

## CONTENTS

	<b>Page</b>
1. Foreword	01
2. Introduction	02
3. Objectives	02
4. Nature and Scope of Activities	03
5. Performance Targets and Measures	09
6. Statement of Output Objectives for 2004/05	11
7. Financial Statements	20
8. Appendix 1. Statement of Accounting Policies	26

## FOREWORD

This Statement of Intent sets out the Wairarapa DHB's key issues, planned actions, and targets for 2004/05.

Wairarapa DHB approaches 2004/05 in a much better position than it had at the beginning of 2003/04. Following the Minister of Health's approval of its business case for redevelopment of Masterton Hospital, the DHB has been able to demonstrate a pathway to sustainable financial viability, and will reach breakeven in 2006/07. Redevelopment of the hospital will enable major operational efficiencies to be realised in the new facility so that more and better quality services will be provided at lower cost.

Critical operational tasks for 2004/05 are to progress hospital redevelopment and maintain service delivery within budget.

These are challenging goals. Their achievement requires excellent management and planning, particularly in change management, workforce development, finance, and risk management.

Specific risks to the achievement of our goals for 2004/05 include:

- Difficulties in recruiting clinical staff
- Delays in hospital redevelopment
- Failure to achieve certification
- Growth in costs and expenditures.

DHB Board members and management are committed to achievement of the goals and targets they have set for 2004/05 and to effective management of the risks and challenges that this entails.

The vision, health priorities and objectives that have emerged from our engagement with our key stakeholders and community will continue to guide us as we move forward.

Implementation of the New Zealand Health Strategy and the New Zealand Disability Strategy, together with redevelopment of Masterton Hospital and implementation of our local partnership model for integrated continuums of services, provide significant opportunities to make real improvements to the health of Wairarapa people.

Doug Matheson  
Chair

David Meates  
Chief Executive

## **1. INTRODUCTION**

### **1.1 Purpose of this Document**

This Statement of Intent is the Wairarapa DHB's key accountability document to Parliament for 2004/05. It has been prepared to meet the DHB's statutory obligations under the Public Finance Act 1989.

### **1.2 Our Obligations to Maori**

We are committed to the fulfilment of our obligations to Maori as set out in the New Zealand Public Health and Disability Act 2000. During 2002/03, in consultation with mana whenua, a partnership was agreed between the Mana Whenua Caucus and the Board, and a partnership document signed. The partnership relationship and joint work programme have been further developed since then and will continue to guide us during 2004/05.

The Mana Whenua Caucus advises the DHB at governance level. The Board and management are also supported and advised by the Maori Health Committee. The Maori Health Committee is representative of all Maori who live in the Wairarapa.

### **1.3 Our Commitment to Reducing Inequalities**

The Wairarapa DHB's Health Needs Assessment Report, published in late 2001, identifies significant disparities in health status and use of health services between Maori and non-Maori. Maori have considerably lower life expectancy, higher rates of admissions to hospital and are more likely to suffer from chronic diseases. They are also less likely to access primary care and disability services. We are committed to reducing these inequalities so that Maori may enjoy the same health status and access to services as non-Maori.

## **2. OBJECTIVES**

### **2.1 Our Statutory Objectives**

Objectives for all DHBs are set out in Section 22 of the New Zealand Public Health and Disability Act 2000. These are:

1. To improve, promote, and protect the health of people and communities;
2. To promote the integration of health services, especially primary and secondary health services;
3. To promote effective care or support for those in need of personal health services or disability support services;
4. To promote the inclusion and participation in society and independence of people with disabilities;
5. To reduce health disparities by improving health outcomes for Maori and other population groups;
6. To reduce, with a view to eliminating, health outcome disparities between various population groups by developing and implementing, in consultation with the groups concerned, services and programmes designed to raise their health outcomes to those of other New Zealanders;
7. To exhibit a sense of social responsibility by having regard to the interests of the people to whom we provide, or for whom we arrange the provision of services;
8. To foster community participation in health improvement, and in planning for the provision of services and for significant changes to the provision of services;
9. To uphold the ethical and quality standards commonly expected of providers of services and of public sector organisations;
10. To exhibit a sense of environmental responsibility by having regard to the environmental implications of its operations;
11. To be a good employer.

## **2.2 Our Strategic Objectives and Priorities**

During 2002 we completed and published our Strategic Plan for the period to 2012. This set four strategic priorities:

- Better child and family health;
- Better mental health;
- Reducing the incidence and impact of diabetes; and
- Reducing the incidence of respiratory disease, in particular asthma.

Common themes and objectives run across each of these priorities:

- Improvement of Maori health, reduction of disparities, increasing cultural responsiveness;
- Increasing access for Maori, youth, the most economically disadvantaged, and rural people;
- Increasing collaboration and co-operation across agencies and sectors;
- Stronger focus on healthy lifestyles and population health approaches;
- Community development and community action;
- Improving quality and consistency of service delivery; and
- More holistic approaches.

## **2.3 Ministerial Expectations**

The Minister of Health has advised of key priorities that DHBs should focus on in 2004/05. These are:

- Service delivery relating to:
  - He Korowai Oranga
  - New Zealand Disability Strategy
  - Elective services and radiotherapy waiting times
  - Reducing the incidence and impact of diabetes
  - Reducing inequalities
  - Primary care
  - Implementing the Mental Health Blueprint
- Keeping infrastructure costs as low as possible.
- Implementing effective industrial relations strategies.
- Innovative approaches to enable managing within budget.

## **2.4 Our Key Objectives for 2004/05**

Wairarapa DHB has six overarching objectives for 2004/05:

- Achievement of financial targets
- Progress hospital re-development while maintaining service delivery
- Implement the partnership model and increase integration
- Improve quality and achieve accreditation and certification
- Develop Wairarapa's health and disability services workforce
- Improve access and outcomes for Maori and other key groups.

## **3. NATURE AND SCOPE OF ACTIVITIES**

### **3.1 DHB Governance and Management**

A Board of elected and appointed members is responsible for governance of the Wairarapa DHB. The Board is responsible for the organisation's performance, including the achievement of the targets set out in this Statement of Intent.

The Board has ten members. Seven are elected by the community. The Minister of Health appointed four others (one has since resigned). The Board has two Maori members who represent the interests of Maori as individuals. A Maori board member sits on each Committee of the Board. The Board has a partnership agreement with the Mana Whenua.

Wairarapa DHB Members as at 1 July 2004 are:

Cheryl-Ann Broughton-Kurei, Robyn Daghish, Martin Easthope, Doctor Liz Falkner, Doug Matheson (Chairman), Vivien Napier, Linda Nelson, Doctor Rob Tuckett, Janine Vollebregt and Janice Wenn.

The role of the Board is to:

- Appoint and oversee the performance of the Chief Executive
- Develop a clear vision for the organisation
- Develop proactive and reactive strategies
- Report to the Minister of Health on the Board's performance
- Develop and seek approval of accountability documents
- Monitor performance of the organisation and the Chief Executive
- Add value to the activities of the Wairarapa DHB.

The Board has established the following committees:

**Community and Public Health Advisory Committee:** The Community and Public Health Advisory Committee provides advice and recommendations to the Board on the health needs of the resident population. It also advises the Board on priorities for the use of the health funding provided. The committee membership is comprised of eight Board members.

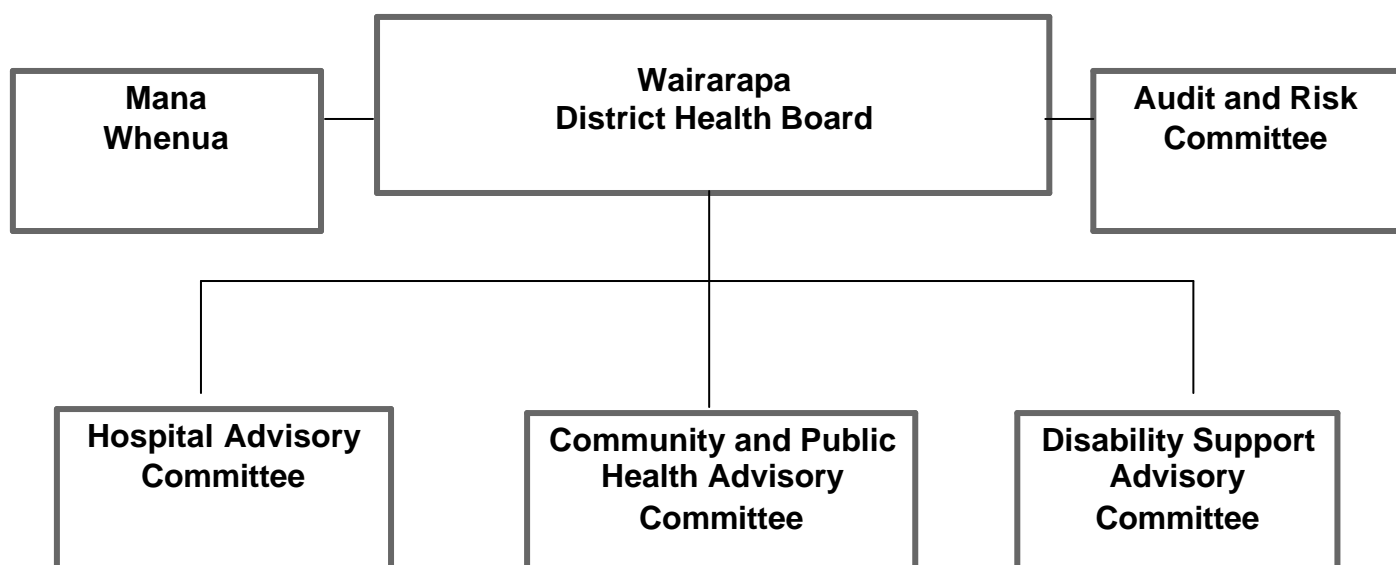
**Disability Support Advisory Committee:** The Disability Support Advisory Committee provides advice and recommendations to the Board on the disability support needs of the resident population. It also provides advice and recommendations to the Board on priorities for the use of the disability support funding provided. The committee membership is comprised of five Board members and two representatives from the Wairarapa disability community.

**Hospital Advisory Committee:** The Hospital Advisory Committee monitors, advises and provides recommendations to the Board on the financial and operational performance of Masterton Hospital and related services provided by the Wairarapa District Health Board. The committee membership is comprised of seven Board members.

**Audit and Risk Committee:** The Audit Committee advises the Board on its responsibilities in relation to integrity of financial reporting, risk management, and regulatory conformance.

These committees meet regularly throughout the year and are supported by the Board and Committee secretaries, and members of the senior management team, as appropriate.

The Wairarapa DHB is fortunate to have a well functioning Board whose members contribute a wide range of skills and expertise to their governance role. Governance capability and health sector knowledge is maintained and fostered through regular workshops and training. Continuing development of the Board's partnership with Mana Whenua further strengthens governance capability.



## 3.2 DHB Planning and Funding

The Wairarapa DHB's planning and funding responsibilities include:

- Assessment of the local population's health status and needs
- Development of health goals and strategies in consultation with the community and service providers
- Development and application of prioritisation policy and processes
- Allocation of funding in line with agreed priorities
- Negotiation and administration of funding agreements with service providers
- Monitoring of service delivery and the health outcomes achieved.

The Wairarapa DHB's initial health needs assessment report was completed in 2001, and was a major input to the development of the Board's strategic priorities identified in its strategic plan.

During 2002 the Board's Strategic Plan was developed. The health improvement priorities and objectives set out in this Plan have provided the framework for subsequent development of the Board's health improvement plans and targets for 2004/05.

In 2001 the Board agreed clear prioritisation principles that are applied to all funding decisions.

As one of the smallest District Health Boards, Wairarapa has relatively limited planning and funding capacity, commensurate with its revenue, and the small number of contracts it has taken over. Seven full-time positions have been established and filled to fulfil the service planning and funding functions of the Wairarapa DHB. Communications advice and assistance, clinical advice, financial advice, and quality, audit and risk management advice for funding activities is provided by staff who work mainly for the Wairarapa DHB provider services.

Some planning and funding activity is undertaken jointly with other Central region DHBs. This is particularly the case in mental health. Shared working with other DHBs and with the Central region DHB's shared Technical Advisory Service (TAS) is also occurring increasingly in relation to demand driven expenditure, inter district flows, and provider audit.

During 2003/04 planning and funding responsibility for disability support services for older people was devolved to DHBs. Wairarapa DHB is still building its knowledge and capacity in this area.

In 2004/05 the Wairarapa DHB intends to continue to fund the same range of health and disability services as were funded by the DHB in 2003/04. The key challenges to be met in achieving this objective are:

- Managing expenditure on disability support services (DSS) for older people within available funding.
- Ensuring funding plans and service agreements with the DHB provider, and some other providers, to enable them to remain financially and clinically viable.
- Managing expenditure on pharmaceuticals and pharmacy services within available funding.
- Reconfiguring funding and service agreements for mental health services.

### ***Critical Planning and Funding Activity for 2004/05***

#### *Addressing DSS funding issues*

There are outstanding issues regarding the adequacy of funding devolved to the DHB for disability services for older people to meet the contractual commitments and planned developments that were in place at the date of devolution. During 2004/05 the DHB expects to work closely with the Ministry of Health to clarify and address these issues and ensure that expenditure on DSS is managed within the funding available.

#### *Improving control over demand driven primary care expenditure*

Recently Wairarapa's pharmaceutical expenditure has been growing at 8 percent per annum. There are very limited mechanisms in place to control this expenditure at present. During 2004/05 the DHB expects to continue to work with local pharmacists and prescribers to reduce the risks of further unplanned growth.

Growth in expenditure on claims for community referred laboratory tests are also of concern, and represent further financial risk.

#### *Working closely with the Wairarapa Community Primary Health Organisation*

Wairarapa Community PHO became operational on 1 January 2004. It provides district wide services and includes all primary medical practices. Close working relationships between the DHB and PHO are essential to ensure:

- Development of service delivery partnerships and more integrated primary-secondary services
- Alignment of strategies for health promotion, increasing access, and chronic disease management

#### *Completion of new Health and Disability Needs Assessment report*

During 2004/05 the DHB's health and disability needs assessment work will be updated and a new report issued.

#### *Review of Strategic Directions and development of new Strategic Plan*

Following completion of a new report on local health and disability needs, and in consultation with the community, the DHB will review and revise its Strategic Plan. We expect to complete the new Strategic Plan in early 2005/06.

#### *Contributing to DHB provider service development and facility planning*

The DHB provider has a major hospital redevelopment project underway. The planning and funding team will continue to work with the DHB provider to ensure there is agreed understanding of future health needs, the desired service models, clinical requirements and future funding parameters.

#### *Population Based Funding and management of inter district flows*

With the introduction of population based funding the Wairarapa DHB is allocated funding and responsibility for meeting all of its residents' needs. The DHB must pay for the services its residents use that are provided by other DHBs. This has the potential to create financial risk if the services of other DHBs that are used by Wairarapa residents are of greater value than the funding received. Also, for Wairarapa DHB, as a small district health board, volume changes in inter-district work are likely to have disproportionately large impacts on workload and associated dollars. During 2004/05 the DHB will continue to work with other DHBs to monitor volumes in a timely manner and develop processes to manage the flows.

#### *Implementing a new strategy for Mental Health Services*

During 2003/04 a new system design and framework for mental health services has been completed. During 2004/05 implementation plans will be developed and the first stages of implementation completed. This will require new service agreements and funding arrangements for some services.

#### *Implementing systems for the National Immunisation Programme and Meningococcal Vaccine Strategy*

A major responsibility for the DHB's planning and funding arm, in 2004/05, is to lead local planning for, and implementation of the national immunisation register and roll-out of the meningococcal vaccine strategy.

### **3.3 DHB Provider**

As well as planning, funding and contracting for the wide range of services that its population needs, the DHB also directly provides many of the services required. These DHB provider services are delivered through Masterton Hospital and its associated community and public health arm – Choice Health.

The services that are currently provided by the Wairarapa DHB include:

- 24-hour accident and emergency, and ambulance services;
- Assessment, treatment and rehabilitation (AT&R);
- Community health and public health;
- Dental health services;
- Disability services;
- General medicine;
- General surgery/urology and orthopaedic surgery;
- Laboratory, radiology and pharmacy;
- Mental health;
- Public health services; and
- Women and children's health services.

Maintenance of clinical and financial viability of these services is a major issue in the current facility. Many of the physical facilities at Masterton Hospital are outmoded, inefficient and non compliant with current health and safety legislation and standards. In 2003/04 a business case was approved for redevelopment of the hospital. Redevelopment will commence during 2004/05.

### ***Critical Provider Activity for 2004/05***

#### *Ensuring delivery on financial targets and progress towards long-term financial viability*

The Wairarapa DHB provider has a planned deficit of \$1.0 million for 2004/05, and an agreed planned pathway to achieve financial break-even in 2006/07. Pressures incurred while services are maintained through a period of major disruption and rebuilding will be managed tightly to limit the risk of failing to achieve financial targets in 2004/05. Progress to break-even is dependent on planning for, and implementation of, operational efficiencies. This will continue during 2004/05, through the hospital redevelopment process.

#### *Completion of the Hospital Redevelopment Project*

Completion of the hospital redevelopment project is crucial for the clinical and financial future of hospital and community services in the Wairarapa. As well as being outmoded and costly to operate, the existing facilities do not comply with current legislation and standards. A new facility will be more efficient, more attractive as a workplace, and promote best practice. If the hospital redevelopment project is delayed there will be additional costs of continuing to provide services in an old facility, and loss of staff morale. In addition, certification of some services, in particular Emergency Services, is unlikely to be obtained. A major focus for 2004/05 is to ensure all milestones are achieved on time and there are no delays.

#### *Ensuring Clinical Viability*

Maintenance of clinical viability also is critical to the future provision of services at Masterton Hospital. The low population base means it is difficult to balance the need for sufficient range and complexity of workload to maintain clinical skills, with the need to ensure reasonable rosters. Lone practitioners or small numbers of practitioners are at risk of being isolated from their peers. To overcome this, clinical alignment with other neighbouring hospitals will be developed further during 2004/05, building on the strategic alliance initiated in 2003/04 with Hutt Valley DHB.

#### *Industrial Relations and Workforce Development*

The professional workforce of the Wairarapa DHB is its most valuable and critical resource. Ongoing recruitment and retention difficulties are experienced in a number of areas. Being small and having only one or two specialists in some areas makes service provision vulnerable to sudden interruption should a key person have an accident, fall sick, or resign. As a result, service provision can fluctuate with resulting variation in output volumes.

In 2003/04, UCOL has commenced delivery of a bachelor of nursing programme in Masterton, supported by the skills lab at Masterton Hospital. The DHB provides mentoring, practical experience and other supports for students on the programme, and will continue to do so in 2004/05.

We also are working with other DHBs to create regional solutions to staffing difficulties and to find a balance between affordability and wage growth in the international market for health workforce. Wairarapa DHB must align its employment arrangements with those of neighbouring district health boards through national and regional multi-employer collective agreements.

Development of the clinical workforce is a priority. In 2004/05 this will include: ongoing development of clinical governance, led by the Clinical Board; further development and application of credentialing for all clinical staff, and further career pathway development for nurses, including pathways towards achievement of nurse practitioner.

#### *Certification and Accreditation*

All providers of health care services are required to meet certification requirements by October 2004. For the DHB provider it will be a challenge to comply with some of the new environmental standards and clinical requirements. The Wairarapa DHB plans to achieve accreditation prior to October 2004. Failure to achieve certification is a key risk for several departments in the hospital.

### ***Service Provision in 2004/05***

The long-term clinical and financial viability of Masterton Hospital depends on funding support through agreements that ensure an adequate mix of elective and acute procedures, and an adequate price, which together with operational efficiency enables the maintenance of a 24-hour acute secondary service.

The nature and scope of service provision is likely to change as the Wairarapa DHB aligns cost structures with agreed service revenues and volumes. The detail of the changes required will continue to be developed and refined during 2004/05, through the health planning and design development work underway currently.

The maintenance of current services is therefore assumed for the next financial year with the deficit financed by equity.

#### **4. PERFORMANCE TARGETS AND MEASURES**

Performance targets and measures have been set for each of the DHB's statutory objectives, Strategic Plan priorities, Ministerial expectations, and DHB local objectives for 2004/05 set out in section 2 of this document. In order to demonstrate alignment with priorities and objectives simply, and to reduce duplication, we have grouped the DHB's statutory objectives under six headings:

##### **GROUPING OF STATUTORY OBJECTIVES**

###### ***Group A - Improvement of Health and Disability Services***

1. To improve, promote, and protect the health of people and communities.
2. To promote the integration of health services, especially primary and secondary health services.
3. To promote effective care or support for those in need of personal health services or disability support services.

###### ***Group B - Inclusion of People with Disabilities***

4. To promote the inclusion and participation in society and independence of people with disabilities.

###### ***Group C - Maori Health and Reducing Inequalities***

5. To reduce health disparities by improving health outcomes for Maori and other population groups.
6. To reduce, with a view to eliminating, health outcome disparities between various population groups by developing and implementing, in consultation with the groups concerned, services and programmes designed to raise their health outcomes to those of other New Zealanders.

###### ***Group D - Community Participation***

7. To foster community participation in health improvement, and in planning for the provision of services and for significant changes to the provision of services.

###### ***Group E - Quality of Services***

8. To exhibit a sense of social responsibility by having regard to the interests of the people to whom we provide, or for whom we arrange the provision of, services.
9. To uphold the ethical and quality standards commonly expected of providers of services and of public sector organisations.
10. To exhibit a sense of environmental responsibility by having regard to the environmental implications of its operations.
11. To be a good employer.

###### ***Group F - Financial Responsibilities***

12. Operate in a financially responsible manner.
13. Meet the requirements of the Public Finance Act 1989.

##### **ALLOCATION OF OTHER OBJECTIVES TO THESE GROUPS**

We have also aligned each of the DHB Strategic priorities, Ministerial expectations, and DHB key objectives for 2004/05 with these groups:

###### ***Group A - Improvement of Health and Disability Services***

Child, family and Youth health  
Mental Health  
Reducing incidence and impact of diabetes

Reducing incidence and impact of respiratory disease  
Progress hospital development and maintain service delivery

***Group B - Inclusion of People with Disabilities***

Progress implementation of NZ Disability Strategy

***Group C - Maori Health and Reducing Inequalities***

Implementing He Korowai Oranga and Whakatataka, and reducing inequalities  
Improve access and outcomes for Maori and other key groups

***Group D - Community Participation***

***Group E - Quality of Services***

Improve quality and achieve accreditation and certification  
Implement partnership model and increase integration

***Group F - Financial Responsibilities***

Keeping infrastructure costs as low as possible  
Industrial relations strategies  
Innovative approaches to managing within budget  
Achieve financial targets  
Develop Wairarapa's health and disability workforce

Wairarapa DHB provides a very wide and diverse range of services and activity. The objectives, performance measures and targets shown in this Statement of Intent provide for a high level overview of key aspects of the DHB's performance. They are intended to provide a balanced representative picture of overall performance, focusing on the most significant outcomes expected in 2004/05. The objectives and performance measures chosen for inclusion here are those that are:

- Most important for improving health in the Wairarapa
- Known to be of particular interest to our community
- Critical to the operation of a high performing organisation.

Progress against each objective may be a specific responsibility of either DHB Planning and Funding (P&F) or DHB Provider (Pr) or a shared responsibility (P&F/Pr)

5. STATEMENT OF OUTPUT OBJECTIVES FOR 2004/05

<b>PRIORITY ACTIVITIES FOR 2004/05</b>																	
	<b>Responsibility</b>	<b>Objective</b>	<b>Target /Performance Measure</b>														
<b>OBJECTIVE GROUP A - Improvement of Health and Disability Services</b>																	
<b>Progress Hospital Redevelopment while maintaining service provision</b>	Pr	1. Completion of final Masterplan and developed design	➤ Developed design agreed with Ministry of Health and Treasury by December 2004.														
	Pr	2. Complete initial construction work	➤ Construction/re-construction commenced by 31 January 2005, and further milestones achieved on time thereafter.														
	Pr	3. Delivery of all services maintained at levels achieved in 2003/04 or better	➤ Actual versus expected service outputs specified in the price-volume schedule														
<b>Improve Child, Family and Youth Health</b>	Pr	4. Increased access to paediatric services	➤ Community Paediatrician employed by October 2004														
	P&F	5. Successful implementation of the National Immunisation Register (NIR)	➤ NIR implementation progress against plan at 30 June 2005														
	P&F/Pr	6. Successful implementation of meningococcal vaccine strategy	➤ Coverage and uptake achieved for Maori and non-Maori, aged under 5 years, 5-16years, and 17-20 years. Target: 95% coverage over all age groups														
	P&F	7. Reduced hospital admissions of children and young people	➤ Numbers of ambulatory sensitive <sup>1</sup> hospitals admissions of children and young people  Discharge rates per 1000 population: <table border="1" data-bbox="1435 1059 1962 1190"> <thead> <tr> <th>Age</th> <th>2003</th> <th>2004/2005</th> </tr> <tr> <td></td> <th>Actual</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>&lt;5 years</td> <td>112.4</td> <td>105</td> </tr> <tr> <td>5-14 years</td> <td>26.4</td> <td>20</td> </tr> <tr> <td>15-24 years</td> <td>15.9</td> <td>13.5</td> </tr> </tbody> </table>	Age	2003	2004/2005		Actual	Target	<5 years	112.4	105	5-14 years	26.4	20	15-24 years	15.9
Age	2003	2004/2005															
	Actual	Target															
<5 years	112.4	105															
5-14 years	26.4	20															
15-24 years	15.9	13.5															
P&F	8. Improved oral health in children and adolescents	➤ Numbers of enrolments and completions in dental services for adolescents															

<sup>1</sup> Ambulatory admissions are those admissions to hospital that could have been avoided if primary health services had been accessed.

			<ul style="list-style-type: none"> <li>➤ Percentages of adolescent population utilising services: <table border="1" style="margin-left: 20px;"> <tr> <th>2003/2004</th> <th>2004/2005</th> </tr> <tr> <td><b>Actual</b> 93% enrolment</td> <td><b>Targets</b> 95% enrolment</td> </tr> <tr> <td>68% completions estimated based on incomplete data</td> <td>75% completions</td> </tr> </table> </li> <li>➤ Review of school dental services completed by December 2004</li> <li>➤ Increase in number of programmes funded, and numbers of attendees: <table border="1" style="margin-left: 20px;"> <tr> <th>2003/2004</th> <th>2004/2005</th> </tr> <tr> <td><b>Actual</b> 10 programmes</td> <td><b>Targets</b> 15 programmes</td> </tr> <tr> <td>120 attendees</td> <td>150 attendees</td> </tr> </table> </li> <li>➤ Number of schools actively supported towards HPS <table border="1" style="margin-left: 20px;"> <tr> <th>2003/2004</th> <th>2004/2005</th> </tr> <tr> <td><b>Actual</b> 1</td> <td><b>Target</b> 3</td> </tr> </table> </li> <li>➤ Review of service provision for Youth completed by June 2005</li> <li>➤ Implement partner abuse intervention programme for all hospital staff, by July 2004</li> <li>➤ Formal, regular training in child protection in place for all hospital staff by June 2005</li> </ul>	2003/2004	2004/2005	<b>Actual</b> 93% enrolment	<b>Targets</b> 95% enrolment	68% completions estimated based on incomplete data	75% completions	2003/2004	2004/2005	<b>Actual</b> 10 programmes	<b>Targets</b> 15 programmes	120 attendees	150 attendees	2003/2004	2004/2005	<b>Actual</b> 1	<b>Target</b> 3
2003/2004	2004/2005																		
<b>Actual</b> 93% enrolment	<b>Targets</b> 95% enrolment																		
68% completions estimated based on incomplete data	75% completions																		
2003/2004	2004/2005																		
<b>Actual</b> 10 programmes	<b>Targets</b> 15 programmes																		
120 attendees	150 attendees																		
2003/2004	2004/2005																		
<b>Actual</b> 1	<b>Target</b> 3																		
	P&F	9. Increased access to ante-natal and parenting education																	
	P&F/Pr	10. More Health Promoting schools (HPS)																	
	Pr	11. Increased access to services for Youth																	
	Pr	12. Less family violence																	

<b>PRIORITY ACTIVITIES FOR 2004/05</b>																															
	<b>Responsibility</b>	<b>Objective</b>	<b>Target /Performance Measure</b>																												
<b>Better Mental Health</b>	P&F/Pr	13. Access to a range of local mental health services that are recovery oriented, clinically sustainable, and affordable	<ul style="list-style-type: none"> <li>➤ Implementation pathway for new mental health services plan completed by November 2004</li> <li>➤ Reconfiguration of services complete by June 2005</li> <li>➤ Clinical pathways established for all DHB provided mental health services, by October 2004</li> <li>➤ Outcomes measurement in use in all DHB provided mental health services, by May 2005</li> <li>➤ Mental health services cultural adviser employed by July 2005</li> <li>➤ Increase funding for alcohol and drug services for youth from July 2004</li> <li>➤ Plan for future development of mental health services for youth completed by June 2005</li> </ul>																												
	Pr	14. Mental Health Services that demonstrably make a positive difference to consumers																													
	Pr	15. Services that are more responsive to cultural needs of Maori																													
	P&F	16. Increased access to mental health services for youth.																													
<b>Reducing the Incidence and Impact of Diabetes</b>	P&F	17. Increase in number of Maori and Pacific people with diabetes who have free Annual checks	<ul style="list-style-type: none"> <li>➤ Number of Maori and Pacific people accessing Annual free checks increases by at least 10% during 2004</li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th><b>2002</b></th> <th><b>2003</b></th> <th><b>2004</b></th> </tr> </thead> <tbody> <tr> <td><b>Annual checks done</b></td> <td>Actual</td> <td>Actual</td> <td>Targets</td> </tr> <tr> <td>Total - All ethnicities</td> <td><b>408</b></td> <td><b>682</b></td> <td><b>828</b></td> </tr> <tr> <td>Maori</td> <td>70</td> <td>90</td> <td>119</td> </tr> <tr> <td>Pacific</td> <td>8</td> <td>13</td> <td>16</td> </tr> <tr> <td>Others</td> <td>457</td> <td>579</td> <td>692</td> </tr> <tr> <td><b>Estimated total number with Diabetes</b></td> <td><b>1145</b></td> <td><b>1189</b></td> <td><b>1263</b></td> </tr> </tbody> </table>		<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Annual checks done</b>	Actual	Actual	Targets	Total - All ethnicities	<b>408</b>	<b>682</b>	<b>828</b>	Maori	70	90	119	Pacific	8	13	16	Others	457	579	692	<b>Estimated total number with Diabetes</b>	<b>1145</b>	<b>1189</b>	<b>1263</b>
	<b>2002</b>	<b>2003</b>	<b>2004</b>																												
<b>Annual checks done</b>	Actual	Actual	Targets																												
Total - All ethnicities	<b>408</b>	<b>682</b>	<b>828</b>																												
Maori	70	90	119																												
Pacific	8	13	16																												
Others	457	579	692																												
<b>Estimated total number with Diabetes</b>	<b>1145</b>	<b>1189</b>	<b>1263</b>																												

	P&F	<p>18. Improve access to eye screening for people affected by diabetes</p> <p>19. One clinical pathway for diabetes treatment and management, used by all service providers across Wairarapa</p>	<table border="1" data-bbox="1413 280 2047 459"> <thead> <tr> <th></th> <th>2002</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <tr> <td>People who have had their eyes screened in the past 2 years.</td> <td>Actual 359</td> <td>Actual 600</td> <td>Targets 745</td> </tr> <tr> <td>Maori</td> <td>45</td> <td>77</td> <td>107</td> </tr> <tr> <td>Pacific</td> <td>4</td> <td>11</td> <td>14</td> </tr> <tr> <td>Others</td> <td>310</td> <td>512</td> <td>624</td> </tr> </tbody> </table> <p>➤ Flow-chart pathways developed for children and adults by June 2005.</p>		2002	2003	2004	People who have had their eyes screened in the past 2 years.	Actual 359	Actual 600	Targets 745	Maori	45	77	107	Pacific	4	11	14	Others	310	512	624
	2002	2003	2004																				
People who have had their eyes screened in the past 2 years.	Actual 359	Actual 600	Targets 745																				
Maori	45	77	107																				
Pacific	4	11	14																				
Others	310	512	624																				
<p><b>Reducing the Incidence and Impact of Respiratory Disease</b></p>	<p>P&amp;F/Pr</p> <p>Pr</p>	<p>20. Increasing numbers of people have healthy lifestyles and environments</p> <p>21. Common clinical pathways for treatment and management of respiratory illness, used by all service providers across Wairarapa</p>	<p>➤ 100 homes of people affected by respiratory disease insulated by June 2005</p> <p>➤ Influenza vaccination sales</p> <table border="1" data-bbox="1379 727 2047 906"> <thead> <tr> <th></th> <th>2002</th> <th>2003</th> <th>2004 (To 18/06/04)</th> <th>2005</th> </tr> </thead> <tbody> <tr> <td>Units of Vaccine Sold</td> <td>Actual 6,130</td> <td>Actual 6,720</td> <td>Actual 7,300</td> <td>Target 8,111</td> </tr> <tr> <td>Increased number</td> <td></td> <td>590</td> <td>539</td> <td>811</td> </tr> <tr> <td>% increase</td> <td></td> <td>9.6%</td> <td>7.97%</td> <td>10%</td> </tr> </tbody> </table> <p>➤ Clinical pathway for chronic obstructive pulmonary disease (COPD) agreed by June 2005.</p>		2002	2003	2004 (To 18/06/04)	2005	Units of Vaccine Sold	Actual 6,130	Actual 6,720	Actual 7,300	Target 8,111	Increased number		590	539	811	% increase		9.6%	7.97%	10%
	2002	2003	2004 (To 18/06/04)	2005																			
Units of Vaccine Sold	Actual 6,130	Actual 6,720	Actual 7,300	Target 8,111																			
Increased number		590	539	811																			
% increase		9.6%	7.97%	10%																			

<b>PRIORITY ACTIVITIES FOR 2004/05</b>			
	<b>Responsibility</b>	<b>Objective</b>	<b>Target /Performance Measure</b>
<b>Elective Services</b>	Pr	22. No one waits more than six months for an initial outpatient assessment	<ul style="list-style-type: none"> <li>➤ 100% of all referrals are seen within 6 months by 30 June 2005.</li> <li>➤ 100% are operated on within 6 months of assessment by June 2005.</li> <li>➤ Establish a Wairarapa Elective Services Steering Committee and work programme by September 2004</li> </ul>
	Pr	23. All those assessed as eligible for surgery are operated on within six months of their first specialist assessment.	
	P&F/Pr	24. More integrated primary-secondary management of the elective surgical services work programme	
<b>Primary Care</b>	P&F	25. Effective delivery of new PHO services	<ul style="list-style-type: none"> <li>➤ Increased access to and utilisation of primary health services – baseline data to be established during 2004/05</li> <li>➤ Number of people transported to, and supported at, primary and/or secondary health services, by Maori providers. Target: 35 per month during 2004/05 (this is a new service)</li> <li>➤ Joint PHO-DHB working group develops referred services management strategy by May 2005</li> </ul>
	P&F	26. Increasing access to services for Maori and Pacific people	
	P&F	27. Expenditure in pharmaceuticals is managed within budget	
<b>OBJECTIVE GROUP B – Inclusion of People with Disabilities</b>			
<b>New Zealand Disability Strategy</b>	P&F	19. Continue to implement Wairarapa DHB Disability Strategy Action Plan.	<ul style="list-style-type: none"> <li>➤ Progress report on actions completed at 30 June 2005.</li> <li>➤ Re-design delivery of AT&amp;R services and implement new service model by May 2005</li> </ul>
	Pr	20. People have access to a comprehensive range of AT&R services that demonstrate best practice	

<b>PRIORITY ACTIVITIES FOR 2004/05</b>			
	<b>Responsibility</b>	<b>Objective</b>	<b>Target /Performance Measure</b>
<b>OBJECTIVE GROUP C – Maori Health and Reducing Inequalities</b>			
<b>Implementing He Korowai Oranga and Whakatataka</b>	P&F	21. Stronger, more effective Maori providers	➤ Growth in services 'by Maori for Maori', measured by funding and staff employed.
	P&F	22. Increasing partnership and participation by Maori in DHB decisions	➤ Maori workforce development strategy completed by December 2004
	P&F	23. Mainstream services are increasingly responsive to Maori	➤ Mana Whenua-DHB relationship agreement reviewed and renewed by September 2004
	Pr		➤ All DHB staff complete Tiriti o Waitangi training by June 2005
<b>Reducing Inequalities</b>	Pr/P&F	24. Improve knowledge and measurement of inequalities	➤ Reviews of pathways of care for Maori in maternity, and mental health services completed by June 2005
	P&F	25. New primary health services increase access for Maori and Pacific people, and others in low socio-economic groups	➤ Increased reporting of ethnicity by service providers
	Pr/P&F	26. Increase access to primary health services for youth	➤ New health needs assessment report completed by March 2005
			➤ PHO reports on Service to Increase Access initiatives
			➤ Quarterly reports from nurse led clinic for youth indicate increasing usage. Target: 40 clients per month by June 2005

	Responsibility	Objective	Target/Performance Measure
<b>OBJECTIVE GROUP D – Community Participation</b>			
<b>Community Engagement</b>	Governance P&F	27. All stakeholder groups have opportunity to provide input to development of the new health needs assessment report	➤ Three or more stakeholder forums are held to consider health needs information, and provide comment for the developing report, by 30 November 2004.
	P&F	28. New health needs information is widely available and promoted.	➤ Copies of the completed report are made available to all groups, and distributed widely in both electronic and paper formats
	Governance P&F P&F	29. There is wide public engagement in development of the DHB's next strategic plan	➤ Four or more public meetings/hui are held to present and discuss the draft strategic plan.
		30. Copies of plans and proposals are made widely available.	➤ Copies of the DHB's Health Needs Assessment reports, Strategic and Annual plans, Statement of Intent, Annual Report , hospital re-development proposals, and service strategies, including consultation drafts, are available in all public libraries and on the DHB website.
	Governance	31. The DHB's decisions are open and transparent	➤ Board and Statutory Committee agendas and papers continue to be accessible on Wairarapa DHB website
<b>OBJECTIVE GROUP E – Quality of Services</b>			
<b>Achieve accreditation and certification</b>	P&F/Pr	32. All services funded by the DHB meet requirements of the Health and Disability Services (Safety) Act	➤ DHB provider meets certification requirements by October 2004 ➤ All DSS providers, and mental health residential service providers meet certification by October 2004
	Pr	33. Services are prepared to respond to emergencies and disasters	➤ District Civil Defence and Pandemic plans are completed by December 2004
	Pr	34. Services demonstrate clinical governance and accountability	➤ A clinical measurement programme, including clinical indicators, audit systems and action plan developed by September 2005

	Responsibility	Objective	Target/Performance Measure
<b>OBJECTIVE GROUP E - Quality of Services</b>			
<b>Workforce Development</b>	Pr	35. A constructive organisational culture	<ul style="list-style-type: none"> <li>➤ Complete plan for organisational culture change by September 2004 and report progress quarterly</li> <li>➤ HR system in place by September 2004, to support HPCA Act requirements to ensure scopes of practice and competence for health professionals can be demonstrated.</li> <li>➤ Completion of Wairarapa Health and Disability workforce action plan by March 2005</li> </ul>
	Pr	36. Compliance with requirements of the Health Practitioners Competency Assurance Act (HPCA)	
	Pr	37. A health and disability workforce development strategy for Wairarapa	
<b>Industrial Relations</b>	Pr	38. Fair and affordable remuneration arrangements	<ul style="list-style-type: none"> <li>➤ Review all individual employment agreements by June 2005</li> <li>➤ Outcomes of regional and national collective bargaining are affordable within the DHB's financial plan</li> <li>➤ A management development programme in place by June 2005 to ensure training is available in all aspects of management, including employee relations practices.</li> </ul>
	Pr	39. A safe and fair working environment	

<b>OBJECTIVE GROUP F – Financial Responsibilities</b>			
<b>Keeping Infrastructure Costs as Low as Possible</b>	Pr	40. Achieve efficiencies in radiology services	<ul style="list-style-type: none"> <li>➤ Implement new systems to achieve lower unit costs, by June 2005</li> <li>➤ Implement new systems to achieve lower unit costs, by June 2005</li> </ul>
	Pr/P&F	41. Achieve efficiencies in operation of laboratory services	
<b>Managing within Budget</b>	P&F	42. Manage key demand driven expenditure risks – DSS and pharmaceuticals within budget	<ul style="list-style-type: none"> <li>➤ Reduce pharmaceutical expenditure growth to the national average</li> <li>➤ Match DSS expenditure to assured funding</li> <li>➤ Financial targets achieved at 30 June 2005</li> </ul>
	Pr	43. Maintain provider arm expenditure within budget	

Responsibility

P&F = Planning and Funding

Pr = Provider

Governance

## FINANCIAL STATEMENTS

### Consolidated Financial Statements

The forecast financial statements have been prepared on the basis of assumptions as to future events that the Board reasonably expects to occur, associated with actions the Board reasonably expects to take, as at the date the statements were prepared.

The actual results achieved for the period covered by the forecast financial statements are likely to vary from the information presented, and the variations may be material. The forecast financial statements comply with section 41D of the Public Finance Act 1989, and the information may not be appropriate for any other purpose.

The financial statements presented below should be read in conjunction with the statement of accounting policies included as Appendix 1.

<b>Wairarapa District Health Board</b>						
<b>Forecast Statement of Financial Performance</b>						
For the year ended 30 June						
	2004/05		2005/06		2006/07	
	Consolidated \$000's	Parent \$000's	Consolidated \$000's	Parent \$000's	Consolidated \$000's	Parent \$000's
<b>Revenue</b>						
Revenue	78,373	77,452	80,944	79,978	84,297	83,294
Interest Revenue	53	50	53	50	54	50
<b>Total Revenue</b>	<b>78,426</b>	<b>77,502</b>	<b>80,997</b>	<b>80,028</b>	<b>84,351</b>	<b>83,344</b>
<b>Expenditure</b>						
Provider Expenditure	(36,386)	(36,386)	(37,114)	(37,114)	(37,856)	(37,856)
Operating Expenditure	(39,676)	(38,876)	(41,066)	(40,256)	(40,229)	(39,411)
Depreciation	(1,393)	(1,322)	(1,217)	(1,136)	(2,708)	(2,618)
Interest	(789)	(789)	(1,472)	(1,472)	(1,706)	(1,706)
Capital Charge	(1,171)	(1,171)	(1,400)	(1,400)	(1,553)	(1,553)
<b>Total Expenditure</b>	<b>(79,415)</b>	<b>(78,544)</b>	<b>(82,269)</b>	<b>(81,378)</b>	<b>(84,052)</b>	<b>(83,144)</b>
<b>Net Surplus/(Deficit)</b>	<b>(989)</b>	<b>(1,042)</b>	<b>(1,272)</b>	<b>(1,350)</b>	<b>299</b>	<b>200</b>
Gain/(Loss) on Sale of Assets	-	-	-	-	-	-
Income Tax	(18)	-	(26)	-	(33)	-
<b>Net Surplus/(Deficit)</b>	<b>(1,007)</b>	<b>(1,042)</b>	<b>(1,298)</b>	<b>(1,350)</b>	<b>266</b>	<b>200</b>

<b>Wairarapa District Health Board</b>						
<b>Forecast Statement of Movements in Equity</b>						
For the year ended 30 June						
	2004/05		2005/06		2006/07	
	Consolidated \$000's	Parent \$000's	Consolidated \$000's	Parent \$000's	Consolidated \$000's	Parent \$000's
Opening Equity	10,321	10,050	13,207	12,901	16,136	15,778
Equity Injection	3,893	3,893	4,227	4,227	192	192
Change in Revaluation Reserve	-	-	-	-	-	-
Net Surplus/(Deficit) for the Period	(1,007)	(1,042)	(1,298)	(1,350)	266	200
<b>Net Surplus/(Deficit)</b>	<b>13,207</b>	<b>12,901</b>	<b>16,136</b>	<b>15,778</b>	<b>16,594</b>	<b>16,170</b>

**Wairarapa District Health Board**  
**Forecast Statement of Financial Position**  
As at 30 June

	2004/05		2005/06		2006/07	
	Consolidated \$000's	Parent \$000's	Consolidated \$000's	Parent \$000's	Consolidated \$000's	Parent \$000's
<b>Public Equity</b>						
Equity	14,471	14,471	18,698	18,698	18,890	18,890
Revaluation Reserve	3,445	3,445	3,445	3,445	3,445	3,445
Retained Earnings	(4,812)	(5,015)	(6,110)	(6,365)	(5,844)	(6,165)
<b>Total Equity</b>	<b>13,104</b>	<b>12,901</b>	<b>16,033</b>	<b>15,778</b>	<b>16,491</b>	<b>16,170</b>
<i>Represented by:</i>						
<b>Current Assets</b>						
Bank in Funds	231	-	298	-	375	-
Receivables	6,540	6,445	6,755	6,665	7,020	6,941
Other Current Assets	575	575	575	575	575	575
<b>Total Current Assets</b>	<b>7,346</b>	<b>7,020</b>	<b>7,628</b>	<b>7,240</b>	<b>7,970</b>	<b>7,516</b>
<b>Current Liabilities</b>						
Bank Overdraft	(7)	(7)	(2,050)	(2,050)	(712)	(712)
Payables & Provisions	(9,844)	(9,710)	(8,529)	(8,386)	(8,244)	(8,097)
Short Term Borrowings	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>(9,851)</b>	<b>(9,717)</b>	<b>(10,579)</b>	<b>(10,436)</b>	<b>(8,956)</b>	<b>(8,809)</b>
<b>Net Working Capital</b>	<b>(2,505)</b>	<b>(2,697)</b>	<b>(2,951)</b>	<b>(3,196)</b>	<b>(986)</b>	<b>(1,293)</b>
<b>Non Current Assets</b>						
Property, Plant & Equipment	30,075	29,959	42,266	42,151	41,157	41,038
Other Investments	-	103	-	103	-	103
Trust Funds	230	230	230	230	230	230
<b>Total Non Current Assets</b>	<b>30,305</b>	<b>30,292</b>	<b>42,496</b>	<b>42,484</b>	<b>41,387</b>	<b>41,371</b>
<b>Non Current Liabilities</b>						
Borrowings	(14,114)	(14,114)	(22,928)	(22,928)	(23,328)	(23,328)
Provisions	(352)	(350)	(352)	(350)	(352)	(350)
Trust Funds	(230)	(230)	(230)	(230)	(230)	(230)
<b>Total Non Current Liabilities</b>	<b>(14,696)</b>	<b>(14,694)</b>	<b>(23,510)</b>	<b>(23,508)</b>	<b>(23,910)</b>	<b>(23,908)</b>
<b>Net Assets</b>	<b>13,104</b>	<b>12,901</b>	<b>16,035</b>	<b>15,780</b>	<b>16,491</b>	<b>16,170</b>

**Wairarapa District Health Board**  
**Forecast Statement of Cash Flows**  
For the year ended 30 June

	2004/05		2005/06		2006/07	
	Consolidated \$000's	Parent \$000's	Consolidated \$000's	Parent \$000's	Consolidated \$000's	Parent \$000's
<b>Operating Cash Flows</b>						
Cash Receipts	79,794	78,873	80,724	79,758	84,021	83,018
Interest Received	53	50	53	50	54	50
Payments to Providers	(37,421)	(37,421)	(37,042)	(37,042)	(37,794)	(37,794)
Payments to Employees & Suppliers	(39,820)	(39,017)	(41,002)	(40,180)	(40,270)	(39,434)
Interest Paid	(801)	(801)	(1,472)	(1,472)	(1,706)	(1,706)
Capital Charge Paid	(1,133)	(1,133)	(1,400)	(1,400)	(1,553)	(1,553)
<b>Net Operating Cash Flows</b>	<b>672</b>	<b>551</b>	<b>(139)</b>	<b>(286)</b>	<b>2,752</b>	<b>2,581</b>
<b>Investing Cash Flows</b>						
Cash Received from Sale of Fixed Assets	-	-	633	633	-	-
Cash Paid for Purchase of Fixed Assets	(12,779)	(12,713)	(15,511)	(15,431)	(1,929)	(1,835)
<b>Net Investing Cash Flows</b>	<b>(12,779)</b>	<b>(12,713)</b>	<b>(14,878)</b>	<b>(14,798)</b>	<b>(1,929)</b>	<b>(1,835)</b>
<b>Financing Cash Flows</b>						
Additional Loans Drawn	8,114	8,114	8,814	8,814	400	400
Additional Equity	3,893	3,893	4,227	4,227	192	192
Loans Repaid	-	-	-	-	-	-
<b>Net Financing Cash Flows</b>	<b>12,007</b>	<b>12,007</b>	<b>13,041</b>	<b>13,041</b>	<b>592</b>	<b>592</b>
<b>Net Cash Flows</b>	<b>(100)</b>	<b>(155)</b>	<b>(1,976)</b>	<b>(2,043)</b>	<b>1,415</b>	<b>1,338</b>
Opening Cash Balance	324	148	224	(7)	(1,752)	(2,050)
<b>Closing Cash Balance</b>	<b>224</b>	<b>(7)</b>	<b>(1,752)</b>	<b>(2,050)</b>	<b>(337)</b>	<b>(712)</b>
<i>Represented by:</i>						
Bank in Funds	231	-	298	-	375	-
Bank Overdraft	(7)	(7)	(2,050)	(2,050)	(712)	(712)
<b>Total Cash on Hand</b>	<b>224</b>	<b>(7)</b>	<b>(1,752)</b>	<b>(2,050)</b>	<b>(337)</b>	<b>(712)</b>

## Output Class Financial Statements

<b>DHB Funder</b>			
<b>Forecast Statement of Financial Performance</b>			
For the year ended 30 June			
	2004/05 \$000's	2005/06 \$000's	2006/07 \$000's
<b>Revenue</b>			
Revenue	72,674	74,127	75,610
<b>Total Revenue</b>	<b>72,674</b>	<b>74,127</b>	<b>75,610</b>
<b>Expenditure</b>			
Provider Expenditure	(72,674)	(74,127)	(75,610)
<b>Total Expenditure</b>	<b>(72,674)</b>	<b>(74,127)</b>	<b>(75,610)</b>
<b>Net Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>DHB Provider</b>			
<b>Forecast Statement of Financial Performance</b>			
For the year ended 30 June			
	2004/05 \$000's	2005/06 \$000's	2006/07 \$000's
<b>Revenue</b>			
Revenue	39,393	41,158	43,697
Interest Revenue	50	50	50
<b>Total Revenue</b>	<b>39,443</b>	<b>41,208</b>	<b>43,747</b>
<b>Expenditure</b>			
Operating Expenditure	(37,203)	(38,549)	(37,670)
Depreciation	(1,322)	(1,136)	(2,618)
Interest	(789)	(1,472)	(1,706)
Capital Charge	(1,171)	(1,400)	(1,553)
Internal Allocations	-	-	-
<b>Total Expenditure</b>	<b>(40,485)</b>	<b>(42,557)</b>	<b>(43,547)</b>
<b>Net Surplus/(Deficit)</b>	<b>(1,042)</b>	<b>(1,349)</b>	<b>200</b>
Gain/(Loss) on Sale of Assets	-	-	-
<b>Net Surplus/(Deficit)</b>	<b>(1,042)</b>	<b>(1,349)</b>	<b>200</b>

**DHB Governance & Administration**  
**Forecast Statement of Financial Performance**  
For the year ended 30 June

	2004/05 \$000's	2005/06 \$000's	2006/07 \$000's
<b>Revenue</b>			
Revenue	1,673	1,706	1,741
Interest Revenue	-	-	-
<b>Total Revenue</b>	<b>1,673</b>	<b>1,706</b>	<b>1,741</b>
<b>Expenditure</b>			
Operating Expenditure	(1,673)	(1,706)	(1,741)
Depreciation	-	-	-
Internal Allocations	-	-	-
<b>Total Expenditure</b>	<b>(1,673)</b>	<b>(1,706)</b>	<b>(1,741)</b>
<b>Net Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Assumptions

The key underlying assumptions in preparing the forecast financial statements, adopted on 18 May 2004, are:

- Income inflation will be set as per the funding envelope provided by the MOH.
- No provision has been made for any expenditures, or the associated funding, for DSS services not being provided at the date of devolution.
- Inter District Flow (IDF) revenue and expenditure has been included in these financial statements at a net \$13.3 million. This is based on figures provided by the MOH.
- Inflation on supplies, outsourced services and non-MOH revenue has been set at 2% for each of the three years.
- Inflation on salaries has been set at various rates for specific employment groups.
- Inflation on Funder arm payments has been set at 5% for pharmaceuticals (3% above Pharmac projections reflecting the trends over previous years) and 2% on all other payments.
- Depreciation has been assumed at the rates shown in the latest annual report.
- The capital charge is based on 11% of equity. It is assumed that any increase in the revaluation reserve will be reimbursed. At the time of writing the additional capital charge payable arising from the revaluation of assets (creating the revaluation reserve) had not been funded for the 2003/04 year, however indications from the Treasury and MOH are that funding will occur prior to 30 June 2004.
- Interest on the base term debt of \$6 million is assumed at 7.09% until April 2005 and 7% thereafter. All new debt drawn in conjunction with the Masterton Hospital Redevelopment project is assumed at 7%.
- The current operating leasing arrangements to continue with no change in classification to a finance leasing arrangement.

## **Other Policies**

### ***Shares or Interests in a Body Corporate or Association of Persons***

The Wairarapa DHB will seek the consent of the Minister of Health as required by the New Zealand Public Health and Disability Act 2000 (Section 28) using the process set out in CAB (00) M 32/2A (1).

### ***Financial Surplus***

The Wairarapa DHB will seek to match annual operating expenditure to income over time.

The Wairarapa DHB will apply any surpluses to debt reduction and to partially fund Wairarapa DHB capital developments. The Wairarapa DHB will retain any surpluses over and above this, for reinvestment in health services with the objective of improving the quality, safety and efficiency of service delivery.

### ***Ethical Guidelines***

The Wairarapa DHB will uphold the ethical standards and code of rights expected of providers of health and disability services. In doing so, the Wairarapa DHB embraces the following principles:

- Respect for the dignity, rights and cultural needs of the public, patient or mental health consumer.
- The individual has ultimate responsibility for their health and well-being. Staff in the Board's employment will work in partnership with patients to facilitate positive health outcomes.
- We must inform all patients or mental health consumers, treat them equally, and grant priority for health or disability services according to each person's assessed need or ability to benefit.
- The Wairarapa DHB will take due care to ensure the safety of patients in its care.
- We require our staff to practice according to their professional code of ethics.
- We protect trust and bequest funds, and only apply them as prescribed by the donors.

### ***Information Flows***

The Wairarapa DHB provides to the Minister the following documents and information:

- an annual plan;
- an annual report and audited financial statements within four months of the end of the financial year;
- reports against the statement of intent as required;
- reports on any other significant matters that may be identified;
- all performance measures required by the Ministry of Health as part of their monitoring regimes. This includes monthly and quarterly statistics, within the deadlines specified by the Ministry of Health;
- a district strategic plan; and
- information as requested to enable the preparation of Ministerial briefings, responses to Parliamentary questions, select committee enquiries and routine Ministerial correspondence.

The Wairarapa DHB will make available to the public:

- an annual plan after approval by the Wairarapa District Health Board and the Minister;
- an annual report as above;
- board meeting agendas and minutes;
- a range of information regarding services, standards and protocols and general activity and performance information, during the year; and
- a district strategic plan.

These reports will contain such information as is necessary to enable an informed assessment of the operations, including the comparison of performance against targets.

***Disposal of Land***

Dealings with land will be in accordance with Schedule 3, Clause 43 of the New Zealand Public Health and Disability Act 2000.

## **APPENDIX 1: STATEMENT OF ACCOUNTING POLICIES**

### **Reporting Entity**

Wairarapa DHB is a Crown entity in terms of the Public Finance Act 1989. The group consists of Wairarapa DHB, its subsidiary Biomedical Services New Zealand Limited (100% owned) and joint venture the Central Region Technical Advisory Service Limited (TAS) which is one sixth owned.

The financial statements and group financial statements of Wairarapa DHB have been prepared in accordance with the requirements of the New Zealand Public Health and Disability Act 2000 and the Public Finance Act 1989. In addition, funds administered on behalf of patients have been reported as a note to the financial statements.

### **Measurement Base**

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain fixed assets.

### **Accounting Policies**

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

#### **Basis of Consolidation – Purchase Method**

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

All significant inter-entity transactions are eliminated on consolidation.

#### **Budget Figures**

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

#### **Goods and Services Tax**

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

#### **Taxation**

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

The wholly owned subsidiary company, Biomedical Services New Zealand Limited, is subject to income tax. Income tax expense is charged in the group statement of financial performance in respect of its current year's

earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax bases are only recognized where there is virtual certainty of realisation.

### **Trust and Bequest Funds**

Donations and bequests to Wairarapa DHB are recognised as revenue when control over assets is obtained. A liability, rather than revenue, is recognised where fulfilment of any restrictions attached to those assets is not probable. Those donations and bequests with restrictive conditions are appropriated from retained earnings to the trust funds component of equity. When expenditure is subsequently incurred in respect of these funds it is recognised in the statement of financial performance and an equivalent amount is transferred from the trust funds component of equity to retained earnings.

### **Accounts Receivable**

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

### **Inventories**

Inventories are valued at the lower of cost, determined on a weighted average basis, and net realisable value after allowing for slow moving and obsolete items.

### **Investments**

Investments, including those in subsidiary and associated companies, are stated at the lower of cost and net realisable value. Any decreases are recognised in the Statement of Financial Performance.

### **Fixed Assets**

#### *Fixed Assets Vested from the Hospital and Health Service*

Under section 95(3) of the New Zealand Public Health and Disability Act 2000, the assets of Wairarapa Health Limited (a Hospital and Health Service) were vested in Wairarapa DHB on 1 January 2001. Accordingly, assets were transferred to Wairarapa DHB at their net book values as recorded in the books of the Hospital and Health Service. In effecting this transfer, the Board has recognised the cost (or in the case of land and buildings - the valuation) and accumulated depreciation amounts from the records of the Hospital and Health Service. The vested assets will continue to be depreciated over their remaining useful lives.

#### *Fixed Assets Acquired Since the Establishment of the Wairarapa DHB*

Assets, other than land and buildings, acquired by the Board since its establishment, and other than those vested from the Hospital and Health Service, are recorded at cost less accumulated depreciation. Cost includes all appropriate costs of acquisition and installation, including materials, labour, direct overheads, financing and transport costs.

#### *Revaluation of Land and Buildings*

Land and buildings are revalued every three years to their fair value as determined by an independent registered valuer by reference to their highest and best use. Additions between revaluations are recorded at cost. The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the asset revaluation reserve, the debit balance is expensed in the Statement of Financial Performance.

### *Disposal of Fixed Assets*

When a fixed asset is disposed of, any gain or loss is recognised in the statement of financial performance and is calculated as the difference between the sale price and the carrying value of the fixed asset.

### *Properties Intended for Sale*

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

## **Depreciation**

Depreciation is provided on a straight line basis on all fixed assets other than freehold land, at rates that will write off the cost (or revaluation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings and fit out	2 to 50 years	(2%–50%)
Plant and equipment	2.5 to 15 years	(6.5%–40%)
Motor vehicles	5 to 12.5 years	(8%–20%)
Leased assets	2.5 to 15 years	(6.5%–40%)

Capital work in progress is not depreciated. The total cost of a project is transferred to freehold buildings/building fit-out and/or plant and equipment on its completion and then depreciated.

## **Employee Entitlements**

Provision is made in respect of the Wairarapa DHB's liability for annual leave, long service leave, retirement gratuities, parental leave and conference leave. Annual leave, parental leave and conference leave have been calculated on an actual entitlement basis at current rates of pay whilst the other provisions have been calculated on an actuarial basis.

## **Leases**

### *Finance Leases*

Leases which effectively transfer to Wairarapa DHB substantially all the risks and benefits incident to ownership of the leased items are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period Wairarapa DHB is expected to benefit from their use.

### *Operating Leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

## **Financial Instruments**

Wairarapa DHB seeks to minimise exposure arising from its treasury activity. The Wairarapa DHB is not authorised by its treasury policy to enter any transactions that are speculative in nature.

Wairarapa DHB (and group) is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, investments, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position and all revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

### **Statement of Cash flows**

Cash means cash balances on hand, held in bank accounts, bank overdrafts, demand deposits and other highly liquid investments in which Wairarapa DHB invests as part of its day-to-day cash management.

Operating activities include all transactions that are not investing or financing activities. Cash inflows include all receipts from the sale of goods and services and other sources of revenue which supports the Wairarapa DHB's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities and advances and any other non-current assets.

Financing activities comprise the change in equity and debt capital structure of Wairarapa DHB.

### **Foreign Currency Translations**

Transactions denominated in foreign currencies (other than forward exchange contracts) are translated at the rate of exchange ruling at the transaction date. Short term transactions covered by forward exchange contracts are measured and reported at the forward rates specified in the contracts.

At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange differences arising from the transactions are recognised in the statement of financial performance.

### **Cost of Service Statements**

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

### **Cost Allocation**

Wairarapa DHB has arrived at the net cost of service for each significant activity using the cost allocation system outlined below.

#### *Cost Allocation Policy*

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

#### *Criteria for Direct and Indirect Costs:*

Direct costs are those costs directly attributable to a Wairarapa DHB activity.

Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific Wairarapa DHB activity.

#### *Cost Drivers for Allocation of Indirect Costs*

The cost of internal services not directly charged to board activities is allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area. For the year ended 30 June 2004, indirect costs accounted for 38% of Wairarapa DHB's total costs.

#### **Changes in Accounting Policies**

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