by 15% for the same period.

Maori make up 14% of the total population, have a younger age profile and are projected to form an increasing proportion of the population. Pacific people make up 2% of the population.

Key demographic features of Wairarapa population include:

- Declining population overall (projected to decline 4% in next ten years)
- Increasing Maori population (projected to increase 20% in next ten years).
- Older and rapidly aging population (over 55 population projected to grow 14.6% in the next 10 years)
- Very small Pacific population.

The population mix is predicted to change over the next few years, with increasing percentages of older people and increasing numbers of Maori. These are the groups that have the greatest needs for health and disability services.

OPERATING STRUCTURE

DHB Governance

The WDHB Board is the Governance Arm which oversees DHB activities. Its 11 members, seven elected and four appointed by the Minister of Health, set policy. The Board is advised by several committees and its policies are implemented by the Chief Executive and members of the Senior Leadership Team.

Funder Arm

The WDHB Planning and Funding arm plans, contracts, monitors and evaluates health and disability services run by the WDHB and contractors. When funding the services, Planning and Funding strives to maintain and improve the Wairarapa community's health within available funding. Planning and Funding also consults the community on significant changes to services and ensures any advice given to the Board is consistent with national strategies and Government policy.

Provider Arm

WDHB run services are known collectively as the Provider Arm of the WDHB and include:

- Medical and Surgical Services
- Mental Health
- Community Care, such as Community Nursing and Health Promotion
- Aged Care
- Disability Support Services
- Ambulance

The Provider Arm manages Wairarapa Hospital and community based services, and employs about 450 full-time equivalent staff.

Partnership with Iwi

The WDHB 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 WDHB 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.

VISION, MISSION & VALUES

Our Vision

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

Our Mission

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

Our 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

CHAIRMAN & CHIEF EXECUTIVE'S REVIEW

When addressing staff and community groups, we speak about the need to achieve the triple aim of improving the health of our community (in its broadest sense), exceeding public expectations of the services that we either provide or fund, and achieving value for money whilst containing costs. This is in the context of increasing community expectations, more competition for our clinical workforce and increasing health demand through our population ageing and technological improvements.

In 2011/12 Wairarapa DHB met and exceeded many of the expectations that have been placed on it, and continued to deliver / fund high quality care. We are particularly proud of our achievements against the health targets and our B4 School Health Check programme.

We have not managed to contain costs within the budget allowed, and there is an ever increasing gap between our revenue and expenditure. We are very efficient (lowest cost per admitted case in NZ) and economical but our size works against us and we can't achieve the funding growth, economies of scale or efficiencies possible for DHBs serving larger population bases.

We continue to work with our neighbouring DHBs and local health providers and have picked up the pace this year. We recognise that our future lies in forging strong relationships and implementing sustainable arrangements to continue to deliver safe services over the forth coming years.

Such initiatives include (but aren't limited to) implementing a local shared care electronic record, electronic referrals, synchronising the end date for scripts across a patients medications, employing 2 mental health and addiction nurses to work in primary care to work proactively with consumers and their whanau, implementation of an integrated model of care for Mental Health and Addiction services and ENT service improvements across Hutt, Wairarapa and Capital and Coast DHBs.

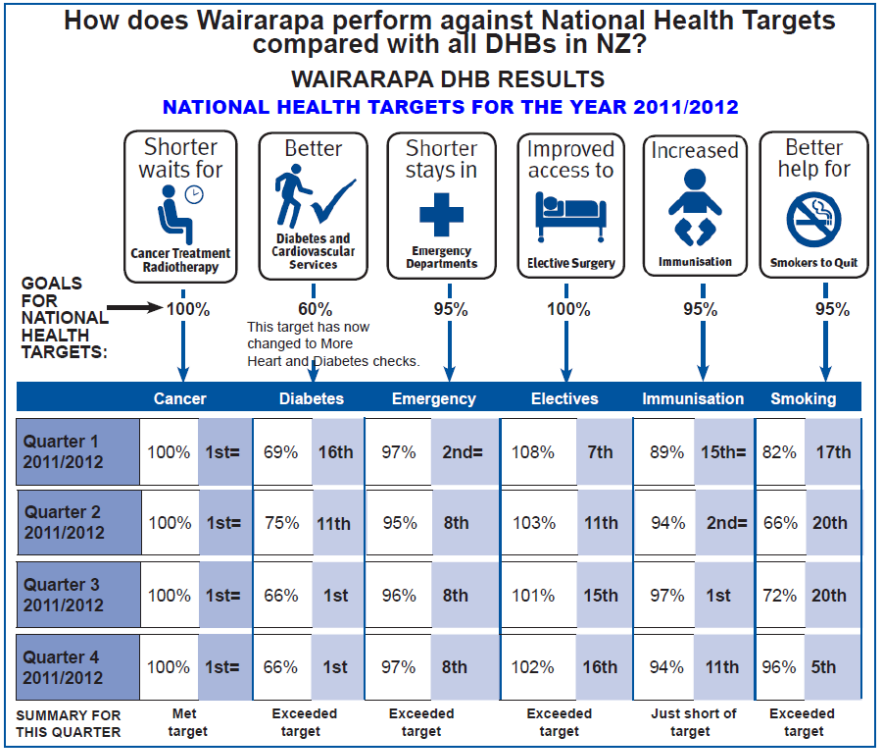
If we are to continue to meet the challenges and exceed expectations we will need to be innovative and challenge the status quo, continually adopting the way we work and how we work. We don't need to work harder but we do need to work smarter.

FINANCIAL PERFORMANCE

The net result for the year is a deficit for continuing activities of $4.85 million compared to a budgeted deficit of $4.35 million. Although adverse to the planned deficit, the DHB incurred costs related to the treatment of Wairarapa domiciled patients at other DHBs of $1.4 million higher than planned levels and a reduced rebate from Pharmac within these results.

Additionally, two unbudgeted items have deteriorated the net result to a final net deficit of $6.84 million. These two items are the impairment in the value of the old Masterton Hospital campus that is currently progressing through the legislative process with the Office of Treaty Settlements (refer Note 7b on page 68) and the impact of the sale of the ambulance service (refer Note 23 on page 94).

HEALTH TARGETS



	Cancer		Diabetes		Emergency		Electives		Immunisation		Smoking	
Quarter 1 2011/2012	100%	1st=	69%	16th	97%	2nd=	108%	7th	89%	15th=	82%	17th
Quarter 2 2011/2012	100%	1st=	75%	11th	95%	8th	103%	11th	94%	2nd=	66%	20th
Quarter 3 2011/2012	100%	1st=	66%	1st	96%	8th	101%	15th	97%	1st	72%	20th
Quarter 4 2011/2012	100%	1st=	66%	1st	97%	8th	102%	16th	94%	11th	96%	5th
SUMMARY FOR THIS QUARTER	Met target		Exceeded target		Exceeded target		Exceeded target		Just short of target		Exceeded target	

HOW DOES WAIRARAPA DHB COMPARE AGAINST ALL OTHER DHBS IN THE LAST QUARTER?

	Cancer	Diabetes	Emergency	Electives	Immunisation	Smoking
All 20 DHBs	100%	49%	94%	106%	93%	94%
Wairarapa DHB	100%	66% ↑	97% ↑	102% ↓	94% ↑	96% ↑

The health target "More Heart and Diabetes Checks" was changed in January 2012 to be "the number of completed cardiovascular risk assessments for all eligible persons within the last five years", which includes a test for diabetes. The previous health target 'Better cardiovascular and diabetes services' was a combined average of three different measures: CVD risk assessment; Get Checked; and an HbA1c check. Because of the change for quarters three and four, no comparison can be made between the results of these quarters and data from the previous two quarters.

ACKNOWLEDGEMENTS

The achievements of 2011/12 have come about because of the dedication of the loyal workforce we have in the Wairarapa, across all of our health providers and support groups. We would like to take the opportunity to thank them for their continued commitment and support.

Bob Francis
Board Chairman

Tracey Adamson
Chief Executive

GOVERNANCE REPORT

ROLE OF THE BOARD

The Board's governance responsibilities include:

- Communicating with the Minister and other stakeholders to ensure their views are reflected in the DHB's planning
- Delegating responsibility for achievement of specific objectives to the Chief Executive
- Monitoring organisational performance towards achieving objectives
- Reporting to stakeholders on plans and progress against them
- Maintaining effective systems of internal control.

STRUCTURE OF THE DHB

DHB OPERATIONS

The Board appointed the Chief Executive to manage all DHB operations. All other employees of the DHB have been appointed by the Chief Executive either directly or via the Chief Executive's delegated authority. The Board directs the Chief Executive by delegating responsibility and authority for the achievement of objectives through setting policy.

QUALITY ASSURANCE

Wairarapa District Health Board (WDHB) has numerous processes to ensure the quality of the governance, funder and provider outputs.

GOVERNANCE PHILOSOPHY

BOARD MEMBERSHIP

The elected and appointed Board members have diverse skills and experience in order to bring a wide range of thought to bear on policy issues. All members are required to act in the best interests of the DHB. Members are encouraged to contribute to Board decision-making processes, acknowledging that the Board must stand unified behind its decisions once made; individual members have no separate governing role outside the boardroom. The Board acknowledges its responsibility to maintain communication with stakeholders and in particular remain cognisant of the Minister's expectations.

The members of the Board at 30 June 2012 is as follows (Board members commenced their term on 6 December 2010 except as noted):

- Bob Francis (Chair)
- Leanne Southey (Deputy Chair)
- Dr. Liz Falkner
- Charles Grant (appointed 7 May 2012)
- Rob Irwin
- Helen Kjestrup
- Rick Long
- Vivien Napier
- Fiona Samuel
- Janine Vollebregt
- Janice Wenn

DISCLOSURE OF INTEREST

The Board maintains an interests' register. Board members are aware of their obligations to declare any potential conflicts of interests to ensure transparency in the decision making process.

Member	Interests Declared
Bob Francis (Chair)	• Chairman - Pukaha Mount Bruce • Board Member - New Zealand Fire Commission • Board Member – Capital & Coast DHB • Chairman - Wairarapa Sports Education Trust • Chariman - Wairarapa Healthy Homes • Trustee – Wairarapa Community Transport Trust • Chairman – Aratoi Foundation
Leanne Southey (Deputy Chair)	• Director, Sadler Oakley Newman Ltd • Chartered Accountant to health professionals including Selina Sutherland Hospital and Selina Sutherland Trust • Trustee, Wairarapa Community Health Trust • Trustee, Masterton Trust Lands Trust • Sister-in-law employed by WDHB
Dr. Liz Falkner	• Salaried General Practitioner with Masterton Medical Ltd (MML). MML is a member of the Wairarapa Community PHO. • Medical Advisor – Post Polio Support Society NZ Inc
Rob Irwin	• Trustee, Wairarapa Community Health Trust
Charles Grant	• Nil
Helen Kjestrup	• Clinical Services Manager, Masterton Medical Ltd • Shareholder, Kjestrup Properties Ltd • Assessor for Royal College of GPs for Cornerstone Programme • Member, Long Term Conditions Steering Group • Member, Wairarapa Nurses Advisory Group • Member, WDHB Clinical Forum • Member, Tihei Wairarapa Elderly Care and Long Term Conditions Workstreams
Rick Long	• Chairman of Wairarapa Community Transport Services Inc • Chairman of Tolley Educational Trust • Trustee for Sport and Vintage Aviation Society
Vivien Napier	• RNZ Plunket Society Member • South Wairarapa District Council Deputy Mayor • Director Katson Developments • Vice President of the Wairarapa Branch Plunket Society
Fiona Samuel	• Member of Wairarapa DHB Clinical Forum • Kaitataki Whanau Ora – Whanau Ora Manager Whaiora • Member of Child Health Advisory Strategy Group • MOH Expert Advisory Group for Maori Diabetes and Cardiovascular Disease • Member, Tihei Wairarapa Acute Workstream

Member	Interests Declared
Janine Vollebregt	• Part-time Academic Nurse Lecturer at UCOL • Clinical Nurse Manager, Glenwood Masonic
Janice Wenn	• Iwi member, PHO Alliance Leadership Team • Member, PHO Whanau Ora Reference group • Director, Tu Tama Wahine o Taranaki • Lead researcher for Tu Tama Wahine domestic violence and Youth Resiliency HRC funded research programmes • Collaborator with Te Haueke o Wanganui for Whanau Ora Action Research contract Te Puni Kokiri • Senior Researcher Pumanawa Hauora, Massey University • Member, Cancer, Co-morbidity and Care, Interventions to Reduce Inequalities Advisory Group

DIVISION OF RESPONSIBILITY BETWEEN THE BOARD AND MANAGEMENT

Key to the efficient running of the DHB is that there is a clear division between the roles of the Board and Management. The Board concentrates on setting policy, approving strategy and monitoring progress toward meeting objectives. Management is concerned with implementing policy and strategy.

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.

ACCOUNTABILITY

The Board holds monthly meetings to monitor progress toward its strategic objectives and to ensure that the affairs of the DHB and its subsidiaries are being conducted in accordance with the DHB's policies.

INTERNAL AUDIT

While many of the Board's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Board.

The DHB uses external resources to maintain an internal audit function which is responsible for monitoring its systems of internal control and the quality and reliability of financial and non financial information reported to the Board. Internal Audit reports its findings directly to the Audit and Risk Committee established by the Board.

RISK MANAGEMENT

The Board acknowledges that it is ultimately responsible for the management of risks to the DHB. The Board has charged the Chief Executive through its risk management policy with establishing and operating a risk management programme in accordance with the Joint Australian/New Zealand Standard guideline requirements on risk management.

LEGISLATIVE COMPLIANCE

The Board acknowledges its responsibility to ensure the organisation complies with all relevant legislation.

DISCLOSURE OF ULTRA VIRES TRANSACTIONS

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

PERMISSION TO ACT DESPITE BEING INTERESTED IN A MATTER

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

No permissions were provided under section 68.

BOARD MEMBERS' MEETING ATTENDANCE

The table to the right shows the attendance of Board Members at Board and Committee meetings during the financial year. The numbers in brackets below shows the total meetings of the Board/Committee during the year.

The references to the committees listed in the table are as follows:

- CPHAC: Community & Public Health Advisory Committee
- HAC: Hospital Advisory Committee
- DSAC: Disability Support Advisory Committee
- ARC: Audit & Risk Committee

	Board (11)	CPHAC (5)	HAC (5)	DSAC (4)	ARC (5)
Bob Francis	11	5	5		5
Leanne Southey	11	5			5
Rob Irwin	11		5	4	5
Vivien Napier	10	5	4		4
Janine Vollebregt	10		5	4	
Rick Long	11	4			5
Janice Wenn	8		5	4	
Helen Kjestrup	7	5	3		
Fiona Samuel	9	3		4	
Liz Falkner	10	5		4	
Charles Grant	1				
Mavis Mullins			1		
Taiawhio Gemmell		4			
Ruth Carter				4	
Lyn Olds				4	

Note that Charles Grant was appointed to the Board on 7 May 2012 and replaced Mavis Mullins who resigned from the Board in August 2011.

BOARD MEMBERS' REMUNERATION

Board members' remuneration received or receivable for the year ended 30 June 2012 are shown in the table below. In addition Board members are able to claim reimbursement for out of pocket expenses.

	2012 Board Fee	2012 Committees Fees	2012 Total Fees	2011 Total Fees
Bob Francis (Chairman)	32,000	3,813	35,813	35,563
Leanne Southey (Deputy Chair)	20,000	2,813	22,813	12,976
Rob Irwin	16,000	3,500	19,500	10,731
Vivien Napier	16,000	3,500	19,500	18,625
Janine Vollebregt	16,000	2,500	18,500	20,943
Rick Long	16,000	2,250	18,250	10,481
Janice Wenn	16,000	2,250	18,250	10,231
Helen Kjestrup	16,000	2,000	18,000	17,500
Fiona Samuel	16,000	1,750	17,750	18,500
Liz Falkner	16,000	1,750	17,750	17,750
Charles Grant	2,154	0	2,154	0
Mavis Mullins	1,231	250	1,481	17,000
Taiawhio Gemmell	0	1,250	1,250	1,500
Ruth Carter	0	1,000	1,000	1,000
Lyn Olds	0	1,000	1,000	1,000
Perry Cameron	0	0	0	7,832
Trish Taylor	0	0	0	7,769
Pamela Jefferies	0	0	0	7,394
Liz Mellish	0	0	0	7,269
TOTAL	**183,385**	**29,626**	**213,011**	**224,064**

OUR PEOPLE

A skilled, supported and responsive workforce is essential for sustainable service delivery. The DHB needs the right mix of trained and qualified people in sufficient supply and working in partnership with each other. Trusting, valuing and fully engaging health professionals improves patient care and job satisfaction and will assist in recruitment and retention. Focusing on improving clinical workforce retention and fostering clinical leadership continues to be a key priority for the DHB.

The DHB supports the In Good Hands task force report. This report identified qualities of the New Zealand healthcare system in regards to clinical governance based on the following six principles:

1. Quality and safety will be the goal of every clinical and administrative initiative
2. The most effective use of resources occurs when clinical leadership is embedded at every level of the system
3. Clinical decisions at the closest point of contact will be encouraged
4. Clinical review of administrative decisions will be enabled
5. Clinical governance will build on successful initiatives
6. Clinical governance will embed a transformative new partnership which will be an enabler for better outcomes for patients.

Wairarapa DHB is committed to continuing to support and grow clinical leadership by supporting clinical governance of the patient journey across primary and secondary services.

Identifying more efficient and effective ways to deliver services at a regional, sub-regional and local level; controlling the growth of hospital labour costs; maintaining and where possible, improving hospital productivity: and achieving better integration of local primary and secondary services all require support, active involvement and leadership by clinicians.

The DHB continues to ensure local clinicians take a lead role in the establishment of regional clinical networks, local and regional clinical pathways, and optimal clinical arrangements for securing specialised hospital capacity with neighbouring DHBs. This strengthened clinical leadership was assisted through the activity of the Alliance Leadership Team, the Clinical Board and involvement of clinicians in the development of collaborative service models at a sub-regional and regional level.

The Clinical Board is responsible for providing clinical leadership; leading the development of clinical governance across all of the services provided by the DHB; overseeing the quality and safety of services delivered by DHB providers and the clinical quality programme; and providing advice and recommendations to the DHB Board, Chief Executive and management.

Meanwhile, the Alliance Leadership Team has clinical representation from across the Wairarapa health system and was the key driver in the development of Tihei Wairarapa and the implementation of the work programme.

The DHB focuses on the needs of each employee through individual performance planning and development. This ensures all staff have performance objectives that align to the DHB's strategy, goals and values. This individualised performance development framework will reduce staff turnover and improve staff retention.

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 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.

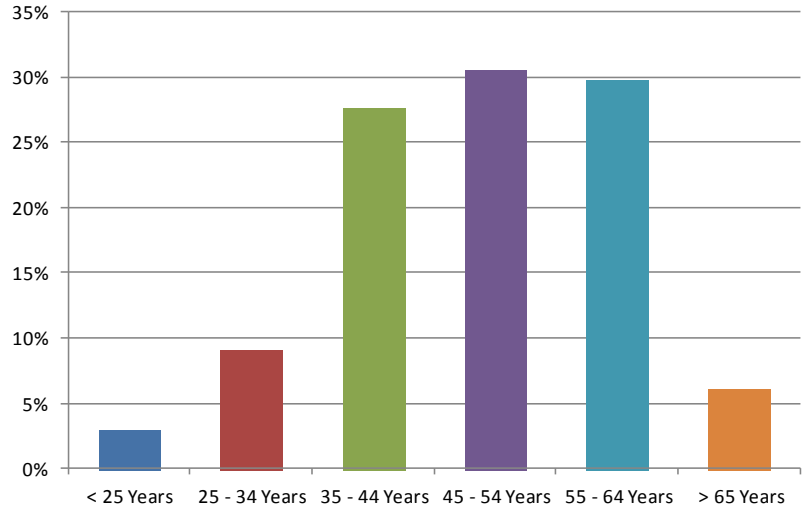
The Protected Disclosure Act 2000 and the Board's related policy, protects the right of employees to raise matters of public concern in a safe and appropriate manner. Where an individual may feel personally disadvantaged there are established grievance procedures available including external mediation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

WORKFORCE PROFILE

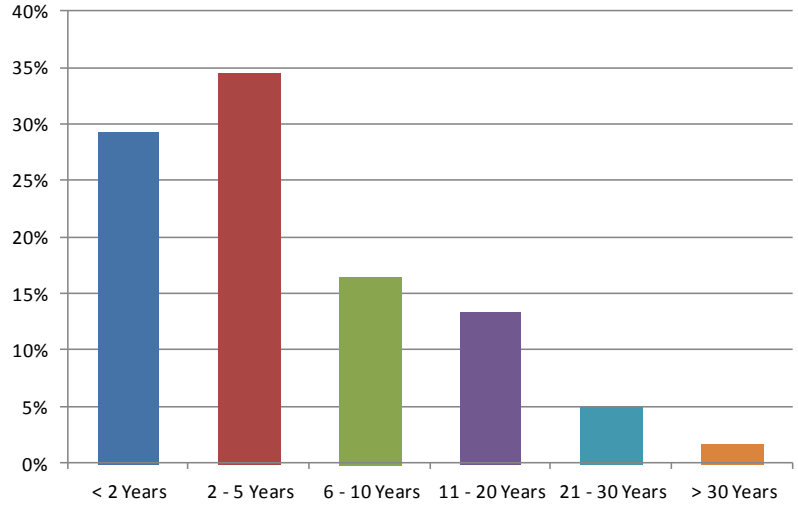
FULL TIME EQUIVALENT STAFF NUMBERS

	2012	2011	2010	2009	2008
Medical	38	36	33	33	30
Nursing	198	193	191	183	168
Allied Health	85	93	89	90	88
Other	120	119	125	127	121
Total	**441**	**441**	**438**	**433**	**407**

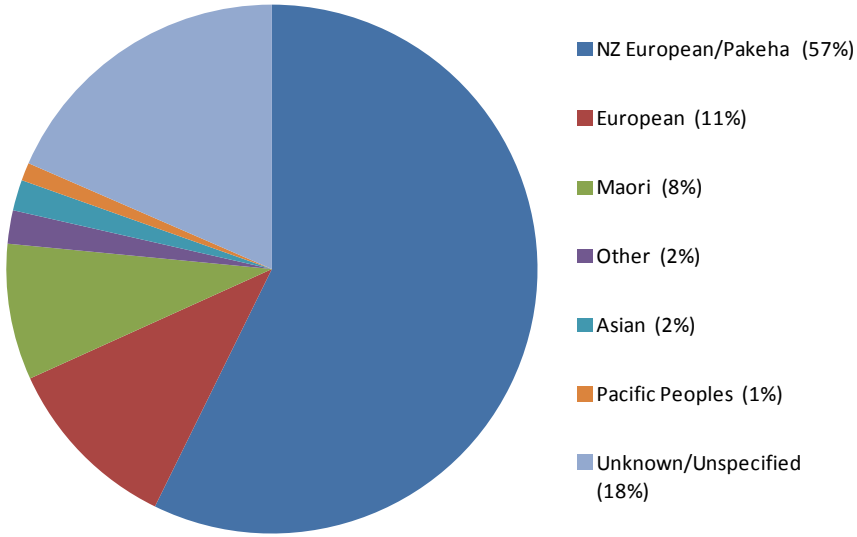
AGE PROFILE OF WORKFORCE



LENGTH OF SERVICE



STATISTICS BY ETHNICITY



STATISTICS BY GENDER

	2012	2011	2010	2009	2008
Female	84%	83%	83%	83%	83%
Male	16%	17%	17%	17%	17%

REMUNERATION OF EMPLOYEES

Employees (excluding board members), including management and medical staff, receiving remuneration in excess of $100,000 per annum are shown in the table to the right.

Of the employees shown above, 40 are clinical employees (2011: 37) and 15 are non-clinical employees (2011: 10).

	2012 No. of Employees	2011 No. of Employees
$100,000 – $110,000	6	9
$110,001 – $120,000	8	5
$120,001 – $130,000	9	4
$130,001 – $140,000	4	3
$140,001 – $150,000	1	3
$150,001 – $160,000	2	2
$160,001 – $170,000	2	0
$170,001 – $180,000	4	0
$180,001 – $190,000	0	0
$190,001 – $200,000	1	6
$200,001 – $210,000	0	1
$210,001 – $220,000	1	3
$220,001 – $230,000	3	3
$230,001 – $240,000	0	3
$240,001 – $250,000	3	2
$250,001 – $260,000	3	2
$260,001 – $270,000	3	0
$270,001 – $280,000	4	1
$280,001 – $290,000	0	0
$290,001 – $300,000	1	0
	55	**47**

TERMINATION PAYMENTS

During the year the Board made the following payments to former employees in respect of the termination of the employment (either as redundancy compensation or in equalisation payments upon completion of a service review) with the Board. The total paid during the 2011/12 year was $7,786 (2011: $187,393) to 1 staff (2011: 13).

STATEMENT OF SERVICE PERFORMANCE

The Statement of Service Performance (SSP) describes the classes of outputs the DHB plans to fund and provide, the total revenue the DHB is making available to each output class and how delivering these outputs will contribute to our key strategic outcomes.

Our SSP includes four output classes:

- Prevention Services
- Early Detection and Management
- Intensive Assessment and Treatment
- Rehabilitation and Support

Wairarapa DHB believes the outputs and measures presented in this section provide a good representation of the full range of services provided by the DHB.

Prevention Services

Prevention services are publicly funded services that protect, promote and enhance the health of the whole population or identifiable sub-populations. These services address individual behaviours by targeting population wide physical and social environments to influence health and wellbeing. Prevention services include:

- health promotion and education services to ensure that illness is prevented and unequal outcomes are reduced
- statutorily mandated health protection services to protect the public from toxic environmental risk and communicable diseases
- population health protection services such as immunisation and screening services.

Early Detection and Management Services

Early detection and management services are delivered by a range of health service providers, generally in community settings. They include:

- primary health care services
- child and adolescent oral health
- community and Māori health services
- pharmacy services
- community referred testing and diagnostic services
- community mental health services.

Intensive Assessment and Treatment Services

Intensive assessment and treatment services are delivered by a range of secondary and tertiary providers, generally within a hospital setting. These services are more complex and include:

- mental health services
- elective (inpatient/outpatient) services
- acute (emergency department/inpatient/outpatient) services
- maternity services
- assessment treatment and rehabilitation services

Rehabilitation and Support Services

Rehabilitation and support services are delivered following a needs assessment and service co-ordination process. These services include:

- needs assessment & service coordination
- palliative care
- rehabilitation
- age related residential care beds
- home based support
- life long disability
- respite care
- day services

Cost of Service Statement Budget Figures

The budget figures shown in the cost of service statements on the following pages differ from that shown in the Statement of Intent. This change has occurred because of the maturation of the direct and indirect cost allocation process employed through the year. This maturation process occurred given the new structure for the statement of service performance into the four output classes. This is consistent with the 2010/11 year and has occurred again for 2011/12 because at the time the budgets were set the cost allocation process had not been fully finalised. The comparatives for 2010/11 are on a consistent basis with the actual for 2011/12.

PREVENTION SERVICES

SMOKING CESSATION SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
% of people receive quit advice in primary care settings by July 2012	90%	55.8%
% of people receive quit advice in hospital settings by July 2012	95%	Qtr 1: 80.0% Qtr 2: 66.5% Qtr 3: 72.8% Qtr 4: 96.2%
Reduced cancer morbidity and mortality rates (by ethnicity) over time	Reducing	Not Available

Commentary

Wairarapa DHB is committed to reducing the incidence of people smoking in the community and has been working with its community to screen and provide advice to quit in its Hospital and in General Practice across the Wairarapa.

Primary Care Smoking Cessation Activity

Wairarapa DHB is currently leading the country with its performance against the primary care smoke free target. While this is still away from achieving the target of 90% a significant amount of work has been done with local General Practices done to reach this level including liaison to promote the target, training staff in the ABC& D of smoking cessation, newspaper and radio advertising and using a call centre to contact patients who smoke to give them the brief intervention and cessation options over the phone.

Smoking Cessation in a Hospital Setting

The Ministry of Health (MoH) target of "Better Help for Smokers to Quit" has been challenging for the Wairarapa DHB in its Hospital setting as it required new systems to be developed, staff training and a cultural shift in the way smokers were treated in hospital by clinical staff.

The MoH developed a system called ABC smoking cessation and all District Health Boards were required to implement this into their inpatient wards. Further information on this system is available on the MOH website (www.health.govt.nz).

While the health target results have fluctuated over the past year, the implementation of the new systems such as the Emergency Department electronic discharge summary in March and strong leadership has lead to the DHB consistently achieving the Health Target since April 2012.

Cancer Morbidity & Mortality Rates

The Wairarapa DHB has not implemented a system that enables the DHB to determine whether cancer morbidity and mortality rates are reducing over time and is therefore unable to report against this target. This information will come from the national cancer registry which is retrospective and cannot be completed locally.

BREASTFEEDING EDUCATION AND PROMOTION SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
% of mothers educated in breastfeeding	90%	100%
Breastfeeding rates at six weeks (by ethnicity) by July 2012	>74%	Maori: 55% Pacific: 100% Other: 68% Total: 65%
Breastfeeding rates at three months (by ethnicity) by July 2012	>57%	Maori: 42% Pacific: 80% Other: 61% Total: 55%
Breastfeeding rates at six months (by ethnicity) by July 2012	>26%	Maori: 15% Pacific: 36% Other: 31% Total: 25%

Commentary

All new mothers receive education and support in breastfeeding from their Lead Maternity Carer (LMC) and hospital staff.

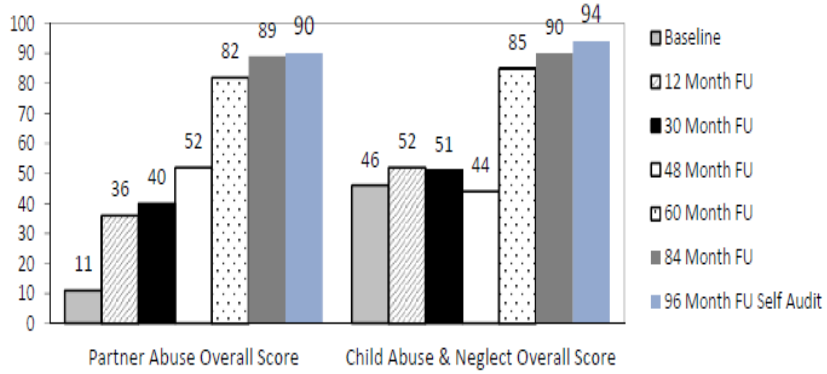
Breastfeeding rates have declined in Wairarapa in 2011/12 and targets were not achieved at any of the milestone ages. In part this may be because data is now being collected from all providers (previously Plunket data only was used. Anecdotally, the economic situation has resulted in an earlier return to work for some mothers. The DHB is developing a Maternity Action Plan which will include activities designed to support breastfeeding rates on discharge from hospital.

FAMILY VIOLENCE INTERVENTION SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Audit scores for child and partner abuse by July 2012 (by ethnicity)	140/200	184/200

Figure 1. VIP Evaluation Scores: Baseline (2003) – 96 Month Follow Up (2012)



Commentary

The Violence Intervention Programme (VIP) is a screening tool used by Hospital staff to ask patients questions about their safety at home; assess any needs and make relevant referrals to other agencies when necessary.

The latest review report for the period December 2010 to November 2011 shows Wairarapa DHB achieving 184/200 against the target of 140/200 for child and partner abuse. This report does not provide a break down by ethnicity and therefore the DHB is not able to report by ethnicity.

The graph to the left illustrates the steady progress that the VIP programme has made since first introduced into the Hospital setting. Audit scores reflect a National Evaluation Score for Partner Abuse and Child Abuse and Neglect for Wairarapa DHB.

IMMUNISATION SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
% of two year olds fully vaccinated	95%	94%
% of Māori 2 year olds fully vaccinated	95%	92%
% of over 65 year olds flu vaccinated	67%	67.6%
The number of cases of measles and meningitis among children living in the Wairarapa	Nil	1
Minimise the number of hospital admissions for influenza (H1N1) among people aged 65 and over	Minimise	Data not available

Commentary

Although the 95% immunisation target was not quite achieved there was significant progress during the year. In almost all cases where children were not fully immunised this was due to parental choice. 98.5% of children had been offered their age appropriate immunisations.

The target for influenza vaccination of over 65 year olds was achieved.

There was one recorded case of meningitis and a further case of measles that presented in the Wairarapa but was a young person from out of the region.

It is not possible to measure the number of hospital admissions for H1N1 influenza due to coding constraints. This measure is not included in the 2012/13 year.

COST OF SERVICE STATEMENT: PREVENTION SERVICES

	Budget 2012 $000	Actual 2012 $000	Actual 2011 $000
Operating Expenditure			
Workforce costs	972	940	1,096
Other operating expenses	349	323	415
External providers	862	730	784
Inter district flows	0	0	0
Depreciation & amortisation expense	98	98	98
Total operating expenditure	**2,281**	**2,091**	**2,393**
Allocation of corporate costs	1,104	1,198	1,095
Total Cost of Service	**3,385**	**3,289**	**3,488**
Revenue	2,729	2,647	2,944
Net Result of Service	**(656)**	**(642)**	**(544)**

EARLY DETECTION AND MANAGEMENT

CERVICAL SCREENING SERVICES

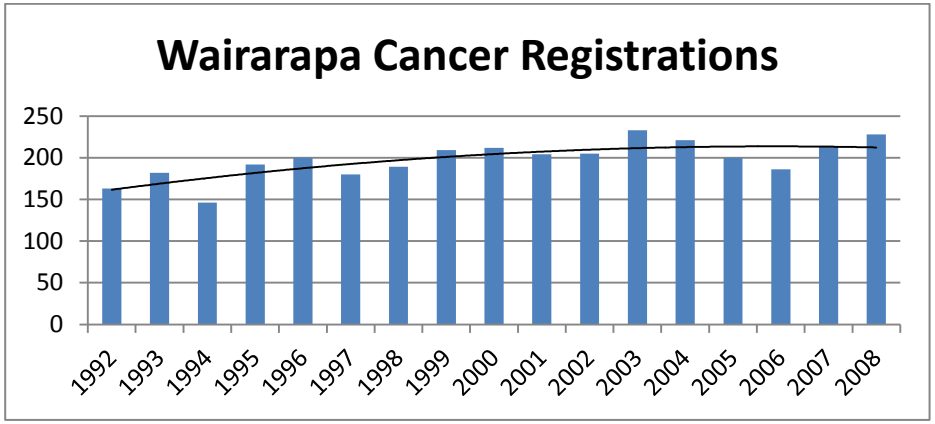
Performance Measurement

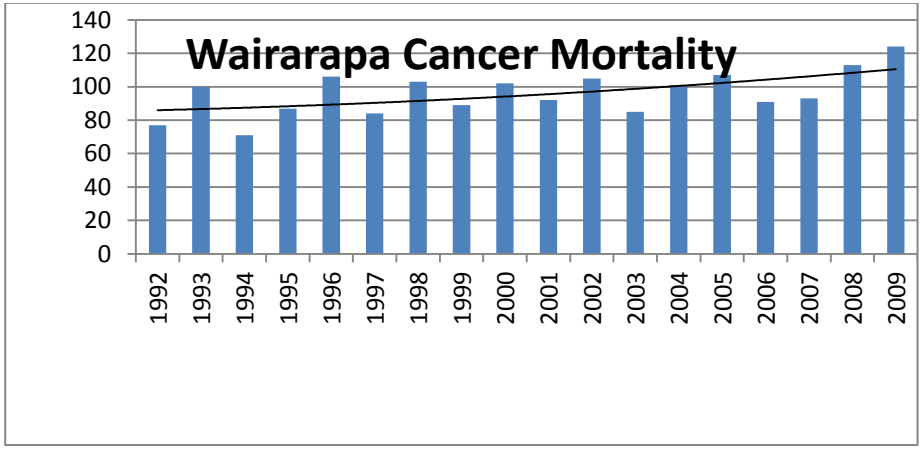
MEASURE	TARGET	ACHIEVEMENT
% of high needs women aged 20-69 screened in last 3 years	74%	71.1%
Reduced cancer morbidity and mortality rates (by ethnicity) over time	Reducing	Not Available

Commentary

Cervical screening is provided by primary care providers and is measured through the PHO Performance Programme (PPP). The target for the year was not achieved. There was a significant drop in performance in the first quarter of the year. Although the reason for this has not been determined it is thought that this is due to the focus on the identification and management of long term conditions in primary care at that time. Performance has picked up in the course of the year and the PHO met its PPP cervical screening at the end of the year.

The Cancer Registry publishes information on cancer registrations and deaths and provides this to DHB on an annual basis. The last publication was provided to the DHB in July 2012 for data for the 2008 period. We are not able to provide data for the period of 2011/12 to reflect reduced cancer morbidity and mortality. The two graphs (sourced from the National Health Board) to the right show the cancer registrations and the Wairarapa Cancer mortality rates to 2008 and 2009 respectively. We anticipate more up to date reporting will be picked up as part of the next Health Needs Assessment.





B4 SCHOOL CHECKS

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
% of four year olds having checks before they turn 5	90%	99%
% of high needs four year olds having checks before they turn 5	90%	94%

Commentary

The DHB aims to provide checks to all children before they turn five and nominated a target of 90% despite the Ministry of Health target of 80%. Both targets were exceeded.

PRIMARY HEALTH CARE SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Consultation rates per enrolled population	4.6	4.8
Ratio of high needs consults to total population consults	1.08	1.14
Reduced Avoidable Hospital Admissions by age: Māori	0-4 yrs: 101 45-64 yrs: <95 0-74 yrs: 111	0-4 yrs: 164 45-64 yrs: 105 0-74 yrs: 128
Reduced Avoidable Hospital Admissions: Other	0-4 yrs: 98 45-64 yrs: 110 0-74 yrs: 111	0-4 yrs: 107 45-64 yrs: 101 0-74 yrs: 109
Reduced number of non-admitted triage 4 and 5 ED self presentations	<6,644	7,775
Increased number of people having diabetes annual reviews	Maori: 73% Other: 77% Total: 77%	Maori: 60% Other: 74% Total: 72%
Increased percentage of people with satisfactorily controlled diabetes	Maori: 72% Other: 80% Total: 78%	Maori: 65% Other: 73% Total: 72%
Increased percentage of people checked for cardio-vascular (CVD) risk	Maori: 75% Other: 82% Total: 80%	Maori: 59.9% Other: 67.5% Total: 66.2%

Commentary

Targets for consultation rates and the utilisation by high needs people have been achieved and continue to reflect the relatively good access to primary care in the Wairarapa.

The majority of the Ambulatory Sensitive Hospitalisation (ASH) targets were not achieved, with the results for Maori particularly disappointing. This will be a major focus for the Tihei Wairarapa integration work programme for 2012/13.

While the target for ED presentations was not achieved there was a significant downward trend in these non-urgent presentations. This is a reversal of the previous steady upward trend.

No diabetes targets were achieved. During 2011/12 there has been significant change in primary care including the development of patient pathways for long term conditions and the introduction of a Guided care model. The Tihei Wairarapa diabetes pathway is expected to provide clear guidelines for effective diabetes management and practices will be encouraged to set practice targets that result in improved results for the district.

The measurement of CVD risk changed during the year with the results provided for the year end reflecting actual proportion of people who have been recorded as having a CVD risk assessment (in the first three quarters a proxy was used). While the target was not achieved Wairarapa DHB had the greatest proportion of people having their CVD risk assessed among all of the DHBs.

COMMUNITY AND HOSPITAL PHARMACY SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Number of people enrolled in the Structured Pharmacist Care Service	No target set	2,146
The change in spending on dispensing and pharmaceuticals (as a percentage and total) in the pharmacies that are piloting bulk funding	No target set	Initiative not implemented

Commentary

All 8 Wairarapa Pharmacies were contracted to provide the Structured Pharmacist Care Service, otherwise known as "The Synchronisation Service". 2,146 number of people took the opportunity to join the service which helps them better manage their medicines by ensuring that all of their prescriptions run out at the same time. This saves time for patients and helps them manage their medicines better. It is also more efficient for both pharmacists and doctors.

The bulk fund pilot was not undertaken as many of the perceived benefits were also present in the new national pharmacy agreement that was developed in 2011/12 and commenced on 1 July 2012.

ORAL HEALTH SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Children under five enrolled in DHB funded dental services	Maori: 646 Pacific: 68 Other: 1,416 Total: 2,130	671 61 1,481 2,213
Children examined at age five	Maori: 130 Pacific: 15 Other: 350 Total: 495	129 17 285 431
Children examined at Year 8	Maori: 80 Pacific: 10 Other: 390 Total: 480	113 15 283 411
Number of adolescents examined	2,100	2,060
% of children caries free at age 5	65%	67%
Mean decayed, missing or filled (DMFT) permanent teeth at Year 8	1.10	1.23

Note: Data relating to both the target and achievement reflects the information for the 2011 calendar year because the oral health service is linked to the school year and not the financial year of the DHB.

Commentary

The targets were achieved for enrolment of preschoolers with oral health services. This is due to on-going work with Well Child and primary care providers to ensure all children are enrolled as early as possible.

The targets for children examined at 5 years and year 8 were not achieved this year, largely because the new oral health model of care has not been able to be implemented due to the delay in the construction of the Oral Health Hub. The Hub is under construction in 2012 and will be completed by December 2012, and improved results are expected to be evident over the next two years.

82.2% of Wairarapa adolescents were examined compared to the national average of 71.6%. It is hoped that further improvement on this result will be achieved in 2012/13 through working closely with the communities where access to dental services is more limited.

The target for children caries free at 5 years was achieved and reflects the on-going efforts to get children engaged with oral health services as early as possible.

The target for missing and filled teeth at year 8 was not achieved. This was recognised as an aspirational target unlikely to be achieved in one year. Efforts to improve oral health among younger children are expected to be reflected in this age group over time.

NON-CRISIS MENTAL HEALTH ASSESSMENT, TREATMENT, MONITORING, CONSULT AND LIAISON SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Number of people with a mental illness assessed and treated in the IFHN	No target set	759
% of clinicians who have completed CEP, AS and ISH training	No target set	Information not captured
Increased access rates across all community based mental health services	0-19 yrs: 3.7 20-64 yrs: 4.0 65+ yrs: 1.5	4.43 4.43 0.79
Reduced ED presentations for attempted suicide	<11	7

Commentary

759 people accessed mental health services through primary care. During the year an additional mental health position was established in the PHO. This is expected to increase the capacity to provide mental health services in a general practice setting in 2012/13.

Access targets to community mental health services for all those under 65 were exceeded.

Accurate measurement of the number of ED presentations for attempted suicide is difficult due to coding constraints. However there was a significant reduction from 19 in the previous year.

COST OF SERVICE STATEMENT: EARLY DETECTION AND MANAGEMENT

	Budget 2012 $000	Actual 2012 $000	Actual 2011 $000
Operating Expenditure			
Workforce costs	6,799	6,398	6,574
Other operating expenses	1,829	2,197	2,216
External providers	29,120	29,377	28,302
Inter district flows	1,937	1,910	1,941
Depreciation & amortisation expense	157	115	165
Total operating expenditure	**39,842**	**39,997**	**39,198**
Allocation of corporate costs	3,547	3,525	4,077
Total Cost of Service	**43,389**	**43,522**	**43,275**
Revenue	43,071	41,497	42,921
Net Result of Service	**(318)**	**(2,025)**	**(354)**

INTENSIVE ASSESSMENT AND TREATMENT

INTENSIVE MENTAL HEALTH ASSESSMENT AND TREATMENT SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Percentage of long term clients who have up-to-date Relapse Prevention Plans	Total: 97% Maori: 95%	Total: 96% Maori: 92%
Number of enduring needs patients managed in primary care	No target set	Nil
Reduced admission rates to inpatient mental health services measured by the number of mental health consumers admitted to inpatient facilities over the number of registered mental health consumers	Reduction	Static
Reduced ALOS for inpatient mental health services	Reduction	Achieved

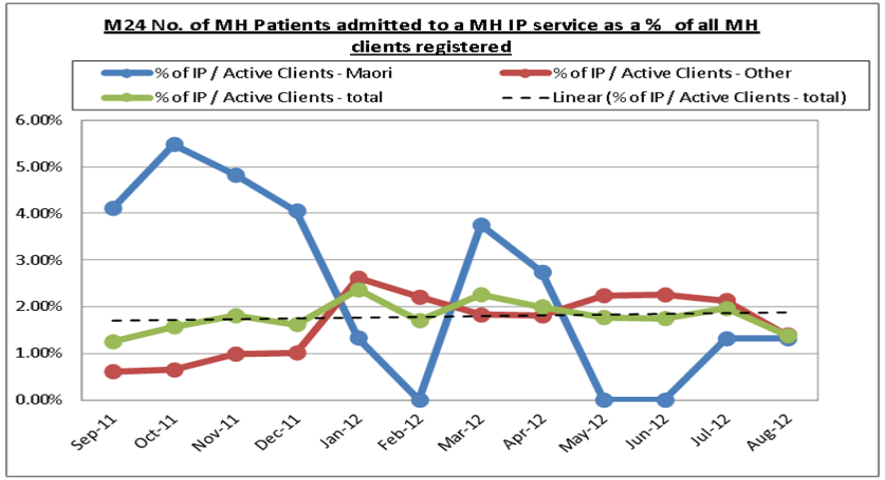
Commentary

Ensuring that long term mental health consumers have up to date relapse prevention plans is a key tool in maintaining their health and wellbeing. For the Wairarapa there were seven enduring needs patients who do not have up-to date relapse prevention plans but they are in regular contact with a Doctor for prescribing only and are fully independent.

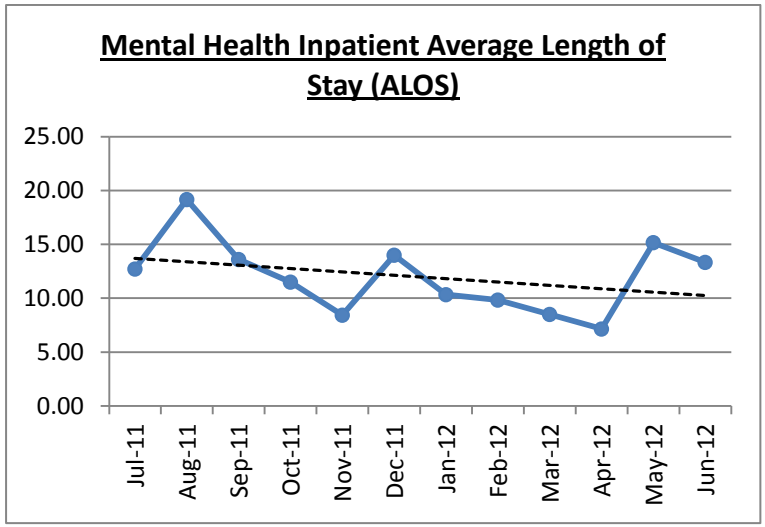
New mental health primary care nursing positions based in General Practice were appointed in March 2012. There will be a gradual transition of service users with stable enduring needs to General Practice and primary care nursing from August 2012.

Wairarapa DHB does not provide inpatient mental health services. Butrather accesses inpatient beds at the MidCentral and Hutt Valley DHBs Mental Health Units. The DHB does however provide a comprehensive integrated community mental health service provided by a number of NGOs and a community mental health service based on the hospital campus.

The following graph reflects the number of mental health consumers admitted to inpatient facilities as a percentage of the number of registered mental health consumers. This shows a relatively stable trend. However, over the 12 month period there has been a reducing trend of Maori consumers admitted to inpatient services.



The following graph reflects the ALOS for those mental health patients accessing inpatient mental health services and reflects a reducing trend over the 12 month period.



ELECTIVE SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Number of elective surgical discharges (by ethnicity)	1,841	Total: 1,871
Optimise ALOS for elective and arranged inpatients	3.68 days	3.61 days
Optimise standardised day surgery rate: elective and arranged	62%	58%
Optimise DOSA	95%	97%
Reduce % of Maori outpatient DNAs	6.5%	17.5%
Compliance with Ministry of Health electives waiting time targets	Compliance	Achieved

Commentary

The Health Target for the number of elective surgical operations was again exceeded in the Wairarapa. There were a total of 1,871 operations performed on Wairarapa patients which was 30 more than our target of 1,841. This measure is viewed as a total and therefore the ethnicity breakdown is not provided.

The other major achievement was the reduction in the waiting time for these operations. As at 30 June 2012, there were no patients who had waited more than six months for either a first assessment with a specialist doctor or for an elective surgery operation. The government target is to further reduce these waiting times to less than 5 months by June 2013 and 4 months by June 2014 and this will be a key focus for us over the next two years.

We did not achieve our target of reducing the percentage of Maori patients who "Did Not Attend" or DNA their outpatient appointments at the hospital. We will continue to work with the Maori community to develop ways to ensure that patients can attend their appointments.

ACUTE SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Number of ED attendances	18,500	18,875
Number of acute hospital discharges	3,100	3,670
% of admitted patients discharged or transferred from ED within six hours (by ethnicity)	95.0%	Maori: 96.6% Pacific: 96.6% Other: 96.0% Total: 96.2%
Reduced ASH	Reducing	135 avg adms per mth
Optimise ALOS for acute inpatients (days)	3.81	3.80
Maximise theatre utilisation (resourced hours)	85.0%	76.6%
Minimise acute readmission rate (readmitted within 28 days)	8.81%	9.32%
Minimise acquired BSI (per quarter)	<3.5	4.75
Minimise inpatient falls (per annum)	<115	93
Minimise surgical site infections (per annum)	<25	6

Commentary

Although the Emergency Department attendances were over the targeted level of 18,500, the total of 18,875 was the lowest since 2007/08 and was 1,323 attendances down on the previous year. The reduction was most significant in the triage 4 and 5 lower levels of patient urgency, which suggests that strategies in conjunction with primary health and the Tihei Wairarapa work programme to reduce this area of ED attendances is working well. In addition 96.2% of patients were seen in ED within the targeted timeframe of 6 hours.

Acute admissions into the wards were 570 above the target, as was the readmission rate. The high rate of readmissions to the wards was a result of a number of severe COPD cases through the winter period which had an impact on the annual rate.

Ambulatory sensitive hospitalisations (ASH) rates were not achieved. Further information is included in the Primary Health Care Services output discussion on page 23.

Theatre Utilisation was below the target because of the focus on achieving the elective services waiting targets. This meant that higher and more complex orthopaedic cases were prioritised and a number of sessions in the second half of the year couldn't be fully utilised with smaller cases.

An active falls management group and continuation of refining our management process has resulted in achieving our targets, of more importance is that there have been no serious harm or sentinel events (SAC 1&2) since February 2011.

Achieving the hand hygiene targets and surpassing the National goal has impacted on the reduction of SAIs and surgical site infections.

The BSIs reflect the total hospital related infections. Each incident is reviewed for 'preventability'.

COST OF SERVICE STATEMENT: INTENSIVE ASSESSMENT AND TREATMENT

	Budget 2012 $000	Actual 2012 $000	Actual 2011 $000
Operating Expenditure			
Workforce costs	24,065	25,239	24,009
Other operating expenses	10,218	10,530	9,968
External providers	580	233	874
Inter district flows	21,625	23,097	21,464
Depreciation & amortisation expense	544	546	554
Total operating expenditure	**57,032**	**59,645**	**56,869**
Allocation of corporate costs	9,836	9,922	9,127
Total Cost of Service	**66,868**	**69,567**	**65,996**
Revenue	62,657	67,371	62,589
Net Result of Service	**(4,211)**	**(2,196)**	**(3,407)**

REHABILITATION AND SUPPORT

HOME BASED SUPPORT SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Total number of home based support service hours	94,645	91,992
Ratio of complaints to compliments about the quality of DHB home based support services	No target set	Complaints: 0 Compliments: 29
Timeliness of those patients assessed as eligible for funded services from the time of routine referral to the time of service being authorised with 42 working days	100%	98.6%
Proportion of people 85 and over who are assessed as having high/very high support needs	24%	34.7%
Proportion of people assessed as eligible for residential care that choose to remain living at home with assistance from home based support service providers	No target set	40.8%

Commentary

The total number of home based support service hours is based on forecast demographic growth. It is therefore not an aspirational target that the Wairarapa DHB is seeking to achieve. These hours are allocated through a variety of services to support older people living at home. If the older person has a carer, then some of these hours may instead be reflected in more targeted support for the carer (e.g. respite care, Day care). Whilst the number of home based support hours was 2.8% below target, during 2011/12, the usage of respite care has increased by 1,460 days.

For the financial year, the Homelinks service which provides the Wairarapa DHB Home Based Support Service received no complaints and 29 compliments.

This proportion of older people over 85 who are assessed as having high / very high support needs is expected to reduce as the Older Adults pathway as part of Tihei Wairarapa becomes more established and aspects of frailty are reversed in primary care.

The percentage of people assessed as eligible for residential; care, but living at home with funded support services, has risen from 36% for the 2010/11 year to 40.8% for the current year. As most older people prefer to live at home, this measure reflects the DHB's success in supporting them to live in the place of their choice.

RESIDENTIAL CARE SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Total number of subsidised aged residential care bed days	140,097	122,351
% of ARC providers who have one or more high risk corrective actions identified in their quality assurance audits	No target set	None
Corrective actions completed within agreed timeframes	No target set	99%
Reduced number of complaints received about care in ARC facilities	8	7

Commentary

The total number of subsidized aged residential care beds is based on forecast demographic growth. It is therefore not an aspirational target that the Wairarapa DHB is seeking to achieve. Although there has been an increase in the number of residential care beds in Wairarapa, there has also been an increase in the usage of these beds for other purposes (e.g. palliative care, respite care).

No high risk corrective actions have been identified in the ARC audits this year.

Eight out of nine providers have submitted corrective action reports on time. For the ninth provider, the actions had been taken, but a report inadvertently not submitted. The majority of providers have completed corrective actions well before the due date.

The number of complaints received by the Wairarapa DHB regarding aged residential care has reduced from twelve for the previous year. Each complaint has been addressed with the facility in a way that encourages them to look at the opportunity for quality improvement of their systems and processes to reduce the further likelihood of the incident reoccurring.

RESPITE CARE SERVICES

Performance Measurement

MEASURE	TARGET	ACHIEVEMENT
Total number of respite care bed days	1,291	3,872
Number of complaints escalated to the DHB about the quality of respite care	No target set	0
Number of complaints received about carers not being able to access respite care in a timely way	No target set	0
Reduced number of complaints received about respite care	0	0

Commentary

The total number of respite care days has significantly increased and is accounted for in part by a change in the way respite services are described and measured. However also reflected is the increased level of service provision in this area, which has been a key priority of Government. There has been a particular emphasis on increased access to respite care, especially for carers of older people with dementia.

Through a number of strategies, the Wairarapa DHB continues to guarantee access to beds for respite care.

All residential care providers provide respite care and the DHB has received no complaints about this service.

COST OF SERVICE STATEMENT: REHABILITATION AND SUPPORT

	Budget 2012 $000	Actual 2012 $000	Actual 2011 $000
Operating Expenditure			
Workforce costs	823	790	802
Other operating expenses	557	482	532
External providers	15,059	14,287	13,712
Inter district flows	1,688	1,688	1,252
Depreciation & amortisation expense	0	0	0
Total operating expenditure	**18,127**	**17,247**	**16,298**
Allocation of corporate costs	723	864	953
Total Cost of Service	**18,850**	**18,111**	**17,251**
Revenue	19,685	17,807	17,937
Net Result of Service	**835**	**(304)**	**686**

SUMMARY OF COST OF SERVICE STATEMENT

	Budget 2012 $000	Actual 2012 $000	Actual 2011 $000
Operating Expenditure			
Prevention services	3,385	3,289	3,488
Early detection & management services	43,389	43,522	43,275
Intensive assessment & treatment services	66,868	69,567	65,996
Rehabilitation & support services	18,850	18,111	17,251
Total operating expenditure	**132,492**	**134,489**	**130,010**
Revenue			
Prevention services	2,729	2,647	2,944
Early detection & management services	43,071	41,497	42,921
Intensive assessment & treatment services	62,657	67,371	62,589
Rehabilitation & support services	19,685	17,807	17,937
Total revenue	**128,142**	**129,322**	**126,391**
Net Result of Service	**(4,350)**	**(5,167)**	**(3,619)**
Non Output Class Costs			
Net loss on disposal of discontued activity assets	0	(389)	0
Impairment on property valuation	0	(1,313)	0
Total Non Output Class Costs	**0**	**(1,702)**	**0**
Net Result of Service	**(4,350)**	**(6,869)**	**(3,619)**

FINANCIAL STATEMENTS

CONTENTS

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	Group Budget 2012 $000	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Income						
Operating income	1	127,534	129,156	125,648	128,022	124,597
Finance income	2	150	128	110	128	131
Total income		**127,684**	**129,284**	**125,758**	**128,150**	**124,728**
Expenditure						
Workforce costs	3	38,082	38,286	36,429	38,286	36,429
Other operating expenses	4a	19,371	20,384	19,998	19,425	19,073
External providers	4b	44,860	44,627	43,997	44,627	43,997
Inter district flows	4b	25,240	26,696	24,657	26,696	24,657
Total operating expenditure		**127,553**	**129,993**	**125,081**	**129,034**	**124,156**
Operating result before interest, depreciation & capital charge		**131**	**(709)**	**677**	**(884)**	**572**
Interest, Depreciation & Capital Charge						
Interest expense	5	1,800	1,619	1,713	1,619	1,713
Capital charge		600	669	406	669	406
Depreciation & amortisation expense	7,8	2,081	1,762	1,843	1,682	1,753
Net loss / (gain) on disposal of assets		0	0	34	0	34
Total interest, depreciation & capital charge		**4,481**	**4,050**	**3,996**	**3,970**	**3,906**
Net surplus/(deficit) from continuing operations		**(4,350)**	**(4,759)**	**(3,319)**	**(4,854)**	**(3,334)**

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	Group Budget 2012 $000	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Net surplus/(deficit) from continuing operations		(4,350)	(4,759)	(3,319)	(4,854)	(3,334)
Net surplus/(deficit) from discontinued operations						
Ambulance services	28	0	(672)	(285)	(672)	(285)
Impairment on property valuation	7b	0	(1,313)	0	(1,313)	0
Net surplus/(deficit) from discontinued operations		**0**	(1,985)	(285)	(1,985)	(285)
Net surplus/(deficit) for the year		(4,350)	(6,744)	(3,604)	(6,839)	(3,619)
Other comprehensive income						
Gain / (loss) on property revaluations		0	0	676	0	676
Foreign currency translation gain / (loss)		0				
Total other comprehensive income		**0**	**0**	**676**	**0**	**676**
Total comprehensive income		(4,350)	(6,744)	(2,928)	(6,839)	(2,943)
Total comprehensive income attributable to:						
Wairarapa District Health Board		(4,350)	(6,744)	(2,928)	(6,839)	(2,943)
Non-controlling interest		0	0	0	0	0

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	Group Budget 2012 $000	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Assets						
Property, plant & equipment	7a	40,821	40,452	41,773	40,291	41,689
Intangible assets	8	3,603	1,382	1,330	1,365	1,309
Investments	9	155	549	243	652	346
Total non-current assets		**44,579**	**42,383**	**43,346**	**42,308**	**43,344**
Cash & cash equivalents	10	(1,493)	(1,120)	(1,720)	(1,416)	(2,062)
Inventories	11	690	767	726	767	726
Trade & other receivables	12	4,287	4,646	5,022	4,516	4,906
Assets classified as held for sale	7b	0	1,125	2,300	1,125	2,300
Total current assets		**3,484**	**5,418**	**6,328**	**4,992**	**5,870**
Total assets		**48,063**	**47,801**	**49,674**	**47,300**	**49,214**

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	Group Budget 2012 $000	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Equity						
Crown equity	13	34,170	34,247	29,429	34,247	29,429
Revaluation reserve	13	1,479	2,155	2,155	2,155	2,155
Retained earnings	13	(28,225)	(29,979)	(23,235)	(30,380)	(23,541)
Total equity		**7,424**	**6,423**	**8,349**	**6,022**	**8,043**
Liabilities						
Interest-bearing loans & borrowings	14	25,094	20,362	25,239	20,362	25,239
Employee benefits	15	530	697	628	697	628
Trust funds	16	160	247	243	247	243
Total non-current liabilities		**25,784**	**21,306**	**26,110**	**21,306**	**26,110**
Interest-bearing loans & borrowings	14	311	6,127	573	6,127	573
Payables & accruals	17	9,259	8,190	9,027	8,169	8,951
Employee benefits	15	5,285	5,755	5,615	5,676	5,537
Total current liabilities		**14,855**	**20,072**	**15,215**	**19,972**	**15,061**
Total liabilities		**40,639**	**41,378**	**41,325**	**41,278**	**41,171**
Total equity & liabilities		**48,063**	**47,801**	**49,674**	**47,300**	**49,214**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Note	Group Budget 2012	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Balance at 1 July		**6,985**	**8,349**	**7,332**	**8,043**	**7,041**
Net surplus / (deficit) for the year		(4,350)	(6,744)	(3,604)	(6,839)	(3,619)
Other comprehensive income		0	0	676	0	676
Total comprehensive income		**(4,350)**	**(6,744)**	**(2,928)**	**(6,839)**	**(2,943)**
Equity injection from the Crown		4,792	4,821	3,948	4,821	3,948
Repayment of equity to the Crown		(3)	(3)	(3)	(3)	(3)
Movements in equity for the year		**4,789**	**4,818**	**3,945**	**4,818**	**3,945**
Balance at 30 June		**7,424**	**6,423**	**8,349**	**6,022**	**8,043**
Total comprehensive income attributable to:						
Wairarapa District Health Board		(4,350)	(6,744)	(2,928)	(6,839)	(2,943)
Non-controlling interest		0	0	0	0	0
Total comprehensive income		**(4,350)**	**(6,744)**	**(2,928)**	**(6,839)**	**(2,943)**

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	Group Budget 2012 $000	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Cash flows from operating activities						
Operating receipts:						
Government & crown agency revenue		130,060	119,127	114,873	119,127	114,873
Other			10,883	10,918	9,793	9,697
Interest received		150	119	110	116	105
Payments to suppliers & employees		(128,508)	(131,665)	(128,589)	(130,688)	(127,502)
Capital charge paid		(600)	(669)	(305)	(669)	(305)
Interest paid		(1,800)	(1,619)	(1,713)	(1,619)	(1,713)
Income tax paid		0	0	0	0	0
Goods and Services Tax (net)		0	(28)	(175)	(24)	(174)
Net cash flows from operating activities	10	**(698)**	**(3,852)**	**(4,881)**	**(3,964)**	**(5,019)**
Cash flows from investing activities						
Proceeds from sale of property, plant & equipment		0	348	0	348	0
Dividends received		0	0	0	5	26
Investment in joint venture		0	(294)	0	(294)	0
Acquisition of property, plant & equipment		(1,342)	(1,143)	(1,263)	(992)	(1,252)
Acquisition of intangible assets		(2,400)	(211)	(238)	(209)	(182)
Net cash flows from investing activities		**(3,742)**	**(1,300)**	**(1,501)**	**(1,142)**	**(1,408)**

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	Group Budget 2012 $000	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Cash flows from financing activities						
Loans drawn down		0	1,063	700	1,063	700
Equity injected		3,342	4,815	3,948	4,815	3,948
Repayments of loans		(418)	(135)	(390)	(135)	(390)
Repayment of equity		(3)	(3)	(3)	(3)	(3)
Restricted fund movement		0	12	1	12	1
Net cash flows from financing activities		**2,921**	**5,752**	**4,256**	**5,752**	**4,256**
Net increase / (decrease) in cash held		**(1,519)**	**600**	**(2,126)**	**646**	**(2,171)**
Cash & cash equivalents at beginning of year		26	(1,720)	406	(2,062)	109
Cash & cash equivalents at end of year	**10**	**(1,493)**	**(1,120)**	**(1,720)**	**(1,416)**	**(2,062)**

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.

STATEMENT OF CONTINGENCIES

As at 30 June 2012

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Legal proceedings and obligations	0	0	0	0
Uncalled shares in Central Region Technical Advisory Services Ltd	0	0	0	0
Total contingent liabilities	**0**	**0**	**0**	**0**
Total contingent assets	**0**	**0**	**0**	**0**

STATEMENT OF COMMITMENTS

As at 30 June 2012

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Capital Commitments	**603**	**166**	**603**	**166**
Operating Lease Commitments:				
Less than One Year:	760	801	760	752
One to Two Years	428	445	428	408
Two to Five Years	215	332	215	324
Five Years	0	0	0	0
	1,403	**1,578**	**1,403**	**1,484**
Total Commitments	**2,006**	**1,744**	**2,006**	**1,650**

STATEMENT OF 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 2012 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. The financial statements were authorised for issue by the Board on 30 October 2012.

Wairarapa DHB's primary objective is to deliver health, disability, and mental health services to the community within its district.

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of the DHB and its subsidiaries and joint venture is New Zealand dollars.

Measurement base

The financial statements have been prepared on the historical cost basis except where modified by the revaluation of land, buildings, and forward exchange contracts at fair value. 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 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.

Going Concern

Reliance is placed on the fact that WDHB is a going concern and will continue to receive revenue from the Ministry of Health and other sources sufficient to maintain its services beyond the year ended 30 June 2012.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

The WDHB has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. WDHB has presented this analysis in note 13.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the WDHB is that certain information about property valuations is no longer required to be disclosed. Note 7 has been updated for these changes.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the WDHB, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, WDHB is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means WDHB expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, WDHB is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

BASIS FOR CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by WDHB. Control exists when WDHB 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

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group 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 DHB in its 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.

COMPARATIVE INFORMATION

The comparatives for the 2010/11 year have been restated in accordance with NZIFRS in relation to the treatment of discontinued activities. Further information on this is included in Note 23.

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

Revenue is measured at the fair value of consideration received or receivable.

Crown funding

The vast majority of revenue is provided through an appropriation in association with a Crown Funding Agreement. Revenue received is restricted in its use for the purpose of the DHB meeting its objectives. Revenue is recognised monthly in accordance with the Crown Funding Agreement payment schedule, which allocates the appropriation equally throughout the year.

ACC contracted revenue

ACC contract revenue is recognised as revenue when eligible services are provided and any contract conditions have been fulfilled.

Revenue for other DHBs

Inter district patient inflow revenue occurs when a patient treated within the WDHB region is domiciled outside of Wairarapa. The MoH credits WDHB with a monthly amount based on estimated patient treatment for non-Wairarapa residents within Wairarapa. An annual wash up occurs at year end to reflect the actual non-Wairarapa patients treated at Wairarapa DHB.

Interest Income

Interest income is recognised using the effective interest method.

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 comprehensive income 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

Capital Charge

The capital charge is recognised as an expense in the financial year to which the charge relates.

Interest expense

The DHB has elected to defer the adoption of the revised NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Therefore, all borrowing costs are recognised as an expense in the financial year in which they are incurred.

Operating lease payments

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Payments made under operating leases are recognised in the statement of comprehensive income in the periods in which they are incurred. Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Finance lease payments

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of the asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the DHB will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

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 comprehensive income.

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

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

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. 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 comprehensive income, even when the asset was previously revalued. The same applies to gains and losses on subsequent re-measurement.

Non-current assets held for sale (including those that are part of the disposal group) are not depreciated or amortised while they are classified as held for sale.

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, section 169 of the Crown Entities Act 2004 and is exempt from income tax under section CW38 of the Income Tax Act 2007.

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 comprehensive income. 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:

- land
- buildings
- clinical 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 comprehensive income. 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 comprehensive income.

Revaluation movements are accounted for on a class-of-asset basis.

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that service potential associated with the item will flow to the DHB and the cost of the item can be measured reliably. 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 WDHB on 1 January 2001. Accordingly, assets were transferred to WDHB 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 comprehensive income is calculated as the difference between the net sales price and the carrying amount of the asset. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to accumulated surpluses.

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, whether or not title is eventually transferred 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 comprehensive income as an expense as incurred.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of Asset	Estimated Life
• Buildings (including components)	2 to 50 years
• Clinical 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 recognised at cost, less impairment, and 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 provided 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:

Type of asset	**Estimated life**
• Software	2 to 10 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 surplus or deficit.

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 comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive income 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 comprehensive income.

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 surplus or deficit.

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 surplus or deficit.

DEBTORS 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.

The amount of any write-down for the loss of service potential is recognised in surplus or deficit in the period of the write-down.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash balances, deposits held at call with banks, other highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are repayable on demand and form an integral part of WDHB's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

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 surplus or deficit over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the DHB has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

EMPLOYEE BENEFITS

Defined contribution schemes

Obligations for contributions to defined contribution schemes are recognised as an expense in the statement of comprehensive income as incurred.

Defined benefit schemes

WDHB's net obligation in respect of defined benefit pension schemes is calculated separately for each scheme 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 scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of comprehensive income 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 surplus or deficit.

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 scheme are recognised in the surplus or deficit.

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 approach used in 2011 to determine the discount rate has been refined. The 2010 valuation was based on the yield on 10 year government bonds. The discount rates used for the 2011 valuation are based on the weighted average of bond yields such that the estimated term of the bonds is consistent with the estimated term of the liabilities. This approach is consistent with the requirements of NZ IAS19.

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 WDHB 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.

CREDITORS & OTHER PAYABLES

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

COST OF SERVICE STATEMENTS

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

COST ALLOCATION

WDHB has arrived at the net cost of service for each significant activity using the cost allocation system outlined below:

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

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

Cost Drivers for Allocation of Indirect Costs - The cost of internal services not directly charged to board activities is allocated as overheads using appropriate cost drivers such as direct cost ratios, actual usage, staff numbers and floor area.

NOTES TO THE FINANCIAL STATEMENTS

1. OPERATING INCOME

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Health & disability services (MOH contracted revenue)	119,472	115,932	119,472	115,932
Inter district patient inflows	3,472	3,582	3,472	3,582
ACC contract	1,546	1,702	1,546	1,702
Donations & bequests	140	518	140	518
Other income	4,526	3,914	3,392	2,863
Total operating income	**129,156**	**125,648**	**128,022**	**124,597**

2. FINANCE INCOME

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Interest income	119	110	116	105
Dividend income	0	0	5	26
Gain on disposal of property, plant & equipment	9	0	7	0
Total finance income	**128**	**110**	**128**	**131**

3. WORKFORCE COSTS

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Wages & salaries	35,649	33,912	35,649	33,912
Payments to contracted workforce	2,429	2,170	2,429	2,170
Contributions to defined benefit plans	0	0	0	0
Increase / decrease in liability for employee entitlements	208	347	208	347
Restructuring provision for employee exit costs	0	0	0	0
Total workforce costs	**38,286**	**36,429**	**38,286**	**36,429**

4. OTHER EXPENSES

4a. OTHER OPERATING COSTS

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Other operating expenses	6,655	7,292	5,756	6,433
Outsourced Services	4,081	3,612	4,081	3,612
Clinical Supplies	7,724	7,338	7,724	7,338
Operating lease expenses	1,400	1,245	1,357	1,197
Audit fees (for the audit of the financial statements)	117	112	106	100
Audit fees (for other assurance services)	90	114	90	114
Impairment of trade receivables (bad & doubtful debts)	80	28	80	28
Board member fees & expenses	237	257	231	251
Total other operating expenses	**20,384**	**19,998**	**19,425**	**19,073**

Operating lease expenses

Wairarapa DHB leases property, plant & equipment in the normal course of its business. The majority of these leases have a non-cancellable term of between 12 and 36 months. The future minimum lease payments payable are disclosed in the Statement of Commitments.

Leases can be renewed at the Wairarapa DHB's option, with rents set by reference to current market rates for items of equivalent age & condition. Wairarapa DHB has, in some cases, the option to purchase the asset at the end of the lease term.

There are no restrictions placed on Wairarapa DHB by any of the leasing arrangements.

4b. PAYMENTS TO EXTERNAL HEALTH PROVIDERS

Wairarapa DHB makes payments to a number of non-government organisations (NGOs) through its funder arm for health services provided by those NGOs. These services include payments to the Primary Health Organisation (PHO), general practitioners, community pharmacies, aged care providers, home and community support providers, Maori health providers and a number of other organisations.

Additionally the Wairarapa DHB pays other district health boards for services those district health boards provide for Wairarapa residents either for an acute episode or for a range of elective and outpatient services not provided within Wairarapa Hospital. This payment mechanism is called inter district flows (IDFs).

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Payments to non-health board providers	44,627	43,997	44,627	43,997
Inter-District Flow payments to other DHBs	26,696	24,657	26,696	24,657

5. FINANCE COSTS

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Interest expense	1,619	1,713	1,619	1,713
Capital charge	669	406	669	406
Total finance costs	**2,288**	**2,119**	**2,288**	**2,119**

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 2012 was 8% (2011 – 8%).

6. INCOME TAX

In accordance with the New Zealand Public Health and Disability Act 2000 and the Crown Entities Act 2004, the group (Wairarapa DHB and its 100% owned subsidiary Biomedical Services New Zealand Limited) is a public authority and is exempt from income tax.

7. PROPERTY, PLANT & EQUIPMENT

7a. NON-CURRENT ASSETS

Group	Land (at valuation) $000	Buildings (at valuation) $000	Clinical equipment $000	Other equipment $000	Information technology $000	Motor vehicles $000	Work in progress $000	Total $000
Cost / valuation								
Balance at 1 July 2010	2,165	36,895	6,510	2,368	858	1,605	885	51,286
Additions	0	565	493	168	11	16	604	1,857
Disposals	0	0	(491)	(195)	(79)	0	(503)	(1,268)
Revaluations	(230)	(3,145)	0	0	0	0	0	(3,375)
Balance at 30 June 2011	**1,935**	**34,315**	**6,512**	**2,341**	**790**	**1,621**	**986**	**48,500**
Balance at 1 July 2011	1,935	34,315	6,512	2,341	790	1,621	986	48,500
Additions	0	91	411	157	126	99	278	1,162
Disposals	0	0	(447)	(55)	(24)	(811)	(115)	(1,452)
Revaluations	0	0	0	0	0	0	0	0
Balance at 30 June 2012	**1,935**	**34,406**	**6,476**	**2,443**	**892**	**909**	**1,149**	**48,210**

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

Group	Land (at valuation)	Buildings (at valuation)	Clinical equipment	Other equipment	Information technology	Motor vehicles	Work in progress	Total
Depreciation & impairment losses								
Balance at 1 July 2010		3,186	3,778	1,647	698	336		9,645
Depreciation charge for the year		865	570	163	21	90		1,709
Depreciation charge discontinued operations		0	24	3	0	109		136
Impairment losses		0	0	0	0	0		0
Disposals		0	(459)	(196)	(43)	(14)		(712)
Revaluations		(4,051)	0	0	0	0		(4,051)
Balance at 30 June 2011		**0**	**3,913**	**1,617**	**676**	**521**		**6,727**
Balance at 1 July 2011		0	3,913	1,617	676	521		6,727
Depreciation charge for the year		757	551	175	31	88		1,602
Impairment losses		0	0	0	0	0		0
Disposals		0	(211)	(23)	(24)	(313)		(571)
Revaluations		0	0	0	0	0		0

Group	Land (at valuation)	Buildings (at	Clinical equipment	Other equipment	Information technology	Motor vehicles	Work in progress	Total
Carrying amounts								
At 1 July 2010	2,165	33,709	2,732	721	160	1,269	885	41,641
At 30 June 2011	**1,935**	**34,315**	**2,599**	**724**	**114**	**1,100**	**986**	**41,773**
At 1 July 2011	1,935	34,315	2,599	724	114	1,100	986	41,773
At 30 June 2012	**1,935**	**33,649**	**2,223**	**674**	**209**	**613**	**1,149**	**40,452**

Parent	Land (at valuation) $000	Buildings (at valuation) $000	Clinical equipment $000	Other equipment $000	Information technology $000	Motor vehicles $000	Work in progress $000	Total $000
Cost / valuation								
Balance at 1 July 2010	2,165	36,895	6,510	1,826	733	1,518	885	50,532
Additions	0	565	493	96	0	4	604	1,762
Disposals	0	0	(491)	(171)	(1)	0	(503)	(1,166)
Revaluations	(230)	(3,145)	0	0	0	0	0	(3,375)
Balance at 30 June 2011	**1,935**	**34,315**	**6,512**	**1,751**	**732**	**1,522**	**986**	**47,753**
Balance at 1 July 2011	1,935	34,315	6,512	1,751	732	1,522	986	47,753
Additions	0	91	411	38	115	78	278	1,011
Disposals	0	0	(447)	(39)	0	(802)	(115)	(1,403)
Revaluations	0	0	0	0	0	0	0	0
Balance at 30 June 2012	**1,935**	**34,406**	**6,476**	**1,750**	**847**	**798**	**1,149**	**47,361**

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

Parent	Land (at valuation)	Buildings (at valuation)	Clinical equipment	Other equipment	Information technology	Motor vehicles	Work in progress	Total
Depreciation & impairment losses								
Balance at 1 July 2010		3,186	3,778	1,117	614	282		8,977
Depreciation charge for the year		865	570	124	7	67		1,633
Depreciation charge discontinued operations		0	24	3	0	109		136
Impairment losses		0	0	0	0	0		0
Disposals		0	(459)	(171)	(1)	0		(631)
Revaluations		(4,051)	0	0	0	0		(4,051)
Balance at 30 June 2011		**0**	**3,913**	**1,073**	**620**	**458**		**6,064**
Balance at 1 July 2011		0	3,913	1,073	620	458		6,064
Depreciation charge for the year		757	551	129	24	67		1,528
Impairment losses		0	0	0	0	0		0
Disposals		0	(211)	(7)	0	(304)		(522)
Revaluations		0	0	0	0	0		0
Balance at 30 June 2012		**757**	**4,253**	**1,195**	**644**	**221**		**7,070**

Parent	Land (at valuation)	Buildings (at valuation)	Clinical equipment	Other equipment	Information technology	Motor vehicles	Work in progress	Total
Carrying amounts								
At 1 July 2010	2,165	33,709	2,732	709	119	1,236	885	41,555
At 30 June 2011	**1,935**	**34,315**	**2,599**	**678**	**112**	**1,064**	**986**	**41,689**
At 1 July 2011	1,935	34,315	2,599	678	112	1,064	986	41,689
At 30 June 2012	**1,935**	**33,649**	**2,223**	**555**	**203**	**577**	**1,149**	**40,291**

Impairment

No impairment losses have been recognised during the period.

Revaluation

The total fair value of land and buildings was valued by CB Richard Ellis as at 30 June 2011 amounted to $36,250,000. No revaluation has been completed for the 30 June 2012 year because the Board does not believe there is a significant difference between the carrying value and the fair value.

Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value for land where there is a designation against the land or the use of the land is restricted. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Restrictions on the DHB's ability to sell land would normally not impair the value of the land because it has operational use of the land for the foreseeable future and will receive substantially the full benefits of outright ownership.

The most recent revaluation was performed by CB Richard Ellis and the valuation is effective as at 30 June 2011.

Buildings

Specialised hospital buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for optimisation due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line deprecation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The most recent revaluation was performed by CB Richard Ellis and the valuation is effective as at 30 June 2011.

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.

7b. ASSETS CLASSIFIED AS HELD FOR SALE

Wairarapa DHB valued the buildings and associated land under the NZ IAS 16 methodology to the lower of cost and net realisable value. The valuation was completed by CB Richard Ellis in May 2012. This value has been impaired at 30 June 2012 by the demolition value for the surplus buildings as assessed by Maltby, Registered Quantity Surveyor. The impairment amounted to $1,313,000 and is separately disclosed in the statement of comprehensive income.

A decision has been made by the Office of Treaty Settlements that the property classified as held for sale will be landbanked, and therefore sold to the Office of Treaty Settlements. Wairarapa DHB expects that the subsequent sale will occur within 12 months of balance date.

The accumulated property revaluation reserve recognised in equity for this property is nil.

8. INTANGIBLE ASSETS

Group	Intangible Assets $000	Work in progress $000	Total $000
Cost / valuation			
Balance at 1 July 2010	1,169	606	1,775
Additions	478	96	574
Disposals	(69)	(412)	(481)
Revaluations	0	0	0
Balance at 30 June 2011	**1,578**	**290**	**1,868**
Balance at 1 July 2011	1,578	290	1,868
Additions	36	176	212
Disposals	0	0	0
Revaluations	0	0	0
Balance at 30 June 2012	**1,614**	**466**	**2,080**

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

Group	Intangible Assets	Work in progress	Total
Depreciation & impairment losses			
Balance at 1 July 2010	467		467
Amortisation charge for the year	134		134
Impairment losses	0		0
Disposals	(63)		(63)
Revaluations	0		0
Balance at 30 June 2011	**538**		**538**
Balance at 1 July 2011	538		538
Amortisation charge for the year	160		160
Impairment losses	0		0
Disposals	0		0
Revaluations	0		0
Balance at 30 June 2012	**698**		**698**

Group	Intangible Assets	Work in progress	Total
Carrying amounts			
At 1 July 2010	702	606	1,308
At 30 June 2011	**1,040**	**290**	**1,330**
At 1 July 2011	1,040	290	1,330
At 30 June 2012	**916**	**466**	**1,382**

Parent	Intangible Assets $000	Work in progress $000	Total $000
Cost / valuation			
Balance at 1 July 2010	1,090	606	1,696
Additions	461	96	557
Disposals	(65)	(412)	(477)
Revaluations	0	0	0
Balance at 30 June 2011	**1,486**	**290**	**1,776**
Balance at 1 July 2011	1,486	290	1,776
Additions	34	176	210
Disposals	0	0	0
Revaluations	0	0	0
Balance at 30 June 2012	**1,520**	**466**	**1,986**

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

Parent	Intangible Assets	Work in progress	Total
Depreciation & impairment losses			
Balance at 1 July 2010	406		406
Amortisation charge for the year	120		120
Impairment losses	0		0
Disposals	(59)		(59)
Revaluations	0		0
Balance at 30 June 2011	**467**		**467**
Balance at 1 July 2011	467		467
Amortisation charge for the year	154		154
Impairment losses	0		0
Disposals	0		0
Revaluations	0		0
Balance at 30 June 2012	**621**		**621**

Parent	Intangible Assets	Work in progress	Total
Carrying amounts			
At 1 July 2010	684	606	1,290
At 30 June 2011	**1,019**	**290**	**1,309**
At 1 July 2011	1,019	290	1,309
At 30 June 2012	**899**	**466**	**1,365**

Impairment

No impairment losses have been recognised during the period.

9. INVESTMENTS

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Investment in subsidiary	0	0	103	103
Investment in joint venture	294	0	294	0
Trust funds invested	255	243	255	243
Total investments	**549**	**243**	**652**	**346**

Investment in Subsidiary

Biomedical Services New Zealand Limited is 100% owned by WDHB (2011 – 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

WDHB 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 2012 all share capital remains uncalled. The balance date of TAS is 30 June.

WDHB, in conjunction with the five other district health boards in the central region (Capital and Coast DHB, Hutt DHB, MidCentral DHB, Whanganui DHB and Hawkes Bay DHB), have embarked on a collaborative effort to implement the Central Region Information Systems Programme (CRISP) phase 1. This programme will provide a single instance of a range of clinical information systems across the region. TAS has been determined as the owner of the CRISP assets and will be funded by the issuance of "B class" shares to the value equivalent to each DHB's allocated contribution. The Memorandum of Agreement between the six DHBs and TAS has not yet been formally executed by all parties however the contributions to implementation have commenced. WDHB has treated the initial contributions, totalling $294,000 as an investment in associate, in line with this plan.

10. CASH & CASH EQUIVALENTS

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Short term deposits	2,296	2,342	2,000	2,000
Cash & cash equivalents	4	6	4	6
Bank overdraft	(3,420)	(4,068)	(3,420)	(4,068)
Total cash & cash equivalents	**(1,120)**	**(1,720)**	**(1,416)**	**(2,062)**

WDHB is a party to the "DHB Treasury Services Agreement" between Health Benefits Limited (HBL) and the participating DHBs. This Agreement enables HBL to "sweep" DHB bank accounts and invest surplus funds on their behalf. The DHB Treasury Services Agreement provides for individual DHBs to have a debit balance with HBL, which will incur interest at the on-call interest rate received by HBL plus an administrative margin of 0.5%.

The balance held by WDHB within this Agreement is shown as bank overdraft within the table above.

The carrying value of cash at bank and term deposits with maturities less than three months approximates their fair value.

Reconciliation of Net Deficit to Net Operating Cash Flows

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Net surplus	**(6,744)**	**(3,604)**	**(6,839)**	**(3,619)**
Add/(less) Non-cash items:				
Depreciation & amortisation	1,855	1,968	1,775	1,888
Impairment on property valuation	1,313	0	1,313	0
Increase/(decrease) employee benefits (non-current)	69	0	69	95
Add/(less) Items classified as investment activity:				
Net loss/(gain) on sale of property, plant & equipment	0	34	0	34
Dividends received	0	0	(5)	(26)
Add/(less) movements in working capital items:				
(Increase)/decrease in receivables	376	(1,324)	390	(1,315)
(Increase) in inventories	(41)	(47)	(41)	(47)
(Decrease) in payables & accruals	(680)	(1,908)	(626)	(2,029)
Increase/(decrease) in taxation	0	0	0	0
Net cash flow from operating activities	**(3,852)**	**(4,881)**	**(3,964)**	**(5,019)**

11. INVENTORIES

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Central stores	258	222	258	222
Pharmaceuticals	93	81	93	81
Theatre supplies	250	249	250	249
Other supplies	166	174	166	174
Total inventories	**767**	**726**	**767**	**726**

Write-down of inventories amounted to nil for 2012 (2011 – nil). The amount of inventories recognised as an expense during the year ended 30 June 2012 was nil (2011 – 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 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Trade Debtors	4,511	4,829	4,355	4,699
Provision for Doubtful Debts	(131)	(83)	(131)	(83)
Prepayments	266	276	266	276
Amount Owing by Subsidiary	0	0	26	14
Total trade & other receivables	**4,646**	**5,022**	**4,516**	**4,906**

The carrying value of debtors and other receivables approximates their fair value.

13. EQUITY

Group	Crown equity $000	Property revaluation reserve $000	Retained earnings $000	Total $000
Balance at 1 July 2010	25,484	1,479	(19,631)	7,332
Total recognised income & expenses	0	0	(3,604)	(3,604)
Contribution (net) from the Crown	3,945	0	0	3,945
Movement in revaluation of land & buildings	0	676	0	676
Balance at 30 June 2011	**29,429**	**2,155**	**(23,235)**	**8,349**
Balance at 1 July 2011	29,429	2,155	(23,235)	8,349
Total recognised income & expenses	0	0	(6,744)	(6,744)
Contribution (net) from the Crown	4,818	0	0	4,818
Movement in revaluation of land & buildings	0	0	0	0
Balance at 30 June 2012	**34,247**	**2,155**	**(29,979)**	**6,423**

Parent	Crown equity $000	Property revaluation reserve $000	Retained earnings $000	Total $000
Balance at 1 July 2010	25,484	1,479	(19,922)	7,041
Total recognised income & expenses	0	0	(3,619)	(3,619)
Contribution (net) from the Crown	3,945	0	0	3,945
Movement in revaluation of land & buildings	0	676	0	676
Balance at 30 June 2011	**29,429**	**2,155**	**(23,541)**	**8,043**
Balance at 1 July 2011	29,429	2,155	(23,541)	8,043
Total recognised income & expenses	0	0	(6,839)	(6,839)
Contribution (net) from the Crown	4,818	0	0	4,818
Movement in revaluation of land & buildings	0	0	0	0
Balance at 30 June 2012	**34,247**	**2,155**	**(30,380)**	**6,022**

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 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Non current liabilities				
Privately sourced loans	612	739	612	739
Crown sourced loans	19,750	24,500	19,750	24,500
Total non current interest-bearing loans & borrowings	**20,362**	**25,239**	**20,362**	**25,239**
Current liabilities				
Privately sourced loans	127	135	127	135
Crown sourced loans	6,000	438	6,000	438
Total current interest-bearing loans & borrowings	**6,127**	**573**	**6,127**	**573**

The Crown Health Financing Agency (CHFA) and the DHB have agreed a debt facility of $25,750,000 of which $25,750,000 was drawn at 30 June 2012. The CHFA term borrowings are secured by a negative pledge. The CHFA has been disbanded on 1 July 2012 and the lending functions previously performed by the CHFA have been transferred to the National Health Board Business Unit (NHB) within the Ministry of Health.

Included in the non-current Crown sourced loans above is a tranche of the debt totalling $4,500,000 that was refinanced with the NHB on 16 July 2012.

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;
- provide or accept services other than for proper value and on reasonable commercial terms; and
- dispose of any of its assets except disposals at full value in the ordinary course of business.

The covenants have been complied with at all times during the year.

The Government of New Zealand does not guarantee term loans.

The Wairarapa Community Health Trust has provided privately funded financing arrangements for the DHB to acquire ambulance vehicles and ophthalmic instruments & equipment.

The Selina Sutherland Hospital Trust has provided privately funded financing arrangements for the DHB to extend the Selina Sutherland private hospital. The private hospital wing is part of the Wairarapa Hospital.

Wairarapa DHB has no other privately funded financing arrangements.

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

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Crown Health Financing Agency				
Interest rate summary	5.45%	5.53%	5.45%	5.53%
Repayable as follows:				
Less than one year	6,000	438	6,000	438
One to two years	0	10,500	0	10,500
Greater than two years	19,750	14,000	19,750	14,000
	25,750	**24,938**	**25,750**	**24,938**
Privately sourced loans				
Interest rate summary	4.00%	6.40%	4.00%	6.40%
Repayable as follows:				
Less than one year	127	135	127	135
One to two years	349	349	349	349
Greater than two years	263	390	263	390
	739	**874**	**739**	**874**

15. EMPLOYEE BENEFITS

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Non current liabilities				
Liability for long service leave	272	259	272	259
Liability for retirement gratuities	425	369	425	369
Total non current employee benefits	**697**	**628**	**697**	**628**
Current liabilities				
Liability for long service leave	397	366	397	366
Liability for retirement gratuities	71	101	69	99
Liability for sabbatical leave	50	50	50	50
Liability for continuing medical education leave	290	524	290	524
Liability for maternity grant	9	15	9	15
Liability for annual leave	3,673	2,785	3,626	2,731
Liability for sick leave	86	83	86	83
Provision for restructuring	0	0	0	0
Salary & wages accrual	1,179	1,691	1,149	1,669
Total current employee benefits	**5,755**	**5,615**	**5,676**	**5,537**

The present value of long service leave, and retirement gratuities obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. Weighted average discount rates of 2.8% for long service leave (2011: 4.1%) and 3.1% for retirement gratuities (2011: 4.4%) and a salary increase assumption of 2% (2011: 2%) were used.

Defined Benefit Plans

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

16. TRUST FUNDS

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Balance at beginning of year	243	160	243	160
Funds received	4	83	4	83
Interest received	0	0	0	0
Funds spent	0	0	0	0
Balance at end of year	**247**	**243**	**247**	**243**

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

	Actual 2012 $000	Actual 2011 $000	Actual 2012 $000	Actual 2011 $000
Trade creditors & accruals	7,087	7,608	7,039	7,498
Capital charge payable	154	154	154	154
GST & other taxes payable	925	1,229	946	1,249
Income received in advance	24	36	24	36
Amount owing to subsidiary	0	0	6	14
Total payables & accruals	**8,190**	**9,027**	**8,169**	**8,951**

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. 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:

Group	Actual 2012 $000 Gross	Actual 2012 $000 Impairment	Actual 2012 $000 Net	Actual 2011 $000 Gross	Actual 2011 $000 Impairment	Actual 2011 $000 Net
Not past due	3,042	0	3,042	3,439	0	3,439
Past due 1-30 days	1,144	0	1,144	1,022	0	1,022
Past due 31-60 days	41	(8)	33	255	0	255
Past due 61-90 days	144	(53)	91	9	0	9
Past due > 91 days	114	(70)	44	90	(83)	7
Total	**4,485**	**(131)**	**4,354**	**4,815**	**(83)**	**4,732**

Parent	Actual 2012 $000 Gross	Actual 2012 $000 Impairment	Actual 2012 $000 Net	Actual 2011 $000 Gross	Actual 2011 $000 Impairment	Actual 2011 $000 Net
Not past due	3,042	0	3,042	3,439	0	3,439
Past due 1-30 days	1,014	0	1,014	925	0	925
Past due 31-60 days	41	(8)	33	236	0	236
Past due 61-90 days	144	(53)	91	9	0	9
Past due > 91 days	114	(70)	44	90	(83)	7
Total	**4,355**	**(131)**	**4,224**	**4,699**	**(83)**	**4,616**

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

The provision for impairment has been calculated based on the monthly review of debtor balances ageing and the likelihood of overdue amounts being recovered.

Movements in the provision for impairment of receivables are as follows:

	Actual 2012 $000	Actual 2011 $000
Balance at 1 July	83	109
Additional Provisions made	70	83
Receivables written off	(83)	(109)
Total	**70**	**83**

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.

Cash flow 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.

Forward foreign exchange contracts

Forward foreign exchange contracts are used to manage exposure to foreign exchange risk arising from the purchase of equipment denominated in a foreign currency. The DHB does not hold these contracts for trading purposes. The DHB has not entered into any hedge contracts for foreign exchange transactions during the year as it has deemed that hedging will only occur for significant, generally in excess of $50,000, transactions sourced directly from overseas.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The DHB has no financial instruments that give rise to price risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The DHB's exposure to fair value interest rate risk arises from bank deposits and bank loans that are at fixed rates of interest. The exposure to fair value interest rate risk is not actively managed by the DHB as investments and borrowings are generally held to maturity.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the DHB, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested with registered banks. In the normal course of business, exposure to credit risk arises from cash and term deposits with banks, debtors and other receivables, and forward foreign exchange contracts (2012 – Nil) in an asset position. For each of these, the maximum credit risk exposure is best represented by the carrying amount in the statement of financial position.

Investments and forward foreign exchange contracts are entered into only with registered banks that have a Standard and Poors's credit rating of at least A2 for short term and A- for long term investments. WDHB has experienced no defaults of interest or principal payments for term deposits and forward foreign exchange contracts.

Concentrations of credit risk for debtors and other receivables are limited due to the large number and variety of customers. The MoH is the largest debtor. It is assessed as a low risk and high-quality entity due to being a government-funded purchaser of health and disability services.

No collateral or other credit enhancements are held for financial instruments that give rise to credit risk.

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2012 $000	Actual 2011 $000
Fair value through surplus or deficit - Held for trading		
Forward foreign exchange contracts in a liability position	0	0
Loans and receivables:		
Cash and cash equivalents	(1,120)	(1,720)
Debtors and other receivables	4,646	5,022
Investments	549	243
Total loans and receivables	**4,075**	**3,545**
Financial liabilities measured at amortised cost:		
Creditors and other payables (excluding income in advance and GST)	7,241	7,762
Borrowings - CHFA loans	25,750	24,938
Borrowings - Privately sourced loans	739	874
Total financial liabilities measured at amortised cost	**33,730**	**33,574**

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.

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 Group 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 2012, it is estimated that a general increase of one percentage point in interest rates would increase Wairarapa DHB's deficit before tax by approximately $17,000 (2011: $18,000).

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings. Wairarapa DHB credit quality information follows.

	Actual 2012 $000	Actual 2011 $000
Counterparties with credit ratings		
Cash and cash equivalents and trust fund assets:		
AA	(865)	(1,477)
AA-	0	0
Total Cash and cash equivalents and trust fund assets	**(865)**	**(1,477)**
Counterparties without credit ratings		
Debtors and other receivables:		
Existing counterparty with no defaults in the past	4,646	5,022
Existing counterparty with defaults in the past	0	0
Total debtors and other receivables	**4,646**	**5,022**

Fair Value Analysis

The fair value of the financial instruments is considered equivalent to the carrying value recorded in the statement of financial position except for the Crown sourced loans which are based on the Government bond rate plus 15 basis points based on mid market pricing, including accrued interest.

Group	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount	Fair value
	2012 $000	2012 $000	2012 $000	2012 $000	2012 $000	2012 $000	2012 $000
Investments					549	549	549
Trade and other receivables			4,646			4,646	4,646
Cash and cash equivalents			(1,120)			(1,120)	(1,120)
Crown sourced loans					25,750	25,750	27,590
Privately sourced loans					739	739	739
Trade and other payables					8,190	8,190	8,190

Group	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount	Fair value
	2011 $000	2011 $000	2011 $000	2011 $000	2011 $000	2011 $000	2011 $000
Investments					243	243	243
Trade and other receivables			5,022			5,022	5,022
Cash and cash equivalents			(1,720)			(1,720)	(1,720)
Crown sourced loans					24,938	24,938	24,938
Privately sourced loans					874	874	874
Trade and other payables					9,027	9,027	9,027

Parent	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount	Fair value
	2012	2012	2012	2012	2012	2012	2012
	$000	$000	$000	$000	$000	$000	$000
Investments					652	652	652
Trade and other receivables			4,516			4,516	4,516
Cash and cash equivalents			(1,416)			(1,416)	(1,416)
Crown sourced loans					25,750	25,750	27,590
Finance lease liabilities					739	739	739
Trade and other payables					8,169	8,169	8,169

Parent	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount	Fair value
	2011	2011	2011	2011	2011	2011	2011
	$000	$000	$000	$000	$000	$000	$000
Investments					346	346	346
Trade and other receivables			4,906			4,906	4,906
Cash and cash equivalents			(2,062)			(2,062)	(2,062)
Crown sourced loans					24,938	24,938	26,224
Finance lease liabilities					874	874	874
Trade and other payables					8,951	8,951	8,951

19. RELATED PARTIES

All related party transactions have been entered into on an arms' length basis.

WDHB is a wholly-owned entity of the Crown.

Significant transactions with government-related entities

WDHB has received funding from the Crown and ACC of $122.0 million (2011 $119.2 million) to provide health services for the year ended 30 June 2012.

Inter District Flows

WDHB earns revenue from other DHBs for the care of patient's domiciled outside the DHB's district where the service is provided by WDHB. WDHB incurs expenditure to other DHBs for the care of Wairarapa domiciled patients where the care is provided outside the DHB's district. The process for this purchasing arrangement is inter district flows. For the period the following transactions were incurred by WDHB.

	2012 $000	2011 $000
Revenue	3,472	3,582
Expenditure	26,696	24,657
Receivable at 30 June	100	100
Payable at 30 June	17	4,766

Collectively, but not individually, significant, transactions with government-related entities

In conducting its activities, WDHB is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The WDHB is exempt from paying income tax.

WDHB also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2012 totalled $811,000 (2010: $748,000). These purchases included the purchase of energy from Meridian Power New Zealand Ltd, Solid Energy New Zealand Ltd and Genesis Power New Zealand Ltd as well as air travel from Air New Zealand, and postal services from New Zealand Post.

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 until 5 December 2011) and Tracey Adamson (Wairarapa DHB Chief Executive). The total value of transactions between Wairarapa DHB and Biomedical Services New Zealand Limited was $180,000 (2011: $127,000). The amount outstanding at balance date is $30,000 (2011: $12,000).

Wairarapa DHB has a 16.7% shareholding in Central Region Technical Advisory Services Limited (2010 – 16.7%) and participates in its commercial and financial policy decisions. The total value of transactions between Wairarapa DHB and Central Region Technical Advisory Services Limited was $499,333 (2011: $259,101). No amounts are outstanding at balance date.

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 leadership team and the Board members. The remuneration paid to the key management personnel is:

	Group Actual 2012 $000	Group Actual 2011 $000	Parent Actual 2012 $000	Parent Actual 2011 $000
Key management remuneration	1,966	1,720	1,781	1,550

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 2012 (2011 – nil).

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

20. SUBSEQUENT EVENTS

There are two significant events subsequent to balance date that are noted:

(i) WDHB has commenced a process to investigate the sale of Biomedical Services NZ Ltd (the 100% owned subsidiary of WDHB). Indicative bids were due in October 2012 and a decision on whether to proceed with any sale will be made in October or November by the WDHB Board.

(ii) WDHB was required, in conjunction with Capital & Coast DHB and Hutt Valley DHB, to submit to the Minister of Health a financial plan that achieved a break even financial result in aggregate across the three DHBs for the 2013/14 year and beyond as part of the 2012/13 annual plan approvals for each of the three DHBs. This plan has been submitted by the three DHBs and was approved by the Minister of Health on 15 October 2012.

21. 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.

Estimating useful lives and residual values of property, plant, and equipment

The useful lives and residual values of property, plant, and equipment are reviewed at each balance date. Assessing the appropriateness of useful life and residual value estimates requires the WDHB to consider a number of factors such as the physical condition of the asset, advances in medical technology, expected period of use of the asset by the WDHB, and expected disposal proceeds (if any) from the future sale of the asset. An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. The WDHB minimises the risk of this estimation uncertainty by:

- Physical inspection of the assets
- Asset replacement programs

In the year to 30 June 2012, the WDHB has not made changes to past assumptions concerning useful lives and residual values of assets.

22. EXPLANATION OF FINANCIAL VARIANCES FROM BUDGET

The significant variances between the actual reported financial results and those budgeted are as follows. As noted in the statement of accounting policies the 2012 actuals have been adjusted for the sale of the Ambulance service (refer also to note 23) however the 2012 budgets have not been adjusted. There is therefore variances across the revenue and expenditure lines in relation to the treatment of the discontinued activities as required by the financial reporting standards.

Revenue

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

Expenditure

- Additional expenditure has arisen due to higher than planned inter district flows for people resident in the Wairarapa who are treated at other DHBs.

Discontinued Activities

- The ambulance service exit was not included in the budget and in accordance with the financial reporting standards the net result from the revenues and costs (refer note 23) have been shown.
- At the time the budget was set it was expected that the sale of the old Masterton Hospital would be complete and there would not be any impairment on the valuation. Refer to note 7b.

Assets

- The balance of intangible assets is lower than planned. This reflects the expected expenditure for the Central Region Information Systems Programme (CRISP). CRISP did not progress as far as expected and subsequent to the completion of the budget it was agreed by the six central region DHBs that the investment would be reflected through the issuance of "B" Class shares (refer note 9) and not as an intangible asset.
- The budget assumed that the old Masterton Hospital campus would be sold during the financial year. This sale did not proceed as planned and the asset remains on the books (refer note 7b).

Liabilities

- Trade creditors are lower than planned primarily due to the expected timing of expenditures in relation to the CRISP programme that did not proceed as rapidly as planned.

Equity

- The lower than planned equity position relates to the adverse variance disclosed in the statement of comprehensive income. This primarily relates to the impairment on the old Masterton hospital asset.

23. DISCONTINUED OPERATIONS

On 29 February 2012 the WDHB, in conjunction with the Ministry of Health, entered into an agreement with Wellington Free Ambulance for the sale of the ambulance service. This transfer was completed on 1 March 2012.

The financial results of the discontinued operations included in the statement of comprehensive income are set out below.

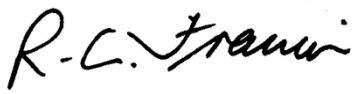
	Actual 2012 $000	Actual 2011 $000	Actual 2012 $000	Actual 2011 $000
Income				
Operating income	1,172	1,663	1,172	1,663
Gain on sale of property, plant & equipment	341	0	341	0
Total income	**1,513**	**1,663**	**1,513**	**1,663**
Expenditure				
Workforce costs	1,167	1,453	1,167	1,453
Other operating expenses	319	359	319	359
Depreciation & amortisation expense	93	136	93	136
Loss on sale of property, plant & equipment	606	0	606	0
Total expenditure	**2,185**	**1,948**	**2,185**	**1,948**
Net surplus/(deficit) from discontinued operations	**(672)**	**(285)**	**(672)**	**(285)**

STATEMENT OF RESPONSIBILITY

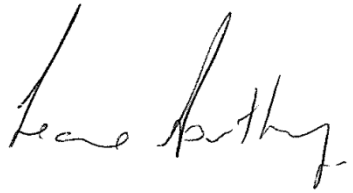
The Board and management of Wairarapa District Health Board accept responsibility for the preparation of the financial statements and the statement of service performance and judgements used in them.

The Board and management of Wairarapa District Health Board 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 District Health Board the financial statements and the statement of service performance for the year ended 30 June 2012 fairly reflect the financial position and operations of Wairarapa District Health Board.



Chair
Bob Francis



Board Member & Chair, Audit & Risk Committee
Leanne Southey

Chief Executive
Tracey Adamson

General Manager Finance & Information
Eric Sinclair

AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF THE WAIRARAPA DISTRICT HEALTH BOARD AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

The Auditor General is the auditor of Wairarapa District Health Board (the Health Board) and group. The Auditor General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Health Board and group on her behalf.

We have audited:

- the financial statements of the Health Board and group on pages 39 to 94, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Health Board and group on pages 14 to 37.

Opinion

In our opinion:

- the financial statements of the Health Board and group on pages 39 to 94:
    - comply with generally accepted accounting practice in New Zealand; and
    - fairly reflect the Health Board and group's:
        - financial position as at 30 June 2012; and
        - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Health Board and group on pages 14 to 37:
    - complies with generally accepted accounting practice in New Zealand; and
    - fairly reflects the Health Board and group's service performance for the year ended on 30 June 2012, including:
        - the performance achieved as compared with forecast targets specified in the statement of forecast service performance for the financial year; and
        - the revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses specified in the statement of forecast service performance for the financial year.

Our audit was completed on 30 October 2012. This 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 our responsibilities, and we explain our independence.

Basis of Opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Health Board and group's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Health Board and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Health Board and group's financial position, financial performance and cash flows; and
- fairly reflect the Health Board and group's service performance achievements.

The Board is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board's responsibilities arise from the New Zealand Public Health and Disability Act 2000 and the Crown Entities Act 2004.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our 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 New Zealand Institute of Chartered Accountants. Other than the audit, we have no relationship with or interests in the Health Board or its subsidiary.

K M Rushton
Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand

DIRECTORY

Board Office	Wairarapa DHB P O Box 96 Masterton 5840 Telephone: 06 946 9880 Website: www.wairarapa.dhb.org.nz	
Board Members	Bob Francis Leanne Southey Liz Falkner Charles Grant Rob Irwin Helen Kjestrup Rick Long Vivien Napier Fiona Samuel Janine Vollebregt Janice Wenn	Chairman Deputy Chairman
Chief Executive	Tracey Adamson	
Executive Managers	Eric Sinclair Simon Everitt Kieran McCann Robyn Brady Helen Pocknall Alan Shirley Cate Tyrer Stephanie Turner Gretchen Dean	General Manager Finance & Information General Manager Strategic Development & Population Health General Manager Clinical Services General Manager Service Improvement & Clinical Support Director of Nursing & Midwifery Chief Medical Officer Director, Quality, Safety & Risk Director of Maori Health Human Resources Manager