

# Annual Report

2008-09



Taranaki District Health Board



Taranaki Together, a Healthy Community  
Taranaki Whanui, He Rohe Oranga

# OUR AIMS

## A matou wawata



To promote healthy lifestyles and self responsibility



To have the people and infrastructure to meet changing health needs



To have services that are people centred and accessible, where the health sector works as one



To have a multi-agency approach to health



To improve the health of Maori and groups with poor health status



To lead and support the health and disability sector and provide stability throughout change



To make the best use of the resources available

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# Taranaki Together, a Healthy Community Taranaki Whanui, He Rohe Oranga







## Our Shared Vision | Te Matakite

### How We Work Together and with Others (Nga Tikanga)

#### Me Pehea nga mahi ngatahi me etehi atu

The actions and behaviours described below are how we aim to contribute to all our relationships including those with our patients, clients, whanau, funded agencies, staff and members of the public.

#### We will work together by:

-  Treating people with trust, respect and compassion
-  Communicating openly, honestly and acting with integrity
-  Enabling professional and organisational standards to be met
-  Supporting achievement and acknowledging successes
-  Creating healthy and safe environments
-  Welcoming new ideas

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# Introduction by Chairman and Chief Executive

Welcome to the Annual Report for the Taranaki District Health Board for 2008/2009.

In addition to the Board we would like to thank the various co-opted members of our Board committees, who have generously offered their knowledge and skills. Our Maori relationship partner, the Te Whare Punanga Korero Trust representing the eight iwi of Taranaki, have also provided members of our committees, in addition to contributing to various planning activities, as they support the governance of the DHB and our goals of improving Maori health and reducing health inequalities.

Our effort in this critical area has increased in the past year with our Maori Health Investment plan supporting new initiatives to build capacity in the Maori health sector, and laying key foundations to improve the health of Maori.

Health is becoming increasingly embedded in the community as we take responsibility individually and collectively for our health and wellbeing. We would like to acknowledge and thank the three Primary Health Organisations, and wide range of other organisations and individuals who have worked tirelessly for local people.

The hospital and specialist services have continued to experience cost growth as complexity and demand for services continue to increase. Nevertheless, we're proud of the team involved in these services who have done an admirable job in continuing to deliver good quality care and in many instances more services than before, whilst also balancing the resources available.

Following support of the Minister of Health we have been delighted to launch Stage 1 of "Project Maunga" Base Hospital redevelopment. We are proud to have been able to appoint an internationally renowned design team to work with our staff and others to develop plans including new operating theatres, day stay services, and inpatient wards. These exciting developments will provide a better quality environment for patients and staff, improved patient flows, more capacity and a facility fit for purpose with new models of care for the future.

We're looking forward to being able to let a construction contract and begin building in 2010/11, and subject to further justification and financial support plan that a further two stages will continue our programme to help meet the future needs of the Taranaki people.

Whilst the national Health Targets capture perhaps only a small part of what is necessary and important to our community's health – they do provide a focus for action and improved performance in priority health and disability areas. Taranaki has contributed to the significant progress made in these areas, as indicated in the summary page headers in this report with more details provided in the Statement of Service Performance section.

Our strong collaborative approach with other DHBs has also continued through our joint venture companies, including; HealthShare with Tairāwhiti, Bay of Plenty, Lakes and Waikato DHBs which audits services in personal health, mental health and health of older people; Allied Laundry Services providing a shared laundry with Whanganui, MidCentral and Hawkes Bay DHBs.



Our partnership over information systems services with Capital & Coast DHB through Health Intelligence, drew to a close at the end of the financial year. Taranaki's involvement however will continue with this valuable vehicle to deliver on the emerging refocused national Information Systems strategy. We believe this will benefit Taranaki DHB and other districts in the future.

Collaboration with other DHBs is very important to ensure we can provide access to appropriate care and treatment for Taranaki people, as well as avoiding duplication wherever possible and getting the best value for money. Gains to date include strategic directions and priorities developed for the health workforce, greater alignment of employment relations activity with workforce requirements, value for money initiatives and opportunities to improve the quality of service delivery, and savings and efficiencies through shared procurement.

We expect this to be built upon in the year ahead through service planning activities such as developing a Regional Clinical Services Plan with four other DHBs, and nationally through the implementation of the recent Ministerial Review Group's recommendations.

It is very pleasing to note that services to the value of nearly \$290m continued to be funded and provided for the people of Taranaki in the year. As we aim to balance high quality health services with our share of the national population funding there continues to be challenges. It is therefore pleasing to note that the consolidated financial result for the Board and associated companies is a small deficit slightly better than the planned budget. The financial result was significantly assisted by less than planned expenditure for some areas of funding responsibility in the period itself, and us unfortunately not being able to make the level of strategic service investments we would have liked.

Following the Election in the year the DHB has taken on board the new Government's expectations and priorities for the public health sector, and is working actively internally and with others to deliver on them. In line with this, it was very pleasing that the Ministry of Health has acknowledged our hospital's performance in elective services as 'outstanding'. We expect to continue our good performance in this area as well as focus others including improving waiting times in emergency departments, continuing to support clinical leadership and workforce development, and work with others to accelerate the implementation of the primary health care strategy.

Given the wider economic environment and the reducing proportion of the national population, Taranaki DHB is likely to face significant financial pressure in coming years. This will require us to continue to work with others in the Taranaki health sector and beyond, looking at how we organise ourselves with a willingness to change, in order to enable access to the services our community will need in the future.

The following pages provide a brief snapshot of the busy life and exciting developments from the past year. We hope you enjoy this small selection of the many achievements of the people working day and night for our patients and community.



Chief Executive Tony Foulkes and Chairman John Young.

Thank you to everyone who played a part in what has been another successful year for Taranaki DHB. We look forward to working with and for the people of Taranaki in the year ahead.

**John Young**  
Chairman

**Tony Foulkes**  
Chief Executive





**Every day of the year,  
24-hours-a-day, Taranaki  
health services are  
working together for  
a healthy community**

# This year...

WE CARRIED OUT 575,000 LABORATORY TESTS

18,556 CHILDREN ENROLLED IN THE SCHOOL DENTAL PROGRAMME

60,000 IMMUNISATIONS WERE ADMINISTERED

THERE WERE 38,520 GP VISITS

41,318 X-RAYS, CT AND MRI SCANS WERE PERFORMED

WE COORDINATED 15,148 DINNERS THROUGH MEALS ON WHEELS

20,979 PEOPLE WERE TREATED UNDER URGENT AND PLANNED SERVICES, AND 6,390 TREATED UNDER THE TOTAL ELECTIVE SERVICES

OUR CARDIOLOGY SERVICE CARRIED OUT 211 ANGIOGRAMS

OUR EMERGENCY DEPARTMENTS SAW 42,499 EMERGENCIES

THERE WERE 18,598 SURGICAL OUTPATIENT ATTENDANCES

3,571 CANCER PATIENTS RECEIVED CARE

OUR AMBULANCE SERVICE ATTENDED 12,802 111 CALLOUTS

# WHERE THE MONEY GOES

2008/09

The Taranaki DHB is the funder, planner and a key provider of health and disability services in the Taranaki region.



We have **104,280** Taranaki residents. We planned, funded and provided more than **\$262.5m** of health and disability services. Of this, **\$139.2m** was allocated to the Hospital Provider.

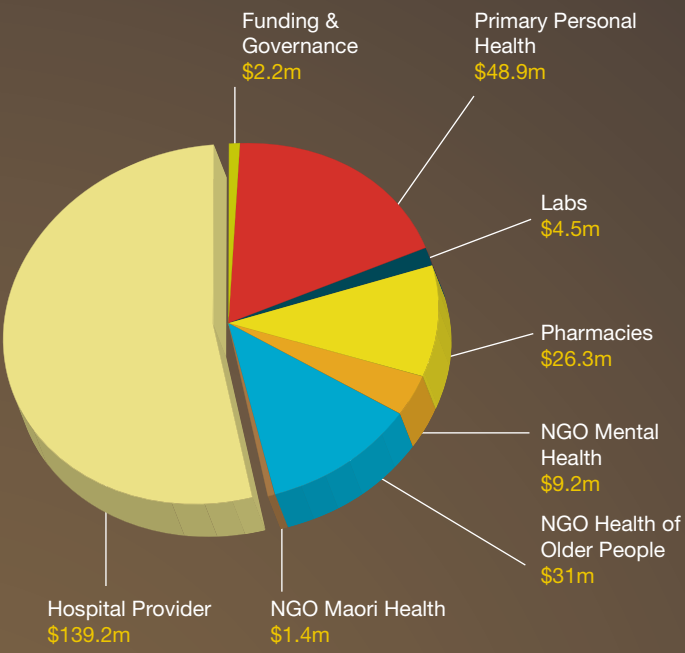
## WHO GETS IT

\$4.5m	\$17.8m	\$7.8m	\$20.7m
Community Laboratory Services	Community, Rehabilitation & Rural Services including	Maternity including	Primary Health Organisation & GP Services including
Laboratory	Services for children and youth	Hospital and community maternity services	GP services including chronic disease management and immunisation
	District nursing		
	Immunisation		
	Sexual health		
\$30.4m	\$28m	\$27m	\$25.1m
Residential Care and Home Support	Mental Health Services including	Community Pharmaceuticals	Inter District Flows
Residential care	Inpatient, outpatient and community based services for children, youth and adults	Subsidising pharmaceuticals accessed through pharmacies	Taranaki residents who access health services outside the province
Home support			
Caregiver support	Kaupapa Maori services		
Palliative care			

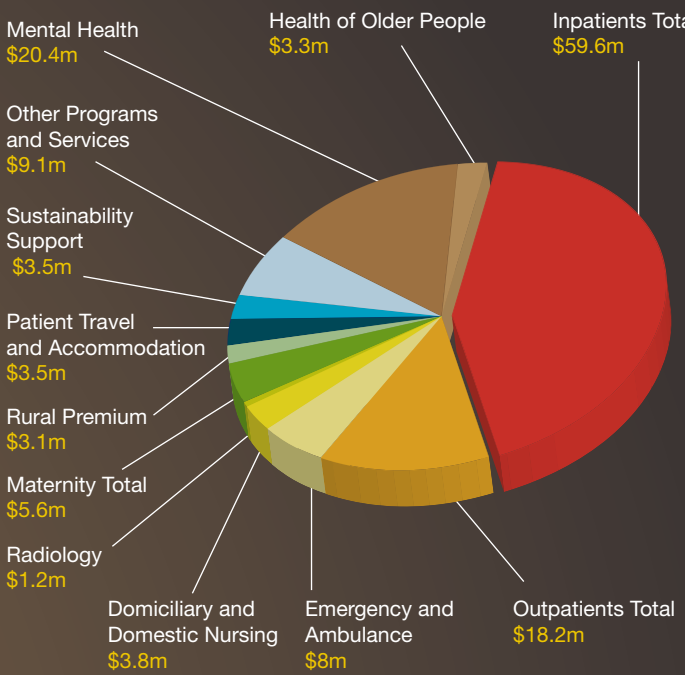
Figures are GST exclusive



Taranaki DHB Expenditure



Hospital Services Expenditure



\$4.8m

Other including

Maori service development  
Whanau Ora services

\$1.9m

Hospital Clinical Support Services

Radiology  
Laboratory

\$1.2m

Service Coordination and Support

Needs assessment and service coordination  
Meals on Wheels

\$39.3m

Hospital Surgical Services including

Surgical inpatients and outpatients

\$44.1m

Hospital Medical Services

Medical inpatients and outpatients  
Paediatric inpatients and outpatients  
Assessment, treatment and rehabilitation

\$8.7m

Emergency Department

Emergency services  
Ambulance services

\$1.3m

Public Health Services including

Nutrition and physical activity  
Smoking prevention  
Screening programmes

# TARANAKI

**like no other**

## Profiling Taranaki

Taranaki DHB plans and delivers health services for Taranaki and in the Mokau area, which is part of the Waikato District Health Board. There are a few densely populated centres in Taranaki such as New Plymouth City in North Taranaki, Stratford in Central Taranaki and Hawera in South Taranaki. The rest of the population is scattered in and around small rural centres.

### Population Profile

According to Statistics New Zealand, Taranaki DHB serves a population of 104,280 people, or 2.8%, of New Zealand's population. Between the 2001 and 2006 Census, the population usually resident in the region increased by 1,266, or 1.2%.

According to the Ministry of Health's 2008 population projections, Taranaki's population is expected to remain relatively static from 2006 to 2021. The Maori population is projected to increase to 20% of the total Taranaki population by 2021. The Maori, Pacific and Asian populations have grown slightly since 2001 and the population identified as European has declined, as at the 2006 Census. Taranaki has 81.4% identified as European and other, 15.2% as Maori, 1.3% as Pacific, 2.1% as Asian. It is interesting to note that more recent studies indicate that Taranaki's economy will grow faster than the national level over the next two years which could change these projections.

### Age Structure

Our population is ageing. The proportion of people over the age of 64 is higher than the national average. The proportion of people between the ages of 15 to 39 is lower than the national average. A total of 21.8% of people are aged under 15 years in Taranaki and 47% of the Maori population is under the age of 20.

### Socio-Economic Indicators

The Taranaki population sits towards the centre of the socio-economic range. There are higher percentages of people living in deciles five to seven and lower in the deciles four, compared to New Zealand average. Approximately 82% of Maori population is resident in decile six to 10 compared to 69% of non-Maori population. Maori males and females in decile four and five have a lower life expectancy than the most deprived non-Maori.



## We have

3 PRIMARY HEALTH ORGANISATIONS

69 GENERAL PRACTITIONERS

23 DENTAL PRACTICES

24 PHARMACIES

19 COMMUNITY PERSONAL HEALTH PROVIDERS

11 COMMUNITY BASED MENTAL HEALTH AND ALCOHOL  
& ADDICTIONS SERVICE PROVIDERS AND A FURTHER 6  
TUI ORA LTD AFFILIATED MAORI MENTAL HEALTH AND  
ALCOHOL & ADDICTIONS SERVICE PROVIDERS

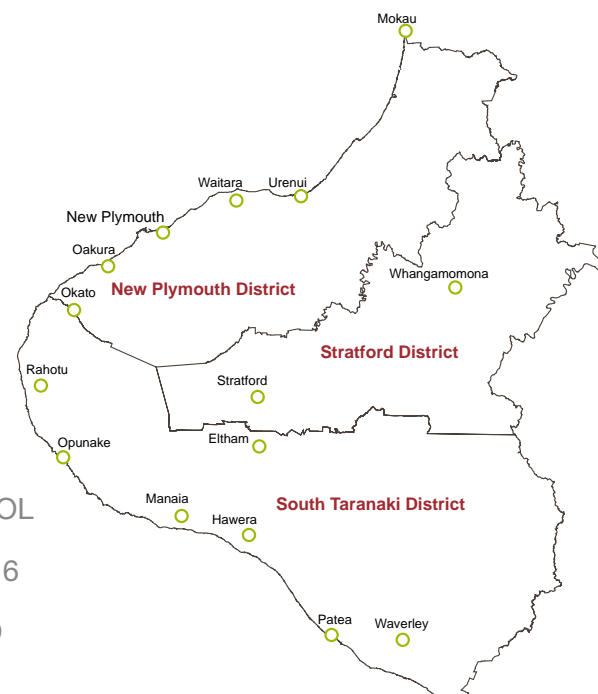
31 PROVIDERS OF SUPPORT SERVICES FOR OLDER PEOPLE

PROVIDERS OF COMMUNITY LABORATORY AND  
RADIOLOGY SERVICES

SUPPORT SERVICES FOR PEOPLE WITH DISABILITY

MAORI PRIMARY HEALTH PROVIDERS

HOSPITAL PROVIDER - FACILITIES INCLUDE TARANAKI  
BASE HOSPITAL, HAWERA HOSPITAL AND FIVE  
COMMUNITY HEALTH CENTRES LOCATED IN WAITARA,  
STRATFORD, OPUNAKE, PATEA AND MOKAU



New Plymouth District

Population 68,901

Stratford District

Population 8,892

South Taranaki

Population 26,487





# We work with others to make Taranaki a healthy community

We work with health professionals, local authorities, DHBs and many other organisations and groups to achieve our goal of a healthy community.

## Dioxin – Health Services

- A local advisory group, including Maori, NGOs and community members, was set up to understand the health needs of people who may be affected by dioxin.
- A series of one-stop-shops, coordinated by NGOs, was set up to help people complete the eligibility forms required for free health checks.
- Free wellness checks continue to be carried out by GPs for people eligible within the Ministry of Health criteria.

## Oral Health Co-ordination Services

- The Midland region DHBs agreed to the need for regional coordination of oral health services and for enrolment of adolescents in dental care.
- As the lead DHB, we have engaged a local dentist to undertake the service functions on behalf on the Midland Region.
- The benefits to our local population and to the greater region will be significant.

## Future Taranaki Facilitation Group

- A network that supports safer families and communities being established, developing the region's supply of labour and interagency commitment to a Smokefree Taranaki.
- The Future Taranaki Facilitation Group includes input from local and regional councils, education, health, Ministry of Social Development, Police, Te Puni Kokiri and Venture Taranaki.

## Pandemic Planning

- We have engaged with the Midland region DHBs to establish a regional PHO Emergency Planning position.
- The position will support the region's PHOs to plan for and prepare services to cope with a pandemic situation.
- In addition, we have worked with PHOs, Civil Defence and the local health sector to manage the Pandemic Influenza H1N1 09 (swine flu) outbreak.



## Tertiary ACC Partnership

- A recent ACC Partnership Programme audit has found Taranaki DHB to be a safe place to work, where hazards are managed well.
- The programme aims to help employers create safer workplaces and to establish a benchmark for health and safety, and injury management. It also aims to improve systems and integrate best practice standards.
- The DHB achieved status recognition – the highest level possible, for the third consecutive year.

## Primary Health Organisations

Primary Health Organisations (PHOs) are funded by DHBs to provide essential primary health care services to people who are enrolled with the PHO. PHOs bring together doctors, nurses and other health professional in the community to serve the health needs of their enrolled populations. The three PHOs in Taranaki are **Peak Health Taranaki PHO, Hauora Taranaki PHO and Te Tihi Hauora o Taranaki PHO**. Taranaki DHB works with the PHOs and Maori development organisation Tui Ora Ltd to ensure health and disability services meet the needs of local people. Examples of the close working relationships is evident in the following projects:

- The Enhanced Taranaki Healthline project, which has been project managed for Taranaki DHB by Hauora Taranaki PHO, supported by Peak Health Taranaki PHO
- Evaluation of the two Very Low Cost Access Primary Health Care pilot projects
- Joint meetings between the three PHOs and Taranaki DHB Planning and Funding and Hospital Services staff to develop the Taranaki DHB District Annual Plan
- Primary health care representation on the Taranaki DHB Information Services Strategic Plan group
- Primary mental health services are a joint venture between Taranaki DHB and the PHOs. The services are lead by Peak Health PHO for the primary health care sector
- Youth health services are delivered through a PHO, with Taranaki DHB funding two nurse practitioners whose area of practice is youth

## Mental Health – Eating Disorders Regional Plan

- We participated with other DHBs in the Midland region to develop our regional plan to meet the needs of clients suffering from eating disorders.
- This also involved collaboration with the northern region DHBs to enable a service that is sustainable, of high quality and affordable.
- Taranaki and the Midland Regional DHBs aim to provide tertiary support for local clinicians.



## Children and Young People



Our children are our future. In Taranaki, more children and young people are developing conditions that are preventable such as Type II diabetes. We need to support them to make healthy lifestyle choices.





# Our Health Targets



## Improving Immunisation Coverage

**Target:** 87% of two year olds and 79% of Maori two year olds immunised

**Result:** We achieved 79% of two year olds and 76% of Maori two year olds. We continue to work towards total immunisation



## Improving Oral Health

**Target:** 62% of adolescents using oral health services

**Result:** We achieved 70%

## Newborn Hearing Screening

- Newborn babies in Taranaki are now being offered hearing screening tests as part of the Universal Newborn Hearing Screening and Early Intervention programme.
- An important part of the screeners' role is to ensure babies with a potential hearing loss are followed up appropriately.



## Taranaki Nutrition Fund

- The Nutrition Fund has awarded grants to 59 Taranaki schools and early childhood education services since December 2007. Grants have been used for a variety of projects to improve food and nutrition, including equipment for school canteens to establish edible gardens and orchards.
- A School Canteen Network has been established, in partnership with the Heart Foundation, for canteen staff at Taranaki's intermediate and high schools. The network gives canteen staff an opportunity to share information and discuss issues.

## Baby Friendly Accreditation

- Taranaki Base and Hawera hospitals are among the few maternity facilities in the country to be accredited as Baby Friendly twice. Only facilities passing the World Organisation's recommended 10 Steps to Successful Breastfeeding are accredited.
- The hospitals were first accredited in 2005 and were successfully reaccredited in 2008. Stratford's Elizabeth R maternity home was accredited for the first time.

## B4 School Checks

- All four year olds in the region are being offered a free health and development check under the new B4 School Checks initiative.
- The aim of the checks is to identify any behavioural, social or developmental concerns which could affect a child's ability to learn when they begin school.

## Oral Health Update

- Taranaki DHB has been allocated \$3.04 million for the modernisation of oral health services for children and young people in the region.
- Community consultation on the location of six new Oral Health Clinics has resulted in confirmation on all but one of the six sites. In addition, three mobile dental units will deliver services to 22 schools.
- The new clinics, supported by mobile services, are designed to deliver oral health care to more than 20,000 Taranaki children and young people each year.

# Our Older People



In Taranaki, the older population is growing faster than the rest of the country. We want to give older people good information, accessible services and the tools to maintain quality of life.



# Our Health Targets



## Reducing Ambulatory Sensitive (Avoidable) Admission

**Target:** A decline in avoidable admissions for the under five's and over 65's

**Result:** We are a consistent high performer, with most targets achieved

## Scheme Supports Recruitment in Aged Care

- A new Taranaki DHB scheme is encouraging graduate nurses to enter the aged care sector.
- We have extended our Nurse Entry to Practice Programme to include organisations in the primary and aged care sectors.



## Aged Residential Care Providers

- Taranaki DHB funds with 31 aged residential care rest homes in Taranaki, with a capacity of 1237 beds. They are made up of 894 rest home beds, 222 hospital care beds, 64 dementia beds and 57 psychogeriatric beds.

## Older People's Health and Rehabilitation Services

- The Assessment, Treatment and Rehabilitation (AT&R) Dayward Service at Taranaki Base Hospital was revised, leading to changes that better meet the needs of our patients.
- The service was renamed Older People's Health and Rehabilitation Service. Services are now offered to the elderly and people with age related disorders through day clinics and home visits.
- The model gives patients more options - it provides opportunities for social interaction and reduces barriers to access.

## Driven in Style

- The Ironside Society drives patients to and from clinics at the Older People's Health and Rehabilitation Community Service.
- The society took over the responsibility from the Taranaki DHB Ambulance Service in 2008 and the arrangement is working well.

## Older Person's Wellbeing Day

- More than 30 local organisations supported the Older Person's Wellbeing Day, which aimed to raise awareness of falls prevention in older adults and promote the importance of overall wellbeing to healthy ageing.
- The event, organised by New Plymouth injury Safe, was a great success and gave participants the opportunity to have free health checks and try activities including aerobics, line dancing, indoor bowls.



# Maori



Maori in Taranaki are hospitalised more and die on average eight years earlier than non-Maori. We have several strategies to address this including reducing barriers to accessing culturally appropriate health services and promoting healthy lifestyles.



# Our Health Targets



## Diabetes and Cardiovascular Detection and Management

**Target:** Diabetes detection 67%, improve diabetes management 83%, cardiovascular disease risk assessment 65%

**Result:** We achieved 81% for diabetes detection, 80% for improved diabetes management and 63% for cardiovascular disease risk assessments



## Reducing the Harm Caused by Tobacco

**Target:** Increase the number of 'never smokers' in year 10 students to 58%. Reduce exposure of non-smokers to second hand smoke, > 75%

**Result:** We achieved 64% for 'never smokers' year 10 and 76% for reduction in exposure

## Opening Represents Working Together

- Taranaki Base Hospital's combined Whaiora and Maori Health Team facilities were officially opened in November 2008.
- The building was renovated to house Maori Health Team offices and Whaiora, which offers temporary accommodation to support whanau of inpatients.
- The Maori Health Team can better support each other now their offices and the Whaiora are together.



## Maori Health Priority

- There was a 25% increase in spending for Maori health services in 2008-09 from the previous year. This shows the importance placed on improving Maori health as it is consistently worse than that of non-Maori.

## Community Action; Oranga Kai, Oranga Pumau

- A Community Action Projects Coordinator has been employed.
- The first two rounds of grants saw 17 projects funded. The projects included establishing vegetable gardens and fruit trees, and training people to help them encourage Maori communities to increase the amount of physical activity they do.
- Evaluations have indicated changes in behaviour and positive outcomes in workforce development, nutritional advice and physical activity in many communities.
- These projects aim to reduce obesity which affects the quality and longevity of life that Maori experience.

## Kaiawhina Programme

- The Kaiawhina Pilot has trialled a new type of Maori health worker whose most important qualification is their connection to the communities in which they live.
- They are advocates, supporters, facilitators and connectors of people to appropriate health services.
- Four Kaiawhina supporting Ngaruahine and Ngati Ruanui, in the south, and Marfell and Tui Ora, in the north, have proven to be valuable resources in their communities.

## Tikanga Best Practice


- The revised tikanga best practice training programme has received excellent feedback and is consistently well attended by nursing and general staff.
- The training programme has also been delivered to mainstream NGOs, with the aim of improving their services for Maori.
- The Maori Health Team and Maori providers belong to work groups which review the way services are delivered to ensure they are appropriate for Maori patients and whanau.



# Mental Health & Addictions



Taranaki DHB's Mental Health & Addiction Services work closely with many other providers nationally and locally to ensure our consumers and their families receive services which best meet their needs.





# Our Health Targets



## Improving Mental Health Services

**Target:** Long-term clients to have relapse prevention plans, 90%

**Result:** We achieved 96%

## Patients Try a New Way of Living

- Mental Health & Addiction Services Clinical Director Dr Samir Heble, along with our Consumer Adviser, has introduced an eight-week Mindfulness Programme for mental health clients.
- The sessions, which include theory, exercises and meditation, can help people with depression, anxiety, addiction problems, traumatic pasts or personality disorders.
- One patient says the programme has transformed her life. "I feel empowered and in control of my life for the first time in six years."



## Midland Mental Health Collaboration

- Taranaki DHB Mental Health Services is involved in a number of collaborations across the Midland Region. Taranaki representation is included on regional forums such as the Midland Region's Leaders Forum, Consumer Forum, Alcohol & Drug Services Forum, Family/Whanau Forum, Forensic Services Forum and Eating Disorder Forum.

## New Models of Care

- Te Puna Waiora (Inpatient Unit) trialled a new model of intensive nursing care which aims to manage clients, who would normally be put into Intensive Psychiatric Care, in the open ward.
- Alcohol & Drug Services are trialling evening clinics with one-on-one and group counselling. The clinics are aimed at clients who are unable to attend during usual working hours. The clinics are proving popular and will be monitored with a view to making them a permanent fixture if demand increases.
- Mental Health Services for Older People, in partnership with Tu Tama Wahine Maori NGO provider, have successfully implemented a Kaupapa Maori Social Work and Cultural Support Worker position into the service. We have already started to see an increase in access to the service by pahake (older Maori adults).

## National Self Harm and Suicide Project

- The National Self Harm and Suicide Collaborative Project is a collaborative project between the Provider Arm, Te Rau Pani and Emergency Department.
- The project is continuing to go well and data, including the new Cultural Assessment Tool, is being collated from Hawera and Base Emergency Departments.
- The Cultural Assessment Tool for use in the Emergency Departments is being trialled by Te Rau Pani.

## Integrated Model of Care

- We have implemented an integrated model of care for clients.
- It means that continuity of care is maintained by psychiatrists for clients, whether they are in the community or the inpatient unit.
- This has led to greater client and clinician satisfaction, with clients feeling empowered. This assists in their recovery process and re-integration back into the community once discharged from the inpatient unit.

# Managing Chronic Disease



We want to prevent chronic disease through promoting healthy lifestyles and providing tools to improve quality of life.

# Our Health Targets



## Reducing Cancer Waiting Times

**Target:** All patients to wait less than six weeks before first assessment and treatment – 100%

**Result:** We achieved 91% and continue to work towards the target



## Improving Nutrition, Increasing Physical Activity, Reducing Obesity

**Target:** Increase breastfeeding rates. Increase servings per day of fruit and vegetables in adults

**Result:** No local results are available. We continue to work towards the national target with local initiatives such as the Healthy Eating Healthy Action Plan

## Supermarket Tours Offer Healthy Tips

- Taranaki dietitians ran free supermarket tours pointing out healthy food options as part of Diabetes Awareness Week.
- The supermarket tours showed people the best food choices for all the family, whether they have diabetes or not.
- Participants were divided into small groups and shown how to read nutrition labels and given useful tips to help them make healthy food choices.



## Walk for COPD Day

- Forty-eight past and present members of the Pulmonary Rehabilitation Group took part in a walk at Pukekura Park to celebrate World Chronic Obstructive Pulmonary Disease Day.
- The event is part of Taranaki DHB's Pulmonary Rehabilitation programme.
- The Pulmonary Rehabilitation Group helps to improve the quality of life for people who suffer from the disease, in a fun and supportive way. There are three courses in New Plymouth and one in Hawera every year.

## Persistent Pain Management Programme

- Taranaki DHB recently completed the first year of a new programme to help patients manage persistent pain.
- The PUEA (Pain: Understand, Exercise and Adapt) is a 12-week programme, run over 16 days, and was the first in New Zealand to be held in this format.
- PUEA, which means "to rise up" in Maori, aims to help people understand their pain so they can make differences in their life to deal with it. The group sessions cover pain physiology and psychology.
- Outcome data shows participants have experienced changes in many areas including a reduction in pain medication and health care visits, lower levels of distress and an increase in fitness and mobility.

## Patients Learn How to Manage Diabetes

- We provide education and support to people with diabetes.
- This year, we helped a woman with Type II diabetes lose more than 20kg through healthy eating. Another patient lost 40kg by walking daily and changing her diet.
- Patients are discharged from the service knowing that if their diabetes worsens or they need further help they can return.

## Coordinated Approach to Reducing Cancer Waiting Times

- Taranaki DHB continues to collaborate with MidCentral DHB to ensure optimum coordination between first specialist assessment undertaken in Taranaki and oncology service in Palmerston North.
- We participate with Central and Midland Regional Cancer networks in the development of Regional Cancer Plans.



# Our Hospitals and Specialist Services



The majority of Taranaki DHB staff are employed in the Hospital and Specialist Services. They provide a range of inpatient, outpatient and community based health services across many areas, including emergency, surgery, medicine, allied health and oncology.



# Our Health Targets



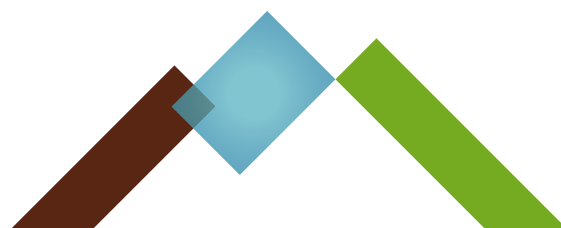
## Improving Elective Services

**Target:** 100% delivery of elective services within Ministry of Health guidelines

**Result:** We have met all targets and delivered more services than planned

## Project Maunga

- NCOUNTER GROUP Ltd has been appointed to provide Project Director services for stage one of Project Maunga, the facilities redevelopment at Taranaki Base Hospital.
- Stage one will include six new operating theatres, ambulatory elective surgery and procedure services, and a new inpatient ward block. There will be 152 new beds, an overall increase of 26.
- Work continues on projects to improve the models of care in preparation for the redevelopment.



**PROJECT MAUNGA**  
BASE HOSPITAL REDEVELOPMENT

## Taranaki DHB Performs Well in Elective Services

- Elective services are non-urgent procedures and operations that improve people's quality of life. We aim to keep waiting times within six months.
- We performed 17 more orthopaedic operations than we agreed to.
- We performed 32 extra cataract procedures than we agreed to.
- We performed 120 extra scope procedures than we agreed to.
- Taranaki DHB performed a total of 4219 operations.

## Clinical Board

- A new Clinical Board has been established. This is a significant development and will have an important role in the organisation.
- The board will help ensure the DHB has appropriate systems in place for quality clinical practices and mechanisms for ongoing learning and improvement.

## Certification Audit and Accreditation Alignment Survey

- The Accreditation Alignment Survey and Certification Audit processes were held in November 2008.
- It was evident that there is a variety of new initiatives, processes and joint ventures in place.
- Feedback recognised the quality of health care delivered to the people of Taranaki and the ongoing commitment to continuous improvement. "If you had to be in hospital this would be a good place," one of the surveyors said.

## A New Way of Thinking

- Taranaki DHB Hospital Services is moving towards building a "lean" healthcare environment. Lean thinking removes unnecessary steps or delays in successful production systems.
- We are taking the same concepts and techniques to improve productivity, processes and systems to make a smoother ride for our patients.
- The aim is to embed lean thinking throughout the entire Taranaki DHB Hospital Services team in preparation for the facility redevelopment.

# Our People



Healthcare is about people helping people. We have a great team of health professionals and support staff all working together for our community.

## Workplace Profile

- As at 30 June 2009, Taranaki DHB employed 1411 people, which is 1226.96 FTEs
- 1118 were female and 293 were male
- We had 85 Maori, five Pacific Islanders, 44 Asians, 899 New Zealanders, 218 European/UK/South African/American/Australian, 20 other African, Middle Eastern/South American, 10 other and 130 were unknown

## Pantomime

- Staff put on a Christmas Pantomime for family, friends and people who work in the Taranaki health sector.
- More than 100 staff members were involved in the production, which was attended by more than 600 people.
- The panto brought staff members together from different departments and was a great team building exercise.



## Scholarships Awarded

- Nineteen Taranaki DHB health scholarships were awarded to students studying in a range of areas including nursing, medicine, occupational therapy, social work, public policy, laboratory science and dental therapy.
- The innovative scheme is a proactive way the Taranaki DHB can plan and support our future workforce.

## Medical Students

- 2008 provided an opportunity to firmly establish Taranaki DHB as a destination for medical students from the Auckland and Wellington medical schools as Trainee Interns and 5th Year selective students.
- We have been successful in attaining a full allocation of 1st Year House Officers, a first since November 2004, and UK and Irish medical students have applied directly for posts in 2010 which reduces our reliance on recruitment agencies.

## Senior Medical Officer Recruitment

- Senior Medical Officer (SMO) vacancies were at a high level throughout the year - at one time we were actively recruiting for 17 SMO positions.
- At the end of June 2009, we obtained signed acceptances of offers of employment from 12 SMOs including psychiatrists, obstetricians, gynaecologists and geriatricians.

## Flexible Working Hours Improves Productivity

- The Taranaki DHB introduced flexible working arrangements for staff in July 2008.
- The scheme gives employees the opportunity to apply for flexible working options.
- One staff member on the scheme says her productivity has increased and she feels more loyalty towards the DHB. "I'm more committed to the job, and have more energy and drive to get things done."

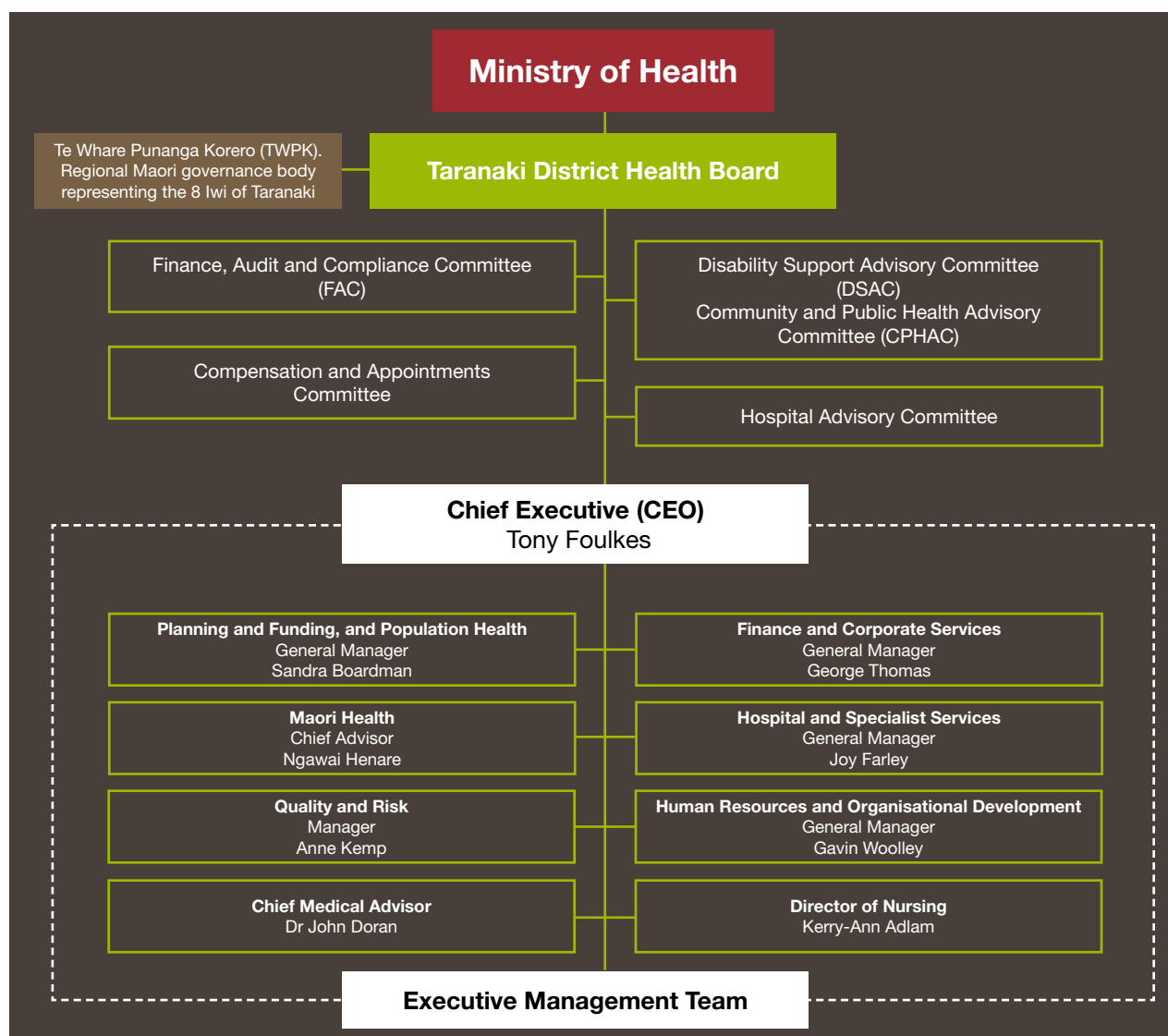




Governance

2008/2009

# Governance Structure



The governance structure for DHBs is set out in the NZ Public Health and Disability Act 2000. The Board consists of up to 11 members and they have overall responsibility for the operation of Taranaki DHB. Seven of the members are elected as part of the three yearly local body election process (last held in 2007) and up to four are appointed by the Minister of Health.

The Board is responsible for the overall governance of the Taranaki District Health Board. Within this role the functions carried out directly by the board include:

- Approving major strategic and policy documents including the District Strategic Plan, District Annual Plan, Budget and considering recommendations on key issues.
- Monitoring the implementations of the District Annual Plan and Budget.
- Monitoring the operating performance of the organisation.
- Maintaining and developing an effective working relationship with Te Whare Punanga Korero, its Iwi partner.
- Ensuring the Taranaki District Health Board acts legally and responsibly.
- Appoints, evaluates and supports the performance of the Chief Executive.

The governance of a district health board is a diverse and complex undertaking and the board has established committees so that it can carry out its responsibilities effectively, recognising the requirements of the NZPHD Act 2000.

The balance of skills and experience of the Board is kept under regular review. Additional knowledge and expertise has been recruited to assist where needed with the work of the Advisory Committees. The Board publishes when and where it or its Advisory Committees meet and members of the public are welcome to observe most of the meetings, other than some items of a confidential or commercial nature.

# Board Member Profiles



## **John Young (Chairman)**

John is a farmer and a former Chairman of Kiwi Co-operative Dairies Limited. His key enterprises include Chairman of Venture Taranaki, Chairman of Port Taranaki Ltd and Director of Lactanz, an Australian farming operation and a Board member of PKW Farms Ltd. He is a Trustee of the Bishop's Action Foundation and the Taranaki Veterinary Centre. John is an ex officio member of the Hospital Advisory Committee, and Community and Public Health and Disability Support Advisory Committees. He is also a member of the Finance, Audit and Compliance Committee, and Chairman of the Compensation and Appointments Committee.

**Interest Register:** Nil



## **Peter Catt (Deputy Chairman)**

Peter has been a GP with the Family Health Centre in New Plymouth for more than 20 years. He was elected to the Board and is Deputy Chairman. He is Chairman of the Hospital Advisory Committee, a member of the Finance, Audit and Compliance Committee, and a member of the Compensation and Appointments Committee.

**Interest Register:** General Practitioner in New Plymouth, Director and Shareholder of Family Health Centre, Clinical Director Hauora Taranaki PHO (removed 4 September 2008), Secretary/Treasurer Taranaki Sub Faculty Royal New Zealand College GP, Member Antenatal HIV Screening Project Advisory Group (removed 7 August 2008), Member of Workforce Development Group.



## **Alex Ballantyne**

Alex lives in Eltham in South Taranaki. He is married and has four children. His community interests include District Councillor, Trustee TSB Community Trust, Chairman/advocate Central and South Taranaki Advocacy Service and parish worker St Joseph's Eltham. He is also a member of the Peak Health Local Management Group. Alex is a member of the Finance, Audit and Compliance Committee, and Deputy Chairman of the Community and Public Health and Disability Support Advisory Committees.

**Interest Register:** Peak Health Taranaki - Central & Coastal Local Management Group, Member TSB Community Trust, Councillor South Taranaki District Council.



## **Kura Denness**

Kura Denness MBA CA has a background in corporate finance. She is a Director of the following organisations: Te Matai Whetu Limited, PHARMAC, Te Atiawa (Taranaki) Holdings Limited, Medical Sciences Secretariat Ltd and Medical Laboratory Science Board. Kura is also Chairman of Tui Ora Limited and Hauora Taranaki PHO Ltd. Kura is Deputy Chairman of the Hospital Advisory Committee and Chairman of the Finance, Audit and Compliance Committee. She is also a member of the Allied Laundry Board. Kura is the mother of two sons and is of Te Atiawa descent.

**Interest Register:** Chair Hauora Taranaki PHO Ltd, Chair Tui Ora Ltd, Director Medical Laboratory Science Board, Chair Te Aroha Medcare, Director PHARMAC, Director Medical Science Secretariat Ltd, Director Te Matai Whetu Ltd, Trustee Te Rau Pani (removed 7 August 2008), Director Allied Laundry Services Ltd, Trustee Bayly Road Trust (from 6 November 2008).





### Jenny Nager

Prior to election to the District Health Board, Jenny took an active interest in health matters, particularly those that affect the people of South and Central Taranaki. She has been secretary of Grey Power South Taranaki since 2002. Jenny is a member of the Hospital Advisory Committee, and the Community and Public Health and Disability Support Advisory Committees.

**Interest Register:** Daughter-in-law works as carer for Mary Ann Rest Home in Stratford, Secretary Grey Power South Taranaki Healthcare Ltd.



### Tony Ruakere

Tony is a GP for Te Atiawa Medical Runanga Medical Trust in New Plymouth, Chief Advisor for Maori Health – Ministry of Health, appointed to Medical Practitioners Disciplinary Tribunal, the Competency Review Committee, Medical Council of NZ Teacher and Examiner for the Royal NZ College of General Practitioners. He is on the Pharmacology and Therapeutic Advisory Committee of Pharmac and Cancer Control Taskforce. Tony is a member of the Community and Public Health and Disability Support Advisory Committees.

**Interest Register:** General Practitioner New Plymouth - Te Atiawa Medical Centre, Candidate Maori Party in General Election 2005, Member Te Pou Heretanga Disability Committee of Tui Ora.



### Grant Knuckey

Grant has worked in community health for the last 15 years and currently manages three medical clinics in New Plymouth, Bell Block and Waitara. He is married with two adult children and has lived in the district all his life. Grant is a member of the Hospital Advisory Committee and the Finance, Audit and Compliance Committee.

**Interest Register:** Chief Executive Te Atiawa Medical Trust, Chairman Te Tihi Hauora o Taranaki PHO, Trustee Bayly Road Trust (from 9 October 2008).



### Flora Gilkison

Flora has lived in New Plymouth for more than 20 years. She has a strong senior management background including past Director General for New Zealand Red Cross and Dean of Faculty of Business and Technology at the Waikato Institute of Technology. She is currently the Principal of Pacific International Hotel Management School in Bell Block. Flora is an elected member of the District Health Board, where she is Chair of the Community and Public Health and Disability Support Advisory Committees and a member of the Compensation and Appointments Committee. Flora is also a member of the Fulford Radiology Services Limited Board.

**Interest Register:** Husband employed as General Surgeon by Taranaki DHB.

## Board Member Profiles



### **Dan Devadhar**

Dan, who now resides in Wellington, previously lived in South Taranaki for more than 30 years during which time he has worked as a General Surgeon and GP in the Hawera region. He is currently practising medical law. Dan was elected to the Board and is a member of the Hospital Advisory Committee. He is a community representative for the Benefit Review Committee, the Grey Power South Taranaki President, an independent ACC advocate and is a Methodist Church lay preacher.

**Interest Register:** Independent health advocate, ACC advocate.



### **Karen Eagles**

Karen has had a wide community involvement since settling in Taranaki in 1972 and prior to being elected to the DHB was the Health and Disability Commission Advocate for North Taranaki. Karen is a member of the Hospital Advisory Committee, and the Community and Public Health and Disability Support Advisory Committees.

**Interest Register:** Husband John Eagles is a Senior Partner at Govett Quilliam, which provides legal services to Taranaki DHB, Trustee of Waves Adolescent Health Trust (from 25 June 2008, resigned 20 April 2009), Short-term contract with Te Pou Heretaunga re Elder Abuse (May-June 2008), National Councillor Taranaki for Plunket NZ (from 5 March 2009).

## Additional Interests Declared



### **Tony Foulkes (Chief Executive)**

**Interest Register:** Wife employed as General Practitioner by Te Aroha Medcare in New Plymouth, Director HealthIntelligence Ltd and HealthShare Ltd.



# Te Whare Punanga Korero

## Maori health relationship group for Taranaki

The members of this trust represent the eight iwi of Taranaki, and are mandated by their individual iwi boards. The Memorandum of Understanding between Taranaki DHB and Te Whare Punanga Korero (TWPK) is the vehicle through which Maori influence the strategic agenda for improving Maori health outcomes.

Te Whare Punanga Korero interacts with Taranaki DHB and the wider sector through various Taranaki DHB, NGO and iwi Maori forums with the aim of improving health outcomes for te iwi Maori in Taranaki. Some of those interactions include:

- Regular meetings with Taranaki DHB Board Chair, members and DHB officials to discuss, monitor and develop responses to Maori health needs
- Participation in the Taranaki DHB's strategic planning and governance training
- Participation in a range of project-based steering group activities where projects impact significantly on Maori
- Participation in Maori health collective strategic planning for Maori health gain

An important role of Te Whare Punanga Korero is to work with Taranaki DHB in achieving the objectives of our Maori Health and Reducing Inequalities Plan and Maori health objectives of the District Annual Plan and District Strategic Plan.



## Members of TWPK

From left, Pam Ritai (Te Atiawa), Marty Davis (Nga Rauru), Rona Hancock (Ngati Ruanui), Chairman David Tamatea (Taranaki), Peter Moeahu (Ngaruahine), Greg White (Ngati Tama ) and Vicki Kershaw (Ngati Mutunga). Absent: Queenie Gripp (Nga Rauru) and Jan Matuku (Ngati Maru).



# Board

Members' Responsibilities and Fees



# Board Members, Committee Members and Directors Schedule

Name	Board Meetings	Hospital Advisory Committee	Community & Public Health & Disability Support Advisory Committees	Finance, Audit & Compliance Committee	Compensation & Appointments Committee	Board & Advisory Committee Fees	Allied Laundry Services Ltd	Fulford Radiology	HealthShare Ltd	HIQ	Fees Paid (\$)
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## Board Members

John Young	*11 of 11	#11 of 11	#6 of 6	✓	✓						40,749.96
Peter Catt	^11 of 11	*10 of 11		✓	✓						26,249.96
Alex Ballantyne	9 of 11		^5 of 6	✓							19,750.04
Kura Denness	10 of 11	+^7 of 11		✓			✓				27,750.04
Dan Devadhar	4 of 11	3 of 11									19,500.04
Flora Gilkison	11 of 11		*4 of 6		✓			✓			27,250.04
Karen Eagles	9 of 11	8 of 11	4 of 6								21,250.04
Jenny Nager	11 of 11	11 of 11	6 of 6								22,750.04
Grant Knuckey	10 of 11	7 of 11		✓							20,250.04
Tony Ruakere	7 of 11		1 of 6								19,250.04

## Co-opted Committee Members

Jan Dunlop		9 of 11									2,000.00
Peter Moeahu		10 of 11									2,500.00
Nic Boheimer		4 of 11									-
Brian Jeffares		9 of 11									2,500.00
Tony Waghorn			5 of 6								750.00
Brian Mathieson			5 of 6								1,250.00
Marion Wellington			5 of 6								1,250.00
Donna Leatherby			4 of 6								1,250.00
Tom Ryder			5 of 6								1,750.00
David Tamatea			4 of 6								1,250.00

## Other Directors

Tom Mulholland										*✓	10,000.00
Tony Foulkes, Chief Executive						Nil			✓	✓	
George Thomas, GM Finance and Commercial Services						Nil				✓	
Simon Barrett, Group Financial Accountant						Nil	✓	✓			

### Notes:

\* = Chairman

^ = Deputy Chairman

# = Board Chairman Ex Officio Member

+ = Absence for three meetings due to attendance at Allied Laundry meetings



# Audit Report

2008/2009





# Audit Report

## AUDIT REPORT

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

The Auditor-General is the auditor of Taranaki District Health Board ("the Health Board") and group. The Auditor-General has appointed me, Lloyd Bunyan, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and performance information of the Health Board and group for the year ended 30 June 2009.

#### Unqualified Opinion

In our opinion:

- The financial statements of the Health Board and group on pages 43 to 75:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Health Board and group's financial position as at 30 June 2009; and
    - the results of operations and cash flows for the year ended on that date.
- The statement of service performance of the Health Board and group on pages 76 to 82
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the expected revenues and proposed output expenses included in the statement of forecast service performance at the start of the financial year.

The audit was completed on 27 October 2009, and is the date at which our opinion is expressed.

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

#### Basis of Opinion

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

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

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

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

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;



- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

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

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

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

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Health Board and group as at 30 June 2009 and the results of operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Health Board and group's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses at the start of the financial year. The Board's responsibilities arise from the New Zealand Public Health and Disability Act 2000 and the Crown Entities Act 2004.

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

### **Independence**

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

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



Lloyd Bunyan  
Ernst & Young  
On behalf of the Auditor-General  
Auckland, New Zealand

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance**

This audit report relates to the financial statements and statement of service performance of Taranaki District Health Board and group for the year ended 30 June 2009 included on the Taranaki District Health Board and group's website. The Taranaki District Health Board is responsible for the maintenance and integrity of the Taranaki District Health Board's website. We have not been engaged to report on the integrity of the Taranaki District Health Board's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 27 October 2009 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.





# Financial Report

2008/2009





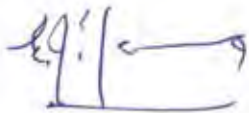


# Statement of Responsibility

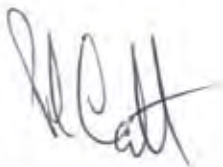
## For the Year Ended 30 June 2009

- 1 The Board and management of the Taranaki District Health Board accepts responsibility for the preparation of the Financial Statements and the judgments used in them.
- 2 The Board and management of the Taranaki District Health Board accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

- 3 In the opinion of the Board and management of the Taranaki District Health Board, the Financial Statements for the twelve months ended 30 June 2009, fairly reflect the financial position, operations, cash flows and service performance of the Taranaki District Health Board.



John Young  
Chairman



Peter Catt  
Deputy Chairman



Tony Foulkes  
Chief Executive



George Thomas  
Chief Financial Officer

# Consolidated Income Statement

## For the Year Ended 30 June 2009

	Notes	Group			Parent	
		Actual	Budget	Actual	Actual	Actual
		June 2009	June 2009	June 2008	June 2009	June 2008
		\$000	\$000	\$000	\$000	\$000
Revenue	1	289,212	280,301	271,337	289,212	271,337
Other income	2	29	23	226	29	226
<b>Total income</b>		<b>289,241</b>	<b>280,324</b>	<b>271,563</b>	<b>289,241</b>	<b>271,563</b>
Employee benefit costs	3	92,651	89,273	86,649	92,651	86,649
Depreciation expense		8,342	7,643	7,599	8,342	7,599
Outsourced services		22,961	21,370	22,930	22,961	22,930
Clinical supplies		20,104	18,067	18,450	20,104	18,450
Infrastructure and non-clinical expenses		15,451	15,489	15,295	15,503	15,991
Payments to non-health board providers		121,208	121,923	113,344	121,208	113,344
Other expenses	4	1,286	1,460	1,255	1,286	1,255
Capital charge	5	5,715	5,100	5,322	5,715	5,322
<b>Total expenses</b>		<b>287,718</b>	<b>280,325</b>	<b>270,844</b>	<b>287,770</b>	<b>271,540</b>
<b>Surplus before financing costs and share of associates surplus/(loss)</b>		<b>1,523</b>	<b>(1)</b>	<b>719</b>	<b>1,471</b>	<b>23</b>
Financing costs	6	2,054	2,029	2,036	2,054	2,036
<b>Financing costs</b>		<b>2,054</b>	<b>2,029</b>	<b>2,036</b>	<b>2,054</b>	<b>2,036</b>
Share of surplus/(loss) of associates	12(c)	(123)	-	24	-	-
<b>Surplus/(Loss) before and after tax</b>		<b>(654)</b>	<b>(2,030)</b>	<b>(1,293)</b>	<b>(583)</b>	<b>(2,013)</b>

The above income statement should be read in conjunction with the accompanying notes.



# Consolidated Statement of Changes in Equity

## For the Year Ended 30 June 2009

### Consolidated

	Public Equity	Retained Earnings / (Losses)	Asset Revaluation Reserve	Trust Fund Reserve	Total
	\$000	\$000	\$000	\$000	\$000
<b>At 1 July 2007</b>	24,750	(220)	42,897	655	68,082
Revaluation of land and buildings	-	-	9,008	-	9,008
Surplus/(loss) for the period	-	(1,293)	-	-	(1,293)
Transfer from/(to) Trust Funds Reserves	-	(16)	-	16	-
<b>Total income and expense for the period</b>	-	(1,309)	9,008	16	7,715
					-
Equity Injections	106	-	-	-	106
Equity repaid to the Crown	(959)	-	-	-	(959)
<b>Total Equity Transactions</b>	(853)	-	-	-	(853)
<b>At 30 June 2008</b>	23,897	(1,529)	51,905	671	74,944
Revaluation of land and buildings	-	-	-	-	-
Surplus/(loss) for the period	-	(654)	-	-	(654)
Transfer from/(to) Trust Funds Reserves	-	(52)	-	52	-
<b>Total income and expense for the period</b>	-	(706)	-	52	(654)
					-
Equity Injections	252	-	-	-	252
Equity repaid to the Crown	(959)	-	-	-	(959)
<b>Total Equity Transactions</b>	(707)	-	-	-	(707)
<b>At 30 June 2009</b>	23,190	(2,235)	51,905	723	73,583

The above changes in equity statement should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

## For the Year Ended 30 June 2009

### Parent

	Public Equity \$000	Retained Earnings / (Losses) \$000	Asset Revaluation Reserve \$000	Trust Fund Reserve \$000	Total \$000
<b>At 1 July 2007</b>	24,750	147	42,897	655	68,449
Revaluation of land and buildings	-	-	9,008	-	9,008
Surplus/(loss) for the period	-	(2,013)	-	-	(2,013)
Transfer from/(to) Trust Funds Reserves	-	655	-	(655)	-
<b>Total income and expense for the period</b>	-	(1,358)	9,008	(655)	6,995
Equity Injections	106	-	-	-	106
Equity repaid to the Crown	(959)	-	-	-	(959)
<b>Total Equity Transactions</b>	(853)	-	-	-	(853)
<b>At 30 June 2008</b>	23,897	(1,211)	51,905	-	74,591
Revaluation of land and buildings	-	-	-	-	-
Surplus/(loss) for the period	-	(583)	-	-	(583)
Transfer from/(to) Trust Funds Reserves	-	-	-	-	-
<b>Total income and expense for the period</b>	-	(583)	-	-	(583)
Equity Injections	252	-	-	-	252
Equity repaid to the Crown	(959)	-	-	-	(959)
<b>Total Equity Transactions</b>	(707)	-	-	-	(707)
<b>At 30 June 2009</b>	23,190	(1,794)	51,905	-	73,301

### Nature and purpose of reserves

#### Asset revaluation reserve

The asset revaluation reserve is the net accumulated balance after recording the gains and losses arising from asset revaluations.

#### Trust fund reserve

Restricted assets are funds donated and bequeathed for specific purposes. The use of these assets must comply with the specific terms of the sources from which the funds were derived.

The above changes in equity statement should be read in conjunction with the accompanying notes.

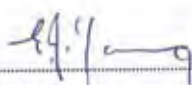
# Consolidated Statement of Financial Position

As at 30 June 2009

		Group			Parent	
	Notes	Actual June 2009 \$000	Budget June 2009 \$000	Actual June 2008 \$000	Actual June 2009 \$000	Actual June 2008 \$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	7	3,321	11,654	5,971	3,321	5,971
Trade and other receivables	8	7,487	7,780	10,213	7,487	10,213
Inventories	9	2,527	2,570	2,352	2,527	2,352
Other financial assets	10	31,052	20,000	23,048	31,052	23,048
Assets classified as held for sale	11	106	-	97	106	97
<b>Total current assets</b>		<b>44,493</b>	<b>42,004</b>	<b>41,681</b>	<b>44,493</b>	<b>41,681</b>
<b>Non-current assets</b>						
Investments in associates	12	5,938	2,296	4,495	6,378	4,813
Other financial assets	10	100	22	139	100	139
Property, plant and equipment	13	91,058	81,836	94,761	91,058	94,761
Restricted assets & trust funds	14	723	654	671	-	-
<b>Total non-current assets</b>		<b>97,819</b>	<b>84,808</b>	<b>100,066</b>	<b>97,536</b>	<b>99,713</b>
<b>TOTAL ASSETS</b>		<b>142,312</b>	<b>126,812</b>	<b>141,747</b>	<b>142,029</b>	<b>141,394</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	15	20,812	20,259	18,949	20,811	18,949
Interest bearing loans and borrowings	16	244	187	216	244	216
Employee benefits	17	17,614	14,962	17,559	17,614	17,559
Provisions	18	3	30	7	3	7
<b>Total Current Liabilities</b>		<b>38,673</b>	<b>35,438</b>	<b>36,731</b>	<b>38,672</b>	<b>36,731</b>
<b>Non current liabilities</b>						
Interest bearing loans and borrowings	16	29,386	29,171	29,480	29,386	29,480
Employee benefits	17	670	243	592	670	592
<b>Total non current liabilities</b>		<b>30,056</b>	<b>29,414</b>	<b>30,072</b>	<b>30,056</b>	<b>30,072</b>
<b>TOTAL LIABILITIES</b>		<b>68,729</b>	<b>64,852</b>	<b>66,803</b>	<b>68,728</b>	<b>66,803</b>
<b>NET ASSETS</b>		<b>73,583</b>	<b>61,960</b>	<b>74,944</b>	<b>73,301</b>	<b>74,591</b>
<b>EQUITY</b>						
Public equity		23,190	24,751	23,897	23,190	23,897
Retained earnings/(losses)		(2,235)	(6,342)	(1,529)	(1,794)	(1,211)
Asset revaluation reserve		51,905	42,897	51,905	51,905	51,905
Trust fund reserve	14	723	654	671	-	-
<b>TOTAL EQUITY</b>		<b>73,583</b>	<b>61,960</b>	<b>74,944</b>	<b>73,301</b>	<b>74,591</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorised the issue of these financial statements on the 27th October 2009

  
John Young  
CHAIRMAN

  
Peter Catt  
DEPUTY CHAIRMAN



# Consolidated Statement of Cash Flows

## For the Year Ended 30 June 2009

		Group			Parent	
		Actual	Budget	Actual	Actual	Actual
		June 2009	June 2009	June 2008	June 2009	June 2008
	Notes	\$000	\$000	\$000	\$000	\$000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
Receipts from Government and Public		289,258	277,406	265,812	289,258	265,812
Interest & Dividends Received		2,716	2,618	3,009	2,716	3,009
GST (Net)		269	200	-	269	-
		<u>292,243</u>	<u>280,224</u>	<u>268,821</u>	<u>292,243</u>	<u>268,821</u>
<b>Cash was disbursed to:</b>						
Payments to Suppliers		180,300	179,532	171,078	180,230	171,095
Payments to Employees		92,518	87,673	82,312	92,518	82,312
Capital Charge Paid		5,146	5,142	5,461	5,146	5,461
Interest Paid		2,047	1,697	1,989	2,047	1,989
GST (Net)		-	-	311	-	311
		<u>280,011</u>	<u>274,044</u>	<u>261,151</u>	<u>279,941</u>	<u>261,168</u>
<b>Net Cash Inflow from Operating Activities</b>	19	<u>12,232</u>	<u>6,180</u>	<u>7,670</u>	<u>12,302</u>	<u>7,653</u>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
Proceeds from Short Term Deposits		-	-	1,000	-	1,000
Proceeds from Sale of Property, Plant & Equipment		18	355	9	18	9
Proceeds from Assets held for Sale		-	414	766	-	766
Proceeds from Derivative Interest Rate Swaps		-	-	697	-	697
		<u>18</u>	<u>769</u>	<u>2,472</u>	<u>18</u>	<u>2,472</u>
<b>Cash was applied to:</b>						
Purchase of Property, Plant & Equipment		4,665	4,200	4,440	4,665	4,440
Investment in Associates		1,388	-	2,732	1,510	2,732
Assets classified as held for sale		9	-	-	9	-
Other Investments		65	-	17	13	-
Short Term Deposit		8,000	-	-	8,000	-
		<u>14,127</u>	<u>4,200</u>	<u>7,189</u>	<u>14,197</u>	<u>7,172</u>
<b>Net Cash Outflow from Investing Activities</b>		<u>(14,109)</u>	<u>(3,431)</u>	<u>(4,717)</u>	<u>(14,179)</u>	<u>(4,700)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
Equity vested by Crown		252	-	106	252	106
Proceeds from Debt Financing		142	-	452	142	452
		<u>394</u>	<u>-</u>	<u>558</u>	<u>394</u>	<u>558</u>
<b>Cash was applied to:</b>						
Repayment of Finance Leases		208	149	139	208	139
Repayment of Equity		959	-	959	959	959
		<u>1,167</u>	<u>149</u>	<u>1,098</u>	<u>1,167</u>	<u>1,098</u>
<b>Net Cash Outflow from Financing Activities</b>		<u>(773)</u>	<u>(149)</u>	<u>(540)</u>	<u>(773)</u>	<u>(540)</u>
Net Increase/(Decrease) in Cash Held		(2,650)	2,600	2,413	(2,650)	2,413
Cash and cash equivalents at beginning of year		5,971	9,054	3,558	5,971	3,558
<b>Cash and cash equivalents at end of year</b>		<u>3,321</u>	<u>11,654</u>	<u>5,971</u>	<u>3,321</u>	<u>5,971</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### Significant accounting policies for the year ended 30 June 2009

#### (a) Reporting entity

Taranaki District Health Board is a Health Board established by the New Zealand Public Health and Disability Act 2000. Taranaki District Health Board is a crown entity in terms of the Crown Entities Act 2004, owned by the Crown and domiciled in New Zealand.

The financial statements of Taranaki District Health Board have been prepared in accordance with the requirements of the New Zealand Public Health and Disability Act 2000 and Finance Act 1989.

Taranaki District Health Board is a public benefit entity, as defined by NZIAS 1.

The Taranaki District Health Board consolidated financial statements comprise Taranaki District Health Board, a 50% investment in Fulford Radiology Services Limited, a 15% investment in HIQ Limited (with 50% voting rights), a 25% investment in Allied Laundry Services Limited and a 20% investment in HealthShare Limited.

Taranaki District Health Board operates in Taranaki. It has three key roles, namely (i) Planning to determine the health needs of Taranaki and how these can be met, (ii) Funding organisations and individuals to provide specific health services and (iii) Providing specific health services to the Taranaki community.

The financial statements of Taranaki District Health Board are for the year ended 30 June 2009. The financial statements were authorised for issue by the Board on 27 October 2009.

#### (b) Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with NZ GAAP (generally accepted accounting principles). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZIFRS"), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain investments and derivative financial instruments.

##### (i) Functional and presentation currency

The financial statements are presented in New Zealand dollars which is the functional currency of Taranaki District Health Board. All financial information presented in New Zealand dollars has been rounded to the nearest thousand (\$'000) unless stated otherwise.

##### (ii) Use of estimates and judgements

In preparing these financial statements Taranaki District Health Board has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *Allowance for impairment loss on trade receivables (note 8)*

A monthly assessment of non commercial debtors is made, with an impairment allowance being provided for based on the age of these debts. In June of each year all non commercial debts that are aged over 12 months that are not being paid off by the debtor is written off. Refer to note 8 for the amount per year of non commercial debt after the impairment allowance.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### *Fair value of buildings*

Taranaki District Health Board revalues land and buildings on either a 3 year cycle or when there is a material (10% or over) change between the independent valuation and the carrying value of the land and buildings. The independent valuation also determines the remaining life of buildings, and therefore the annual depreciation cost in future years.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, thereby impacting on the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position.

The carrying amounts of land and buildings are disclosed in note 13.

### **(c) Basis of consolidation**

#### **Subsidiaries**

Subsidiaries are all those entities over which Taranaki District Health Board has the power to govern the financial and operating policies so as to obtain benefits from their 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 ceased.

The financial statements of subsidiaries are prepared for the same reporting period as Taranaki District Health Board, using consistent accounting policies.

In preparing consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Taranaki District Health Board held no shareholdings in any subsidiaries as at 30 June 2009.

#### **Associates**

An associate is an entity over which Taranaki District Health Board has significant influence, but not control. Taranaki District Health Board has shareholdings in the following associates:

- Fulford Radiology Services Limited 50% held
- HIQ Limited 15% held with 50% voting rights
- Allied Laundry Services Limited 25% held
- HealthShare Limited 20% held

Taranaki District Health Board accounts for an investment in an associate in the group financial statements using the equity method, from the date that significant influence commences until the date that significant influence ceases. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise Taranaki District Health Board's share of the surplus or deficit of the associate after the date of acquisition. Taranaki District Health Board's share of the surplus or deficit of the associate is recognised in Taranaki District Health Board's income statement. Distributions received from an associate reduce the carrying amount of the investment. If Taranaki District Health Board's share of losses exceed its interest in an associate, Taranaki District Health Board's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that Taranaki District Health Board has incurred legal or constructive obligations or made payments on behalf of an associate.

### **(d) Budget figures**

The budget figures are those approved by Taranaki District Health Board in its District Annual Plan and included in the Statement of Intent tabled in Parliament. The budget figures have been prepared using accounting policies that are consistent with those adopted by Taranaki District Health Board for the preparation of the financial statements.



# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### (e) Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised:

#### (i) Health and disability services (MoH contracted revenue)

The majority of revenue earned is related to the provision of services associated with planning, funding and the provision of health services and disability services. This revenue is provided through an appropriation in association with a Crown Funding Agreement. Revenue is recognised monthly in accordance with the Crown Funding Agreement payment schedule, which allocates the appropriation equally throughout the year.

#### (ii) ACC revenue

Taranaki District Health Board has a number of contracts with the Accident Compensation Corporation. Revenue on these contracts is recognised when it is probable that the economic benefits will flow to Taranaki District Health Board, and this revenue can be reliably measured.

#### (iii) Inter district patient inflows

Inter district patient inflow revenue occurs when a patient treated within the Taranaki District Health Board region is domiciled outside of Taranaki. The Ministry of Health credits Taranaki District Health Board with a budgeted monthly amount based on expected patient treatment for non Taranaki residents within Taranaki. An annual wash up occurs to reflect the actual non Taranaki patients treated at Taranaki.

#### (iv) Interest received

Revenue is recognised using the effective interest method.

#### (v) Dividends received

Revenue is recognised when the right to receive payment has been established.

#### (vi) Sale of goods

Revenue from goods sold is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

#### (vii) Rental revenue

Revenue is recognised in the income statement on a straight-line basis over the term of the lease.

### (f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in hand, cash at bank, deposits held with an original maturity of three months or less.

Any bank overdrafts that are repayable on demand and form an integral part of Taranaki District Health Board's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### (g) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for patient bad debts is made on a percentage basis against the age of debts greater than 30 days. At year end all debts that are over 365 days are written off against the provision for bad debts, the exception being where an invoice is currently being paid off by instalment.

### (h) Inventories

Inventories are valued at the lower of cost, determined at weighted average value, 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. This valuation includes allowances for slow moving and obsolete inventories.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### (i) 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, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the income statement.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

### (j) Investments and Other Financial Assets

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the income statement.

Purchases and sales of investments are recognised on trade-date, the date on which Taranaki District Health Board commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired, or have been transferred and Taranaki District Health Board has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Such techniques include: using arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Taranaki District Health Board classifies its financial assets into the three following categories. This classification depends on the purpose for which the investment was acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

#### (i) Held-to-maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Taranaki District Health Board has the positive intention and ability to hold to maturity. After initial recognition they are measured at amortised costs using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

#### (iii) Available for sale investments

Available for sale investments are those non-derivative assets that are designated as available for sale or are not classified as any of the two preceding categories. After initial recognition available for sale investments are recognised at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

### (k) Property, Plant and Equipment

#### Owned assets

Except for land and buildings, items of property, plant and equipment is stated at historical cost less any accumulated depreciation and any accumulated 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.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### Leased assets

Leases where Taranaki District Health Board assumes substantially all of the risks and benefits incident to ownership of the leased item, are capitalised at the lower of the fair value at the inception of the lease, or the present value of the minimum lease payments.

### Land and buildings revalued

Land and buildings were revalued as at 30 June 2008 by an independent valuer on the basis of fair value. Changes in valuations are transferred to an asset revaluation reserve for that class of asset. Where such transfer results in a debit balance in the revaluation reserve the deficit is transferred to the income statement. Any subsequent revaluation gains are written back through the income statement only to the extent of past deficits written off. Land and buildings are revalued every five years with the next revaluation due as at 30th June 2013, unless the value of land and buildings materially alter prior to that date.

### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable the future economic benefits or service potential associated with the item will flow to Taranaki District Health Board and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost.

### Subsequent costs

Subsequent costs are added to the carrying value of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to Taranaki District Health Board and the cost of the item can be measured reliably. All other costs are recognised in the income statement an expense as incurred.

### Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

### Depreciation

Depreciation is calculated on a straight line basis on all tangible property, plant and equipment other than freehold land, at rates which will write off the cost or valuation of the assets, less estimated residual values, over their estimated useful lives as follows:

Capitalised leases are depreciated over the shorter of the estimated life of the asset and the lease term if there is no reasonable certainty that Taranaki District Health Board will obtain ownership by the end of the lease term.

Class of Asset	Estimated life	Depreciation rate
Land	not depreciated	n/a
Buildings	5 to 33 years	3-20%
Plant and equipment	2 to 18 years	5.5-48%
Leased assets capitalised	5 years	20%
Motor vehicles	3 to 10 years	10-33.3%

### (I) Finance Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to Taranaki District Health Board substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.



# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### (m) Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

### (n) Trade and Other Payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to Taranaki District Health Board prior to the end of the financial year that are unpaid and arise when Taranaki District Health Board becomes obliged to make future payments in respect of these goods and services. The amounts are unsecured and generally paid within 30 days of recognition.

### (o) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at fair value less transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowing costs are recognised as an expense when incurred.

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

### (p) Employee Leave Benefits

#### Short-term benefits

Employee benefits that Taranaki District Health Board expects to be settled within 12 months of the reporting date are measured at nominal values based on accrued entitlements at current rates of pay.

These include (i) salaries and wages accrued up to balance date, (ii) annual leave earned to, but not yet taken at balance date, (iii) continuing medical education, (iv) retiring and long-service leave entitlements (v) sabbatical leave expecting to be settled within 12 months, and (vi) sick leave. Taranaki District Health Board recognises a liability for sick leave that is vested to employee's to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Taranaki District Health Board anticipates it will be used by staff to cover those future absences.

#### Long-term benefits

Entitlements that are payable beyond 12 months are calculated and included here.

Long service leave and retirement gratuities is calculated based on the probability of long service leave being liable after employees achieve certain service periods.

Sabbatical leave is calculated based on employee entitlements to this leave against what has been used historically.

### (q) Provisions

Taranaki District Health Board recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### ACC Partnership Program

Taranaki District Health Board belongs to the ACC Partnership Program whereby Taranaki District Health Board accepts the management and financial responsibility of work related illnesses and accidents of employees. Under the ACC Partnership Program Taranaki District Health Board is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to accidents and illnesses occurring up to balance date for which Taranaki District Health Board has responsibility under the terms of the Partnership Program. The liability for claims reported prior to balance date has been determined by an assessment from our workplace claims provider.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

**(r) Income Tax**

Taranaki District Health Board 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 2004.

**(s) Goods and Services Tax (GST)**

The Financial Statements have been prepared exclusive of goods and services tax (GST) apart from receivables and payables which are stated inclusive of GST. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**(t) New standards adopted and interpretations not yet adopted**

New amendments and interpretations not yet effective for the year ended 30 June 2009, that may impact on Taranaki District Health Board, and have not been applied in preparing these consolidated financial statements are:

**(i) NZ IAS 1 Presentation of Financial Statements**

Supersedes the 2003 version of NZ IAS 1. The main changes are:

Statement of changes in equity now focuses on transactions with Taranaki District Health Board owners (the Ministry of Health). All transactions with non owners are to be presented in a single line with details disclosed in a separate statement.

A new statement of comprehensive income is introduced. This combines all items of income and expense recognised in profit or loss together with "other comprehensive income". Taranaki District Health Board has few items of other comprehensive income other than its result for the year. An example of such an item will be land and building revaluations when they occur.

**(ii) NZ IAS 23 Borrowing Costs**

Supersedes the earlier version of the standard. The main change from the previous version is the removal of the option to expense borrowing costs incurred in respect of "qualifying assets" for full reporting entities. Application of the amended standard has been indefinitely delayed for public benefit entities. Taranaki District Health Board has not yet considered the impact of the amended standard on its financial statements.

**(iii) Consolidation and separate financial statements - cost of an investment in a subsidiary, jointly controlled entity or associate**

Supersedes the earlier version on NZ IAS 27. The cost method will be deleted making the distinction between pre and post acquisition profits unnecessary. All dividends will be recognised in the profit and loss. Payment of such dividends will require the entity to consider whether an indicator of impairment exists.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 1 REVENUE

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Health and disability services (MoH contracted revenue)	271,223	252,598	271,223	252,598
ACC revenue	8,268	8,316	8,268	8,316
Inter District Patient Inflows	4,188	3,669	4,188	3,669
Interest received	2,715	3,009	2,715	3,009
Dividends received	1	1	1	1
Bad debts recovered	7	11	7	11
Other revenue	2,810	3,733	2,810	3,733
	<u>289,212</u>	<u>271,337</u>	<u>289,212</u>	<u>271,337</u>

### 2 OTHER INCOME

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Donations and bequests received	26	223	26	223
Gain on sale of property, plant and equipment	3	3	3	3
	<u>29</u>	<u>226</u>	<u>29</u>	<u>226</u>

### 3 EMPLOYEE BENEFIT COSTS

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Wages and salaries	90,655	84,505	90,655	84,505
Increase/(Decrease) in employee benefits provisions	1,996	2,144	1,996	2,144
	<u>92,651</u>	<u>86,649</u>	<u>92,651</u>	<u>86,649</u>

### 4 OTHER EXPENSES

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Impairment of trade receivables (bad and doubtful debts)	53	50	53	50
Loss on sale of property, plant and equipment	2	1	2	1
Audit fees - Ernst & Young (for the audit of the annual financial statements)	173	137	173	137
Audit fees - Ernst & Young (for the audit of the IFRS transition)	14	12	14	12
Audit fees (internal audit)	-	-	-	-
Audit fees - Verification New Zealand Limited (ACC partnership plan)	3	3	3	3
Audit fees - Healthshare Limited (Pharmacy Quality Audits)	5	1	5	1
Board members fees	208	214	208	214
Operating lease expenses	828	837	828	837
	<u>1,286</u>	<u>1,255</u>	<u>1,286</u>	<u>1,255</u>



# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 5 CAPITAL CHARGE

District Health Boards are required to pay a capital charge to the Crown based on the greater of its actual or budgeted closing equity at year end, less adjustments for donated assets. The capital charge rate for the period ended 30 June 2009 was 8% (2008: 8%).

### 6 FINANCING COSTS

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Interest on bank overdraft	7	-	7	-
Finance charges payable under finance leases	55	51	55	51
Interest on loans - Crown Health Financing Agency	1,992	1,985	1,992	1,985
	<u>2,054</u>	<u>2,036</u>	<u>2,054</u>	<u>2,036</u>

### 7 CASH AND CASH EQUIVALENTS

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Cash at bank and in hand	3,321	5,971	3,321	5,971
Short-term deposits maturing within 3 months of acquisition	-	-	-	-
Cash and cash equivalents	<u>3,321</u>	<u>5,971</u>	<u>3,321</u>	<u>5,971</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

### 8 TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Ministry of Health	4,169	6,557	4,169	6,557
Due from subsidiaries	-	-	-	-
Due from associates	538	28	538	28
Due from non-related parties	2,760	3,625	2,760	3,625
Allowance for impairment loss (a)	(36)	(42)	(36)	(42)
	<u>7,431</u>	<u>10,168</u>	<u>7,431</u>	<u>10,168</u>
Prepayments	56	45	56	45
Carrying amount of trade and other receivables	<u>7,487</u>	<u>10,213</u>	<u>7,487</u>	<u>10,213</u>

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### (a) Allowance for Impairment Loss

Trade receivables are non-interest bearing and are generally on terms of 20th of month following invoice. An allowance for impairment is calculated on patient debt based on the balance in age bands of the debts as follows: over 30 days (10%), over 60 days (50%), over 90 days (50%).

Movements in the allowance for impairment loss were as follows:

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>At 1 July</b>	42	43	42	43
Charge for the year	52	50	52	50
Amounts written off	(58)	(51)	(58)	(51)
<b>At 30 June</b>	<b>36</b>	<b>42</b>	<b>36</b>	<b>42</b>
Total non commercial debt	236	206	236	206
Non commercial debt with no impairment allowance	200	164	200	164

### (b) Related Party Receivables

For specific amounts owing from related parties, including associate companies refer to note 20.

### (c) Credit Risk and Effective Interest Rate Risk

Details regarding the credit risk and effective interest rate of current receivables is disclosed in note 23.

## 9 INVENTORIES

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Pharmaceuticals	569	502	569	502
Surgical and Medical Supplies	1,418	1,345	1,418	1,345
Other Supplies	540	505	540	505
	<b>2,527</b>	<b>2,352</b>	<b>2,527</b>	<b>2,352</b>

Write-down of inventories amounted to \$32k for 2009 (2008 \$5k).

No inventories are pledged as security for liabilities.

## 10 OTHER FINANCIAL ASSETS

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Current portion</b>				
Loan - Allied Laundry Services Limited	52	48	52	48
Short-term deposits with maturities of 3-12 months	31,000	23,000	31,000	23,000
	<b>31,052</b>	<b>23,048</b>	<b>31,052</b>	<b>23,048</b>
<b>Non-current portion</b>				
Loan - Allied Laundry Services Limited	65	117	65	117
Shares in King Country Energy Limited	1	2	1	2
Shares in Pharmacy Wholesalers Limited	34	20	34	20
	<b>100</b>	<b>139</b>	<b>100</b>	<b>139</b>

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 11 ASSETS CLASSIFIED AS HELD FOR SALE

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Surplus Investment Property held for Sale	106	97	106	97

#### SURPLUS PROPERTY HELD FOR SALE

Property for sale was independently valued as at 30th June 2008 as part of the revaluation of Land & Buildings as per Note 13.

### 12 INVESTMENT IN ASSOCIATE COMPANIES

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>(a) Investment details</b>				
HealthShare Limited	-	-	-	-
Allied Laundry Services Limited unlisted ordinary shares	750	750	750	750
Fulford Radiology Services Limited unlisted ordinary shares	201	201	201	201
Fulford Radiology Services Limited Share of Accumulated Deficit	(440)	(318)	-	-
Fulford Radiology Services Limited loan to purchase assets	500	500	500	500
HIQ Limited unlisted ordinary shares	4,936	7,568	4,936	7,568
HIQ Limited Current Account	(9)	(4,206)	(9)	(4,206)
	5,938	4,495	6,378	4,813

There is no intention to seek repayment of the Fulford Radiology Services Limited loan of \$500k.

	Balance date	Interest held at 30 June 2009	Interest held at 30 June 2008
<b>Details of each Associate Company are as follows:</b>			
<b>HealthShare Limited</b>	30 June	20%	20%
The principal activity of the associate is the provision of contract processing and auditing services for the 5 Midland Region District Health Board's.			
<b>Fulford Radiology Services Limited</b>	30 June	50%	50%
The principal activity of the associate is the provision of radiology services.			
<b>Allied Laundry Services Limited</b>	30 June	25%	25%
The principal activity of the associate is the provision of laundry services			
<b>HIQ Limited</b>	30 June	15.0%	27.1%

The principal activity of the associate is the provision of IT services. It is a joint venture company formed by Taranaki District Health Board & Capital Coast District Health Board, selling their IT assets on the 18th October 2004. Shares were issued on the basis of asset valuations performed.

Taranaki District Health Board own 15.0% (2008: 27.1%) of shares in HIQ Limited and it is treated as an Associate Company as each District Health Board has 50% voting rights. The ownership % held by each District Health Board will vary at each year end depending on the level of capital expenditure they commit to individually.

HIQ Limited invoices back to Taranaki District Health Board any cash expenses it incurs on its behalf, and it is exempt from income tax as it is deemed to be a Public Authority.

Capital Coast District Health Board, one of the two shareholders in HIQ Limited withdrew from HIQ Limited post balance date. Their shares in HIQ Limited were repurchased by HIQ Limited in lieu of IT assets. Taranaki District Health Board owns 100% of HIQ Limited effective the 1st July 2009.



# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

**(b) Summarised financial information of associate companies - 2008:**

	Assets	Liabilities	Equity	Revenues	Profit/(loss)
	\$000	\$000	\$000	\$000	\$000
<b>The values stated below are 100% of the associated companies stated amounts</b>					
Healthshare Limited	563	344	219	1,810	115
Fulford Radiology Services Limited	3,594	4,073	(479)	9,505	(245)
Allied Laundry Services Limited	4,065	1,036	3,029	6,097	-
HIQ Limited	38,635	11,391	27,244	19,349	(458)
	<u>46,857</u>	<u>16,844</u>	<u>30,013</u>	<u>36,762</u>	<u>(588)</u>

**Summarised financial information of associate companies - 2007:**

	Assets	Liabilities	Equity	Revenues	Profit/(loss)
	\$000	\$000	\$000	\$000	\$000
<b>The values stated below are 100% of the associated companies stated amounts</b>					
Healthshare Limited	412	309	103	1,694	75
Fulford Radiology Services Limited	4,209	4,443	(234)	8,832	48
Allied Laundry Services Limited	4,032	1,003	3,029	6,180	-
HIQ Limited	26,278	14,992	11,286	15,062	(370)
	<u>34,931</u>	<u>20,747</u>	<u>14,184</u>	<u>31,768</u>	<u>(247)</u>

The above information has been extracted from the associate companies audited financial statements. This information for the year ended 30th June 2009 is not available as yet, but will be included next year.

**(c) Movements in the carrying value of investments in associates:**

	Group	
	2009	2008
	\$000	\$000
<b>Balance at 1 July</b>	4,495	3,208
New investments during the year	1,566	2,568
IT depreciation charge to HIQ Limited current account	-	(1,330)
Share of total recognised revenues and expenses	(123)	24
Spread of gain on IT assets sold to HIQ Limited	-	25
<b>Balance at 30 June</b>	<u>5,938</u>	<u>4,495</u>

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 13 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Freehold Buildings	Plant and Equipment	Motor Vehicles	Leased Motor Vehicles	Work in Progress	Total
<b>Year ended 30 June 2009</b>							
Cost/revaluation 30-Jun-08	8,588	77,086	27,327	2,921	894	126	116,942
Accumulated depreciation and impairment charges 30-Jun-08	-	-	(20,493)	(1,492)	(196)	-	(22,181)
Carrying amount 30-Jun-08	8,588	77,086	6,834	1,429	698	126	94,761
Current year additions	-	592	2,670	41	114	1,248	4,665
Current year revaluations	-	-	-	-	-	-	-
Current year disposals	-	-	-	(18)	-	-	(18)
Current year impairment charges	-	-	-	-	-	-	-
Current year depreciation	-	(5,678)	(2,052)	(455)	(165)	-	(8,350)
Accumulated depreciation reversed on revaluation	-	-	-	-	-	-	-
At 30 June 2009 net of accumulated depreciation and impairment	8,588	72,000	7,452	997	647	1,374	91,058
<b>At 30 June 2009</b>							
Cost or fair value	8,588	77,678	29,905	2,840	1,009	1,374	121,394
Accumulated depreciation and impairment	-	(5,678)	(22,453)	(1,843)	(362)	-	(30,336)
	8,588	72,000	7,452	997	647	1,374	91,058

	Freehold Land	Freehold Buildings	Plant and Equipment	Motor Vehicles	Leased Motor Vehicles	Work in Progress	Total
<b>Year ended 30 June 2008</b>							
Cost/revaluation 30-Jun-07	5,341	79,100	25,829	2,863	442	418	113,993
Accumulated depreciation and impairment charges 30-Jun-07	-	(4,865)	(19,029)	(1,122)	(58)	-	(25,074)
Carrying amount 30-Jun-07	5,341	74,235	6,800	1,741	384	418	88,919
Current year additions	-	2,026	2,084	170	452	(292)	4,440
Current year revaluations	3,247	(4,039)	-	-	-	-	(792)
Current year disposals	-	-	-	(9)	-	-	(9)
Current year impairment charges	-	-	-	-	-	-	-
Current year depreciation	-	(4,938)	(2,050)	(473)	(138)	-	(7,599)
Accumulated depreciation reversed on revaluation	-	9,802	-	-	-	-	9,802
At 30 June 2008 net of accumulated depreciation and impairment	8,588	77,086	6,834	1,429	698	126	94,761
<b>At 30 June 2008</b>							
Cost or fair value	8,588	77,086	27,327	2,921	894	126	116,942
Accumulated depreciation and impairment	-	-	(20,493)	(1,492)	(196)	-	(22,181)
	8,588	77,086	6,834	1,429	698	126	94,761

#### Restrictions

Taranaki District Health Board does not have full title to Crown land it occupies but transfer is arranged if and when land is sold. Some of the land may be subject to Waitangi Tribunal claims. The disposal of certain properties may be subject to the provision of section 40 of the Public Works Act 1981.

Titles to land transferred from the Crown to Taranaki District Health Board may be subject to claims under the terms of the Treaty of Waitangi Act 1975 (as amended by the Treaty of Waitangi (State Enterprises) Act 1988). The Board is of the view that the effect on the value of assets resulting from potential claims under the Treaty of Waitangi Act 1975 is not significant.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### Valuation

Land and buildings were independently valued as at 30th June 2008 by Ian D. Baker ANZIV, SNZPI, registered valuer Telfer Young (Taranaki) Limited.

The valuation process was undertaken in accordance with guidelines and recommendations contained within the New Zealand Property Institute (NZPI) Valuation Standard VS-3, the Accounting Standard NZ IAS 16 as issued by The Institute of Chartered Accountants of New Zealand (ICANZ), and valuation guidelines for specialised items in the Health sector issued by Treasury.

Land has been valued at fair value on the basis of highest and best use.

Buildings have been valued on an Optimised Depreciated Replacement Cost (ODRC) basis as they are specialised in nature. Optimisation has been applied for obsolescence and relevant surplus capacity, and has been considered as part of the valuation process for buildings.

### Impairment

The assessment of assets indicated no impairment for the year ended 30th June 2009 (2008: Nil).

### Leased assets

Taranaki District Health Board leases ambulances under a number of finance lease agreements. At 30 June 2009, the net carrying amount of leased ambulances was \$647k (2008: \$698k). The leased ambulances secures Taranaki District Health Board's lease obligations.

## 14 RESTRICTED ASSETS AND TRUST FUNDS

Restricted assets are funds donated and bequeathed for specific purposes. The use of these assets must comply with the specific terms of the sources from which the funds were derived.

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Opening Balance</b>	671	655	-	655
Funds Received	81	59	-	-
Interest Received	56	30	-	-
Funds Spent	(85)	(73)	-	(655)
<b>Closing Balance Restricted Assets</b>	<b>723</b>	<b>671</b>	<b>-</b>	<b>-</b>

### Represented By:

Cash at Bank	12	11	-	-
Short Term Deposits	707	655	-	-
Shares & Other	4	5	-	-
<b>Total Restricted Assets</b>	<b>723</b>	<b>671</b>	<b>-</b>	<b>-</b>



# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 15 TRADE AND OTHER PAYABLES

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade Payables	15,350	14,931	15,349	14,931
Capital Charge Payable	1,873	1,305	1,873	1,305
Income received in advance	1,760	1,081	1,760	1,081
Interest Payable	395	387	395	387
Owing to Associates	664	686	664	686
Other Related Parties	770	559	770	559
	<u>20,812</u>	<u>18,949</u>	<u>20,811</u>	<u>18,949</u>

Most trade and other payables are non-interest bearing and normally settled by the 20th of the month following service or delivery of goods. The exception is capital charge paid to the Ministry of Health, and interest paid to the Crown Health Financing Agency. Capital charges are paid 3 monthly in arrears, on a July, October, January and April cycle. Interest paid to the Crown Health Financing Agency on term loans is paid either on a three or six monthly cycle.

### 16 INTEREST-BEARING LOANS AND BORROWINGS

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Finance Lease Liability	630	696	630	696
Government Sector Borrowing	29,000	29,000	29,000	29,000
<b>Total Loans</b>	<u>29,630</u>	<u>29,696</u>	<u>29,630</u>	<u>29,696</u>
Less Current Portion	244	216	244	216
<b>Term Portion</b>	<u>29,386</u>	<u>29,480</u>	<u>29,386</u>	<u>29,480</u>

INTEREST RATES:	2009	2008
Government Sector Borrowing	6.30% - 7.32%	6.30% - 7.32%

### ANALYSIS OF FINANCE LEASE LIABILITIES

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Total minimum lease payments are payable</b>				
Not later than one year	244	216	244	216
Later than one year and not later than five years	468	589	468	589
Later than five years	-	-	-	-
Total minimum lease payments	<u>712</u>	<u>805</u>	<u>712</u>	<u>805</u>
Future finance charges	(82)	(109)	(82)	(109)
Present value of minimum lease payments	<u>630</u>	<u>696</u>	<u>630</u>	<u>696</u>

### Present value of minimum lease payments are payable

Not later than one year	202	167	202	167
Later than one year and not later than five years	428	529	428	529
Later than five years	-	-	-	-
<b>Total</b>	<u>630</u>	<u>696</u>	<u>630</u>	<u>696</u>
Current	202	167	202	167
Non-current	428	529	428	529
	<u>630</u>	<u>696</u>	<u>630</u>	<u>696</u>

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### FINANCE LEASE OBLIGATIONS

Finance lease obligations are secured by charges over plant and equipment. They are repaid over the duration of the lease by regular monthly or quarterly instalments. The majority of these leases have the option at the expiry of the original term to either return the equipment, extend the lease period or purchase the equipment at Fair Market Value.

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>GOVERNMENT SECTOR BORROWING</b>				
Due for repayment:				
within one year	-	-	-	-
within two years	-	-	-	-
within three years	10,000	-	10,000	-
within four years	7,000	10,000	7,000	10,000
within five years	-	7,000	-	7,000
after five years	12,000	12,000	12,000	12,000
	<b>29,000</b>	<b>29,000</b>	<b>29,000</b>	<b>29,000</b>

The term loans denoted are financed by the Crown Health Financing Agency (acting as an agent of the Crown) on fixed term and floating interest rates. The rate of interest has two components - a fixed rate and a margin. The margin may decrease on account of efficiencies derived by the Crown Health Financing Agency and passed onto the Taranaki District Health Board, whilst any increase in the margin will be capped and cannot exceed the original margin agreed at the time of the loan drawdown.

Government sector borrowings are unsecured and repayment is classified in line with the terms of borrowing with the Crown Health Financing Agency.

### FAIR VALUE OF GOVERNMENT BORROWING

The fair value of the \$29,000k of Government Borrowing at 30th June 2009 was calculated at \$31,354k (2008: \$29,908k). This calculation is done by discounting the expected future cash flows at prevailing interest rates. Crown Health Financing Agency has used the Government Bond Rate plus 15 basis points based on mid market pricing, this being the same basis on which District Health Board debt is funded, to establish the fair value.

### 17 EMPLOYEE BENEFITS

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Salary & wages accrual	4,758	6,622	4,758	6,622
Annual Leave	10,234	9,035	10,234	9,035
Sick Leave	425	287	425	287
Long Service Leave	812	671	812	671
Retirement gratuities	891	764	891	764
Continuing Medical Education	1,010	673	1,010	673
Sabbatical Leave	154	99	154	99
	<b>18,284</b>	<b>18,151</b>	<b>18,284</b>	<b>18,151</b>
<b>Made up of:</b>				
Current	17,614	17,559	17,614	17,559
Non-current	670	592	670	592
	<b>18,284</b>	<b>18,151</b>	<b>18,284</b>	<b>18,151</b>

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 18 PROVISIONS

#### Current provisions

ACC Partnership Programme

Group		Parent	
2009	2008	2009	2008
\$000	\$000	\$000	\$000
3	7	3	7
3	7	3	7

The liability valuation on the ACC Partnership Program has been calculated by Aon New Zealand Limited as at the 30th June 2009. All outstanding claims by Taranaki District Health Board's employees are estimated by claim managers as at this point.

### 19 RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAXATION WITH CASH OUTFLOW FROM OPERATING ACTIVITIES

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Net Surplus/(Loss)	(654)	(1,293)	(583)	(2,013)
Add/(Less) Non-Cash Items:				
Depreciation	8,342	7,599	8,342	7,599
(Decrease)/Increase in Provision for Doubtful Debts	(5)	(1)	(5)	(1)
(Decrease)/Increase in Employee Entitlements	133	4,337	133	4,337
	8,470	11,935	8,470	11,935
Add back items classified as investment/financing activities:				
Decrease/(Increase) in Investments Held	2	882	1	1,585
Net Loss/(Gain) of Disposal of Assets	(1)	(2)	(1)	(2)
	1	880	-	1,583
Add/(Less) Movements in Working Capital:				
(Increase)/Decrease in Receivables & Prepayments	2,731	(2,752)	2,731	(2,752)
(Increase)/Decrease in Inventories	(175)	68	(175)	68
(Decrease)/Increase in Payables & Accruals	1,859	(1,168)	1,859	(1,168)
	4,415	(3,852)	4,415	(3,852)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>12,232</b>	<b>7,670</b>	<b>12,302</b>	<b>7,653</b>

### 20 RELATED PARTY TRANSACTIONS

Taranaki District Health Board is a wholly owned entity of the Crown. The Government significantly influences the role of the Board as well as being its major source of revenue.

Taranaki District Health Board enters into numerous transactions with government departments and other Crown agencies outside of the funding relationship. Where these parties are acting in the course of their normal dealings with Taranaki District Health Board, related party disclosures have not been made for transactions of this nature.

#### Related Party Transactions and Balances

##### (a) Funding

Taranaki District Health Board received \$271m from the Ministry of Health to provide health services to the Taranaki area (2008: \$253m). The amount outstanding at year end was \$4.17m (2008: \$6.56m).



# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### (b) Inter-Group Transactions and balances:

Taranaki District Health Board charged the following expenses during the year for services performed, administration, rental, general facility services, and interest received and had the following balances at year end:

	Parent Owed to TDHB		Parent Income to TDHB	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Allied Laundry Services Limited	2	2	29	35
Fulford Radiology Services Limited	46	21	335	323
Healthshare Limited	-	-	1	1
HIQ Limited	12	5	57	102
	<u>60</u>	<u>28</u>	<u>422</u>	<u>461</u>

Taranaki District Health Board incurred the following expenses during the year for services performed and had the following outstanding balances at year

	Parent Owed by TDHB		Parent Expense to TDHB	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Allied Laundry Services Limited	117	50	848	851
Fulford Radiology Services Limited	547	535	6,503	6,167
Healthshare Limited	-	-	74	100
HIQ Limited	-	101	5,127	4,100
	<u>664</u>	<u>686</u>	<u>12,552</u>	<u>11,218</u>

Board Member Fees paid to Board Members of the above Subsidiaries & Associates are included in the Annual Report under Board Fees.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### Board Members and Key Management - 2009

TDHB Board Member	Related Party	Relationship	TDHB Transaction	Expense for Year 30 June 2009	Owed by TDHB at 30 June 2009
				\$000	\$000
Alex Ballantyne	Peak Health Ltd (formerly Pinnacle PHO) STDC	Local Management Group member	GP & Health Services	10,256	168
		Councillor	Local Authority	9	-
Peter Catt	Family Health Centre Taranaki PHO Ltd	Director/General Practitioner	GP & Health Services	4	-
		Employee	GP & Health Services	9,238	108
Kura Denness	Tui Ora Ltd	Chairperson	Health Contracts/Services	5,590	408
	Medical Laboratory Scientists	Director	Prof Registration Board	-	-
	Te Aroha MedCare Ltd	Chairperson	GP & Health Services	-	-
	Taranaki PHO Ltd	Chairperson	GP & Health Services	9,238	108
	PHARMAC	Director	DHB Funding	88	-
	Allied Laundry Services Ltd	Director	Laundry Services	848	117
	Te Rau Pani	Advisor	Health Contracts/Services	304	-
Karen Eagles	Te Pou Hauora o Heretaunga	Contracted to	Health Contracts/Services	-	-
	Waves Youth Health Trust	Director	Health Contracts/Services	27	-
Flora Gilkison	Fulford Radiology Services Ltd	Director	Radiology Services	6,503	547
Grant Knuckey	Te Atiawa Medical Trust	Chief Executive	GP & Health Services	242	23
	Te Tihi Hauora PHO Ltd	Chairperson	GP & Health Services	1,868	63
Tony Ruakere	Te Atiawa Medical Trust	Employee	GP & Health Services	242	23
	Tui Ora Ltd	Committee Member	Health Contracts/Services	5,590	408
John Young	Venture Taranaki Inc	Trustee	Professional Services	1	-

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### Board Members and Key Management - 2008

TDHB Board Member	Related Party	Relationship	TDHB Transaction	Expense for Year 30 June 2008	Owed by TDHB at 30 June 2008
				\$000	\$000
Alex Ballantyne	Peak Health Ltd (formerly Pinnacle PHO)	Local Management Group member	GP & Health Services	9,169	99
	STDC	Councillor	Local Authority	30	-
Peter Catt	Family Health Centre	Director/General Practitioner	GP & Health Services	9	-
	Taranaki PHO Ltd	Employee	GP & Health Services	8,088	38
Kura Denness	Tui Ora Ltd	Chairperson	Health Contracts/Services	4,480	396
	Medical Laboratory Scientists	Director	Prof Registration Board	-	-
	Te Aroha MedCare Ltd	Chairperson	GP & Health Services	15	-
	Taranaki PHO Ltd	Chairperson	GP & Health Services	8,088	38
	PHARMAC	Director	DHB Funding	72	-
	Allied Laundry Services Ltd	Director	Laundry Services	851	50
	Te Rau Pani	Advisor	Health Contracts/Services	155	-
Karen Eagles	Te Pou Hauora o Heretaunga	Contracted to	Health Contracts/Services	3	4
	Waves Youth Health Trust	Director	Health Contracts/Services	1	-
Flora Gillkison	Fulford Radiology Services Ltd	Director	Radiology Services	6,167	535
	Allied Laundry Services Ltd	Director	Laundry Services	851	50
Grant Knuckey	Te Atiawa Medical Trust	Chief Executive	GP & Health Services	64	6
	Te Tihi Hauora PHO Ltd	Chairperson	GP & Health Services	1,131	16
Tony Ruakere	Te Atiawa Medical Trust	Employee	GP & Health Services	64	6
	Tui Ora Ltd	Committee Member	Health Contracts/Services	4,480	-
John Young	Fulford Radiology Services Ltd	Director	Radiology Services	6,167	535
	Venture Taranaki Inc	Trustee	Professional Services	-	-

Former TDHB Board Members	Related Party	Relationship	TDHB Transaction	Owed by TDHB at 30 June 2008	Owed by TDHB at 30 June 2008
				\$000	\$000
Hayden Wano	Tui Ora Ltd	Chief Executive	Health Contracts/Services	4,480	-
	Taranaki PHO Ltd	Chief Executive	GP & Health Services	8,088	-
	Quality Health NZ	Member	Membership of	4	-
Tom Mulholland	HIQ Limited	Director	Provision of IT Services	4,100	101
	New Plymouth Aero Club	Member	Patient Transport	212	14
	Healthy Thinking Institute	Director	Locum Medical Services	2	-
Jan Dunlop	Trinity Home and Hospital	Director	Rest Home Services	1,101	69
	Taranaki PHO Ltd	Committee Member	GP & Health Services	8,088	-

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 21 RELATED PARTIES - KEY MANAGEMENT PERSONNEL

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Compensation of key management personnel</b>				
Short-term employee benefits	1,841	1,780	1,841	1,780
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
	<u>1,841</u>	<u>1,780</u>	<u>1,841</u>	<u>1,780</u>

Key management personnel include all board members and members of the executive management team.

### 22 FINANCIAL INSTRUMENT CATEGORIES

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

		Group		Parent	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
<b>FINANCIAL ASSETS</b>	<b>Note</b>				
<b>Loans and receivables</b>					
Cash and cash equivalents	7	3,321	5,971	3,321	5,971
Debtors and other receivables	8	7,487	10,213	7,487	10,213
Loans to associates	10	117	165	117	165
Other investments	10	35	22	35	22
Term deposits	10	31,000	23,000	31,000	23,000
<b>Total loans and receivables</b>		<u>41,960</u>	<u>39,371</u>	<u>41,960</u>	<u>39,371</u>
<b>FINANCIAL LIABILITIES</b>	<b>Note</b>				
<b>Financial liabilities at amortised costs</b>					
Trade and other payables	15	19,052	17,868	19,051	17,868
Finance lease liabilities	16	630	696	630	696
Loans from Crown Health Financing Agency	16	29,000	29,000	29,000	29,000
<b>Total financial liabilities</b>		<u>48,682</u>	<u>47,564</u>	<u>48,681</u>	<u>47,564</u>

The fair value of all of the above financial instruments equal their carrying value with the exception of loans from Crown Health Financing Agency.

The fair value of the \$29,000k of loans from the Crown Health Financing Agency at 30th June 2009 was calculated at \$31,354k (2008: \$29,908k).



# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 23 FINANCIAL INSTRUMENT RISKS

Taranaki District Health Board activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk.

#### (a) Market Risk

##### *Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Taranaki District Health Board exposure to fair value interest rate risk is limited to its fixed interest borrowings and bank deposits. However, because these borrowings and bank deposits are not accounted for at fair value, fluctuations in interest rates do not have an impact on the surplus / deficit of Taranaki District Health Board or the carrying amount of the financial instruments recognised in the statement of financial position.

##### *Cash flow interest rate risk*

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Taranaki District Health Board to cash flow interest rate risk.

Taranaki District Health Board deposits surplus funds with a spread of maturity dates to limit exposure to short term interest rate movements.

Taranaki District Health Board spreads the maturity of term borrowings to limit the exposure to short term interest rate movements.

##### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Taranaki District Health Board is exposed to foreign currency risk on minor purchases for goods and services which require it to enter into transactions in foreign currencies. Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. As a result of this Taranaki District Health Board has limited exposure to currency risk.

#### (b) Credit Risk

Credit risk is the risk that a 3rd party will default on its obligations to Taranaki District Health Board, causing a loss to be incurred.

Due to the timing of its cash inflows and outflows, Taranaki District Health Board invests surplus cash into term deposits with registered banks.

Taranaki District Health Board maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 7), net debtors (note 8) and other financial assets (note 10).

Taranaki District Health Board has no significant concentrations of credit risk as government sourced revenue for Taranaki District Health Board was 97% (2008: 96%) whilst it accounted for 96% (2008: 97%) of receivables.

#### (c) Liquidity Risk

Liquidity risk is the risk that Taranaki District Health Board will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In general, Taranaki District Health Board generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and can break term deposits with financial institutions if required.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### (d) Contractual Liquidity Table

#### Group - 2009

The following table sets out the contractual cash flows for all financial liabilities:

	Carrying value	Contractual Cash Flows	0-3 month	3-12 months	1-3 years	3-7 years
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	20,812	20,812	20,812	-	-	-
Finance leases	630	712	61	183	459	9
Loans and borrowings	29,000	36,844	158	1,827	13,497	21,362
	<u>50,442</u>	<u>58,368</u>	<u>21,031</u>	<u>2,010</u>	<u>13,956</u>	<u>21,371</u>

#### Group - 2008

The following table sets out the contractual cash flows for all financial liabilities:

	Carrying value	Contractual Cash Flows	0-3 month	3-12 months	1-3 years	3-7 years
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	18,949	18,949	18,949	-	-	-
Finance leases	696	805	54	162	431	158
Loans and borrowings	29,000	38,830	158	1,827	3,970	32,875
	<u>48,645</u>	<u>58,584</u>	<u>19,161</u>	<u>1,989</u>	<u>4,401</u>	<u>33,033</u>

#### Parent - 2009

The following table sets out the contractual cash flows for all financial liabilities:

	Carrying value	Contractual Cash Flows	0-3 month	3-12 months	1-3 years	3-7 years
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	20,811	20,811	20,811	-	-	-
Finance leases	630	712	61	183	459	9
Loans and borrowings	29,000	36,844	158	1,827	13,497	21,362
	<u>50,441</u>	<u>58,367</u>	<u>21,030</u>	<u>2,010</u>	<u>13,956</u>	<u>21,371</u>

#### Parent - 2008

The following table sets out the contractual cash flows for all financial liabilities:

	Carrying value	Contractual Cash Flows	0-3 month	3-12 months	1-3 years	3-7 years
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	18,949	18,949	18,949	-	-	-
Finance leases	696	805	54	162	431	158
Loans and borrowings	29,000	38,830	158	1,827	3,970	32,875
	<u>48,645</u>	<u>58,584</u>	<u>19,161</u>	<u>1,989</u>	<u>4,401</u>	<u>33,033</u>

### (e) Sensitivity Analysis

In managing interest rate risk Taranaki District Health Board has adopted two strategies, (i) having term borrowings with the Crown Health Financing Agency on fixed rates, and (ii) having the maturity dates of the four individual loans to the Crown Health Financing Agency spread so that any increase in interest rates on a term loan once it rolls is reduced.

As the next term loan is not due to expire until April 2011 no sensitivity analysis has been performed.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 24 CONTINGENT LIABILITIES

Taranaki District Health Board sometimes has claims that have been made by or against Taranaki District Health Board in the ordinary course of business. The Board Members do not consider the outcome of these claims will have a material adverse affect on the financial position of Taranaki District Health Board.

### 25 CAPITAL COMMITMENTS AND OPERATING LEASES

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Capital Commitments</b>				
Property, plant and equipment	-	1,210	-	1,210
	-	1,210	-	1,210

#### Operating leases as lessee

Taranaki District Health Board leases buildings, vehicles and equipment. These non-cancellable leases typically range from 3 to 5 years (vehicles and equipment).

Not later than one year	587	690	587	690
Later than one and not later than two years	351	590	351	590
Later than two and not later than five years	41	385	41	385
Later than five years	-	7	-	7
	979	1,672	979	1,672

A significant portion of the non-cancellable operating lease amount relates to the lease of the Pyxis automated drug dispensing system. The current 5 year lease expires on the 31st March 2011

### 26 MAJOR VARIATIONS FROM BUDGET

#### Income Statement Variances - Revenue

Taranaki District Health Board recorded a deficit of \$654,000 compared with a budgeted deficit of \$2.030 million.

A total of \$8.9 million additional revenue over budget was received as follows (2008: \$9.6m):

	Variance	Variance
	2009	2008
	\$000	\$000
Ministry of Health Funding	8,690	8,517
Accident Compensation Revenue (ACC)	(38)	216
Inter District Flows	194	7
Interest Received	97	1,410
Donations Received	3	217
Other	(29)	(764)
	8,917	9,603

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### Income Statement Revenue Explanations

Ministry of Health Funding	Additional funding devolved from Ministry in excess of funding envelope advised.
Accident Compensation Revenue (ACC)	(i) New contracts awarded, (ii) price increases from ACC and (iii) additional work performed.
Inter District Flows	Inflow of other DHB population higher than expected
Interest Received	Increased returns from funds deposited.
Donations Received	Donations received in excess of planned receipts.

### Income Statement Variances - Expenditure

A total of \$7.4 million additional expenditure over budget were incurred as follows (2008: \$9.0m):

	Variance 2009 \$000	Variance 2008 \$000
Employee Benefit costs	3,378	6,262
Outsourced services	1,591	4,878
Clinical supplies	2,037	1,621
Payments to non-health board providers	(715)	(5,012)
Other	1,127	1,239
	<u>7,418</u>	<u>8,988</u>

### Income Statement Expenditure Explanations

Employee Benefit costs	Settlement of collective wages and salary agreements in excess of budget outlay.
Outsourced services	Locum costs and work outsourced, to deliver additional volumes and cover vacancies.
Clinical supplies	Expenditure in excess of budget outlay, and costs related to additional volumes.
Payments to non-health board providers	Primarily reduced demand driven expenditure across several services.

	Variance 2009 \$000	Variance 2008 \$000
Cash & S/T Deposits	(8,333)	1,470
Other Financial Assets	11,052	3,048
Property, plant and equipment	9,222	8,549
Receivables & Prepayments	(293)	4,723
Employee Entitlements	3,079	6,579

### Balance Sheet Explanations

Cash & S/T Deposits	Surplus funds invested for longer terms to gain benefits from falling interest rates
Other Financial Assets	Surplus funds invested for longer terms to gain benefits from falling interest rates
Property, Plant and Equipment	Impact of property revaluations were unknown at time of budgeting
Receivables & Prepayments	(2008) Ministry of Health initiatives for six months unpaid for.
Employee Entitlements	Timing of Payroll payments and unsettled employee collective agreements.



# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 27 AUDITORS' REMUNERATION

	Group		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>Fees to principal auditor (Ernst &amp; Young)</b>				
Audit of annual financial statements	173	137	173	137
Audit of financial statements - IFRS transition	14	12	14	12
Other assurance-related services	-	-	-	-
Tax compliance	-	-	-	-
Due diligence services	-	-	-	-
	<u>187</u>	<u>149</u>	<u>187</u>	<u>149</u>
<b>Other Audit Fees paid (non Ernst &amp; Young)</b>				
ACC Partnership Program - Verification New Zealand Limited	3	3	3	3
HealthShare Ltd Pharmacy Quality Audits	5	1	5	1

### 28 EMPLOYEE REMUNERATION

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

Remuneration Range	Actual 2009	Actual 2008
\$350 - \$359,000	1	1
\$340 - \$349,000	-	-
\$330 - \$339,000	-	1
\$320 - \$329,000	-	-
\$310 - \$319,000	-	-
\$300 - \$309,000	3	-
\$290 - \$299,000	-	1
\$280 - \$289,000	3	-
\$270 - \$279,000	-	-
\$260 - \$269,000	2	2
\$250 - \$259,000	2	2
\$240 - \$249,000	4	1
\$230 - \$239,000	2	-
\$220 - \$229,000	3	4
\$210 - \$219,000	4	2
\$200 - \$209,000	3	4
\$190 - \$199,000	6	4
\$180 - \$189,000	3	6
\$170 - \$179,000	3	2
\$160 - \$169,000	3	3
\$150 - \$159,000	-	3
\$140 - \$149,000	8	9
\$130 - \$139,000	14	12
\$120 - \$129,000	9	5
\$110 - \$119,000	14	9
\$100 - \$109,000	16	11
Total	<u>103</u>	<u>82</u>
Clinicians	88	69
Management	15	13
Total	<u>103</u>	<u>82</u>

If the remuneration of part time clinical staff was grossed up to a full time equivalent (FTE) basis, the total of employees with salaries of \$100,000 or more would be 112 (2008: 95)

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 29 TERMINATION PAYMENTS

For the period to 30 June 2009, 2 employees or former employees of Taranaki District Health Board received payment in respect of termination of employment for \$8955 and \$1711 respectively (2008: 4 payments totalling \$78,181).

### 30 CAPITAL MANAGEMENT

Taranaki District Health Board's capital includes public equity, reserves and retained earnings/(losses).

Changes in public equity are as a result of the Crown either (i) injecting equity for specific funding, or (ii) requiring Taranaki District Health Board to repay equity as specified by the Crown.

During the year the Crown advanced \$252k (2008: \$106k for the national non admitted patient data collection project) for the interRAI National DHB Implementation Project. Public equity of \$959k (2008: \$959k) was repaid to the Crown during the year. The repayments in both 2009 & 2008 was to repay the Ministry of Health funding of additional depreciation expense on buildings revalued at 30 June 2006.

There have been no changes in Taranaki District Health Board's management of capital during the year.

Taranaki District Health Board is not subject to external banking covenants.

### 31 2009-12 STATEMENT OF INTENT

Taranaki District Health Board and group's 2009-12 Statement of Intent did not fully comply with the requirements of the Crown Entities Act 2004. Sections 142 (2) (b) and (c) of the Crown Entities Act 2004 require for each output class adopted, that the Statement of Intent:

- \* identify the expected revenue to be earned, and proposed expenses to be incurred, for each class of outputs; and
- \* comply with generally accepted accounting practice.

At the time the 2009-12 Statement of Intent was adopted, Taranaki District Health Board and group were unable to reliably identify the expected revenue and proposed expenses for each class of outputs. As a result Taranaki District Health Board and group breached sections 142 (2) (b) and (c) of the Crown Entities Act 2004.

The breaches occurred because Taranaki District Health Board and group did not adopt relevant output classes. The allocation process requires a substantial amount of work and there was insufficient time for it to be carried out before the Statement of Intent was adopted.

The new output classes will enable Taranaki District Health Board and group to more meaningful report service performance for the year ending 30 June 2010.

The Taranaki District Health Board and group is yet to identify the expected revenue to be earned, and proposed expenses for each output class. Taranaki District Health Board is currently working with other District Health Board's to link current reporting to the intended new output classes. The timeframe being worked to is for implementation of the new output classes to be in place for the 2010-11 budget year.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2009

### 32 EVENTS SUBSEQUENT TO BALANCE DATE

Capital Coast District Health Board withdrew from HIQ Limited post 30th June 2009, with their class A voting Shares being purchased by Taranaki District Health Board. Consequently from 1st July 2009, HIQ Limited became a fully owned subsidiary of Taranaki District Health Board.

The Shareholders of HIQ Limited as at the 30th June 2009 were Capital Coast District Health Board and Taranaki District Health Board. The Shareholders are in the process of arriving at the net value of Capital Coast District Health Board related assets and liabilities represented by their equity investment in HIQ Limited as at that date. This will determine the net amount payable to or receivable by Capital Coast District Health Board from HIQ Limited. As at reporting date there is insufficient information available for HIQ Limited to estimate the amount payable to or receivable from Capital Coast District Health Board, and any consequential impact on Taranaki District Health Board.

# Statement of Service Performance

## 2009 Annual Report

The Performance Measures listed on the following pages include national measures, which are consistent across DHBs, together with local measures and targets. The following are the measures that reflect the Minister of Health's Targets for 2008/09 as outlined to individual DHBs. These are:

- Improving immunisation coverage (1)
- Improving oral health (2)
- Improving elective services (3)
- Reducing cancer waiting times (4)
- Reducing ambulatory sensitive (avoidable) admissions (5)
- Improving diabetes services (6)
- Improving mental health services (7)
- Improving nutrition, increasing physical activity and reducing obesity (8)
- Reducing the harm caused by Tobacco (9)

In addition to these priority areas, Taranaki DHB has selected five further indicators relating to its strategic focus areas, and have set performance targets as listed below:

- Proportion of Year 8 and 5 year old children who are caries free (2)
- Prevalence of current smoker, 14-15 years, rate per 100 (9)
- Breastfeeding (exclusive and full) at six months, rate per 100 (8)
- All cardiovascular disease hospitalisations, 65+ years, rate per 100,000 (10)
- Asthma hospitalisations, 0-14 years, rate per 100,000 (11)

Where appropriate the local measures and targets have been combined in the following tables.

Name of the Target	Objective	Reporting Requirement/Target	Result	Status
I. Improving Immunisation Coverage	<b>National Target:</b>	<b>2008/09 Target:</b>	<b>2008/09 Result:</b>	Not Achieved
	95% of two year olds fully immunised. Where the DHB has not achieved this target an increase by at least 4-6 percent on their 2005 baseline	87% of 2 year olds	79%	
		79% of Maori 2 year olds	76%	
		National Immunisation Register (NIR)		



# Statement of Service Performance

## 2009 Annual Report

Name of the Target	Objective	Reporting Requirement/Target	Result	Status
<b>2. Improving Oral Health</b>	<b>National Target:</b>  To progress towards 85% adolescent oral health utilisation	<b>2008/09 Target:</b>  <b>62%</b>	<b>2008/09 Result:</b>  <b>69.5%</b>	Achieved
	<b>Local Target:</b>  Proportion of Year 8 and 5 year old children who are caries free (Ref. School Dental Service)	Proportion of 5 year old children who are caries free (Ref. School Dental Service)  <b>5 year olds (% caries free)</b> Total 57.6 Total Fluoridated 58.7 Total non fluoridated 55.1  Proportion of year 8 old children who are caries free (Ref. School Dental Service)  <b>Year 8 (% caries free)</b> Total 48.4 Total Fluoridated 50.8 Total non fluoridated 43.9	<b>5 year olds (% caries free)</b> Total 58.33 Total Fluoridated 61.09 Total non fluoridated 53.30  <b>Year 8 (% caries free)</b> Total 44.24 Total Fluoridated 45.32 Total non fluoridated 42.07	Partially Achieved

Name of the Target	Objective	Reporting Requirement/Target	Result	Status
<b>3. Improving Elective Services</b>	<b>National Target:</b>  That each DHB will maintain compliance in all Elective Services Patient Flow Indicators (ESPIs)	<b>2007/08 Target:</b>  Maintenance of 100% compliance	Taranaki District Health Board continues to remain ESPI compliant both overall and by individual specialty.	Achieved
	<b>National Target:</b>  That each DHB will set an agreed increase in the number of elective service discharges, and will provide the amount of service agreed	<b>2008/09 Local Target:</b>  To deliver agreed outputs with Ministry of Health to within a margin of 5%  <b>Target set by MoH:</b>  4,410 elective discharges	<b>Actual Results:</b>  4,675 elective discharges	Achieved

# Statement of Service Performance

## 2009 Annual Report

Name of the Target	Objective	Reporting Requirement/Target	Result	Status
<b>4. Reducing Cancer Waiting Times</b>	<b>National Target:</b>  For all patients to wait less than six weeks between first specialist assessment and the start of radiation oncology treatment (excluding category D)	<b>2008/09 Target:</b>  Maintenance of 100% compliance  NB: as TDHB does not have an oncology unit this target can only be achieved through MidCentral DHB's Oncology unit and the success in achieving this target relies heavily on their capacity and resources to deliver	<b>2008/09 Result:</b>  <b>91%</b>	Not Achieved

Name of the Target	Objective	Reporting Requirement/Target	Result	Status																					
5. Reducing Ambulatory Sensitive (avoidable) Admissions	<b>National Target:</b>	<b>2008/09 Local Target:</b>	<b>2008/09 Result:</b>	Partially Achieved																					
	That there will be a reduction in the variation between DHBs and between different population groups in the rate of admissions to hospital that are avoidable or preventable by primary health care for 0-4 year olds, 45-65 year olds and those aged 0-74 who are not covered by the 0-4 and 45-65 age ranges	Ambulatory sensitive admissions decline for Maori aged 45-64 and other ethnicity 0-4 years by between 1-1.9%. For all other defined ethnicity and age groups Taranaki is to remain at or below 95% of national level	Taranaki DHB achieved most targets for most defined ethnicity and age groups.																						
			<table><tr><th>Age Group</th><th>Ethnicity</th><th>Result</th></tr><tr><td>0-4</td><td>Maori</td><td>95.8%</td></tr><tr><td>0-4</td><td>Other</td><td>83.6%</td></tr><tr><td>45-64</td><td>Maori</td><td>93.5%</td></tr><tr><td>45-64</td><td>Other</td><td>93.6%</td></tr><tr><td>0-74</td><td>Maori</td><td>98.5%</td></tr><tr><td>0-74</td><td>Other</td><td>93.2%</td></tr></table>		Age Group	Ethnicity	Result	0-4	Maori	95.8%	0-4	Other	83.6%	45-64	Maori	93.5%	45-64	Other	93.6%	0-74	Maori	98.5%	0-74	Other	93.2%
	Age Group	Ethnicity	Result																						
	0-4	Maori	95.8%																						
	0-4	Other	83.6%																						
	45-64	Maori	93.5%																						
45-64	Other	93.6%																							
0-74	Maori	98.5%																							
0-74	Other	93.2%																							

# Statement of Service Performance

## 2009 Annual Report

Name of the Target	Objective	Reporting Requirement/Target	Result	Status
<b>6. Improving Diabetes Services</b>	<b>National Target:</b>  That there will be an increase in the percentage of people in all populations groups;  • Estimated to have diabetes accessing free annual checks	<b>2008/09 Target:</b>  Maori - 59% Other - 69% Pacific - 26% Total - 67%	<b>2008/09 Result:</b>  Maori - 65% Other - 85% Pacific - 26% Total - 81%	Achieved
	<b>National Target:</b>  • On the diabetes register who have good diabetes management	<b>2008/09 Target:</b>  Maori - 74% Other - 85% Pacific - 62% Total - 83%	<b>2008/09 Result:</b>  Maori - 66% Other - 82% Pacific - 50% Total - 80%	Not Achieved
	<b>National Target:</b>  • Who have had their cardiovascular disease risk assessed in the last 5 years	<b>2008/09 Target:</b>  Maori - 49.2% Other - 68.9% Pacific - N/A Total - 64.7%	<b>2008/09 Result:</b>  Maori - 47.0% Other - 66.9% Pacific - N/A Total - 62.6%	Not Achieved

Name of the Target	Objective	Reporting Requirement/Target	Result	Status
<b>7. Improving the Health Status of People with Severe Mental Illness</b>	<b>National Target:</b>  That at least 90% of long term clients have up to date relapse prevention plans (NMHSS criteria 16.4)	<b>2008/09 Target:</b>  90%	<b>2008/09 Result:</b>  96%	Achieved

# Statement of Service Performance

## 2009 Annual Report

Name of the Target	Objective	Reporting Requirement/Target	Result	Status
<b>8. Improving Nutrition, Increase Physical Activity and Reduce Obesity</b>	<b>National Target:</b>  That the DHB will support the HEHA Strategy and reflect the priority population health objectives of improving nutrition, increase physical activity and reduce obesity	<b>2008/09 Target:</b>  Taranaki DHB actively supports achievement of the health sector targets, based on information received from Plunket data which is submitted to the MoH and published annually, Taranaki DHB has set the following targets  Proportion (percentage) of infants exclusively and fully breastfed:  74% at six weeks 57% at three months 27% at six months	In terms of the fruit and vegetable consumption target this is a national target and no local targets are set at DHB level. Taranaki DHB has demonstrated its support and contribution to the HEHA Strategy through the District Healthy Eating – Healthy Action ministry approved plan (MAP2 2008/09)  The portrait of health NZ health survey is the most recent update of local fruit and vegetable consumption targets where synthetic estimates have been produced by DHB but are not statistically significant at DHB level  In terms of breastfeeding Taranaki DHB contributes to national targets which are based on Plunket data submitted to the MOH and published annually. Plunket data for 2008/09 is not available. Synthetic data estimates have been produced to inform local DHB targets for 2009/10	Data not yet available for 2008/09
	<b>Local Target:</b>  That based on the NZ Health Survey 2005 (to be re-surveyed in 2008/09) Taranaki DHB has set the following target: 70% of adults (15+ years) consuming at least three servings of vegetables per day and 62% of adults (15+ years) consuming at least two servings of fruit per day		Data for 2008/09 not available. NZ Health Survey 06/07 only just available. Focus of Taranaki DHB is its contribution to the HEHA plan	Data not yet available for 2008/09



# Statement of Service Performance

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	<b>(continued)</b>	Maori	20%	Taranaki DHB contributes to monitor national targets which are based on Plunket data submitted to the MOH and published annually. Plunket data for 2008/09 is not available	Data not yet available for 2008/09
	<b>Local Target:</b>	Non-Maori/Non-Pacific	31.5%		
	Breastfeeding (exclusive and full) at six months, rate per 100. Note: Fully = The infant has taken breast milk only and no other liquids or solids except a minimal amount of water or prescribed medicines, in the past 48 hours				

Name of the Target	Objective	Reporting Requirement/Target	Result	Status
<b>9. Reduce the Harm Caused by Tobacco</b>	<b>National Target:</b>  That the DHB will support reduction in the incidence of New Zealanders becoming addicted smokers by continuing to increase the prevalence of those who have never smoked among 14 and 15 year olds	<b>2008/09 Target:</b>  57.9% (3% increase over 2007/08 target)	<b>2008/09 Result:</b>  63.9%	Achieved
	<b>National Target:</b>  To increase the proportion of smokefree homes where there was one or more smoker to over 75% in 2008/09	<b>2008/09 Target:</b>  75%	<b>2008/09 Result:</b>  76%	Achieved
	<b>Local Target:</b>  Prevalence of current smoker, 14-15 years, rate per 100 (Ref. Health Indicators Report for Taranaki)	Maori Female 40.8 Non-Maori Female 16.0 Maori Male 36.5 Non-Maori Male 21.5 Maori Total 38.6 Non-Maori Total 18.7		Data not yet available for 2008/09

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Name of the Target	Objective	Reporting Requirement/Target	Result	Status
<b>10. Cardiovascular Disease</b>	<b>Local Target:</b>  All cardiovascular disease hospitalisations, 65+ years, rate per 100,000	<b>2008/09 Target:</b>  Maori Female 11721.9 Non-Maori Female 6329.7 Maori Male 10714.7 Non-Maori Male 9260.2 Maori Total 11315.2 Non-Maori Total 7625.0		Data not yet available for 2008/09

Name of the Target	Objective	Reporting Requirement/Target	Result	Status
<b>11. Asthma Hospitalisations</b>	<b>Local Target:</b>  Asthma hospitalisations, 0-14 years, rate per 100,000	<b>2008/09 Target:</b>  Maori Female 494.0 Non-Maori Female 253.0 Maori Male 747.0 Non-Maori Male 644.6 Maori Total 622.4 Non-Maori Total 454.7		Data not yet available for 2008/09

## Cost of Service Statement

### for year ending 30 June 2009

\$000	Funder	Governance & Funding Admin	Provider	Elimination	Total
<b>Actual</b>					
Revenue	269,598	2,163	158,805	(141,325)	289,241
Less Expenses	262,536	2,055	166,629	(141,325)	289,895
Net Surplus / (Loss)	<b>7,062</b>	<b>108</b>	<b>(7,824)</b>	<b>Nil</b>	<b>(654)</b>
Closing Equity	58,463	(1,845)	16,965	Nil	73,583
<b>Budget</b>					
Revenue	261,278	2,163	154,684	(137,801)	280,324
Less Expenses	259,724	2,152	158,279	(137,801)	282,354
Net Surplus / (Loss)	<b>1,554</b>	<b>11</b>	<b>(3,595)</b>	<b>Nil</b>	<b>(2,030)</b>
Closing Equity	52,791	(1,825)	10,994	Nil	61,960
<b>Variance</b>					
Net Surplus	5,508	97	(4,229)	Nil	1,376
Closing Equity	5,672	(20)	5,971	Nil	11,623

# Annual Report 2009

## Reporting on “good employer” practices

Taranaki DHB's role in workforce planning and development is to identify further strategic actions and mechanisms that when implemented will contribute to Taranaki having enough health workers with appropriate clinical skills now and into the future. Actions identified are from a perspective of the DHB being both a planner and funder of services and a major employer and provider of health services being the single largest health provider in the district. In addition to these sector wide responsibilities, Taranaki DHB is the largest single employer of health employees in Taranaki. Good employer practices are in place, and are continually monitored and improved. A great place to work is facilitated by committed and engaged employees, excellent leadership, diverse culture, professional relationships, sound processes and opportunities for learning and development. This table is a quick summary of the human resources practices that assist the DHB to be a good employer.

Element/Measurement	Describe formal policies or procedures	Other Practices	Priority issues	Action taken
Leadership, Accountability and Culture	<ul style="list-style-type: none"> <li>✓ Code of Conduct Policy</li> <li>✓ Equal Employment Opportunities (EEO)</li> </ul>	Comprehensive leadership programme developed for new and existing managers	Foundation and advanced management training	<ul style="list-style-type: none"> <li>Ongoing review of Policies and Procedures</li> <li>TDHB specific “How to” training</li> <li>Peer mentoring</li> <li>O D training sessions</li> </ul>
Recruitment, Selection Induction	<ul style="list-style-type: none"> <li>✓ Recruitment and Selection Policy</li> <li>✓ Recruitment Guideline Procedure</li> <li>✓ On-line Recruitment Processes</li> <li>✓ Relocation Procedure</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive induction programme</li> <li>Post entry survey (3 month)</li> <li>Recruitment training</li> <li>Scholarships across all disciplines</li> <li>Schools EXPO</li> <li>Working with clinical schools to provide work experience placements</li> </ul>	<ul style="list-style-type: none"> <li>Recruiting a workforce that accurately reflects the community the DHB serves</li> <li>Being recognised as a great place to work</li> </ul>	<ul style="list-style-type: none"> <li>Working with all DHB's on the implementation of a National Health Careers Brand and a National Recruitment Plan for RMO's</li> <li>An interactive DVD that presents health career information for rangatahi Maori along with the website “WhyOra”</li> <li>TDHB unique recruitment DVD</li> <li>Developed initiatives to target a higher volume of NZ trained students</li> </ul>
Employee Development, Promotion and Exit	<ul style="list-style-type: none"> <li>✓ Performance Appraisal Policy and Procedure</li> <li>✓ Study, Conference and Course Leave</li> <li>✓ Termination of Employment Policy and Procedure</li> </ul>	<ul style="list-style-type: none"> <li>Exit interview</li> <li>Coaching available to all staff</li> <li>Clinical Supervision</li> <li>Employee Assistance Programme</li> <li>Interpersonal skills training</li> <li>Personal Effectiveness Training</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing reasons why staff are leaving the DHB</li> <li>Performance Management Training programme</li> <li>Retention</li> </ul>	<ul style="list-style-type: none"> <li>Process established to record / monitor reasons for exiting</li> <li>Preceptorship training</li> <li>Mentoring training</li> </ul>
Flexibility and Work Redesign	<ul style="list-style-type: none"> <li>✓ Flexible Working - Request and Complaints Procedure</li> <li>✓ Collective employment agreements</li> </ul>	<ul style="list-style-type: none"> <li>Managers fully informed and supportive of flexible working legislation</li> </ul>	<ul style="list-style-type: none"> <li>Future lifestyle planning</li> <li>Retirement courses</li> </ul>	HR monitor all requests
Remuneration, Recognition and Conditions	<ul style="list-style-type: none"> <li>✓ Job Evaluation Procedure</li> <li>✓ Recognising Long Service Procedure</li> <li>✓ Superannuation Contributions</li> <li>✓ Remuneration Policy</li> <li>✓ Collective employment agreements</li> </ul>	<ul style="list-style-type: none"> <li>Job Evaluation committee</li> <li>Comprehensive progression criteria process via collective agreements</li> <li>CASP Training</li> </ul>	<ul style="list-style-type: none"> <li>Pay equity</li> <li>Recognition of skill improvement</li> </ul>	Promoting employee benefits for all staff
Harassment and Bullying Prevention	<ul style="list-style-type: none"> <li>✓ Harassment Policy and Procedure</li> </ul>	<ul style="list-style-type: none"> <li>Interpersonal skills programmes</li> <li>Coaching / training union delegates</li> <li>Conflict Resolution</li> </ul>	<ul style="list-style-type: none"> <li>Resolve issues as soon as possible at first level if appropriate</li> </ul>	HR to monitor and report to GM / CEO any harassment / bullying cases.
Safe and Healthy Environment	<ul style="list-style-type: none"> <li>✓ Health and Safety Policy</li> <li>✓ Staff Health and Monitoring</li> <li>✓ Significant Hazard Control Plan</li> <li>✓ Material Safety Data Sheets</li> <li>✓ Infection Control</li> <li>✓ Educational Information</li> <li>✓ Nursing Core Procedures</li> <li>✓ Pharmacy Procedures</li> <li>✓ Clinical Practices</li> <li>✓ Critical Incident Debriefing</li> <li>✓ Occupational Health</li> </ul>	<ul style="list-style-type: none"> <li>Pre-employment Health Questionnaire for all staff</li> <li>Employee Assistance Programme</li> <li>Work place health assessments</li> <li>Wellbeing week for all staff</li> <li>Annual flu jabs</li> <li>Health and Safety Representative in each work area</li> <li>Health and Safety orientation</li> </ul>	<ul style="list-style-type: none"> <li>Quality and Risk Department responsible for majority of these procedures</li> <li>Recreation society available to all staff</li> </ul>	







**Taranaki Together, a Healthy Community**  
**Taranaki Whanui, He Rohe Oranga**





**TARANAKI**  
like no other