

***West Coast District Health Board***

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**Annual Report**

***for the six months ended 30th June 2001***

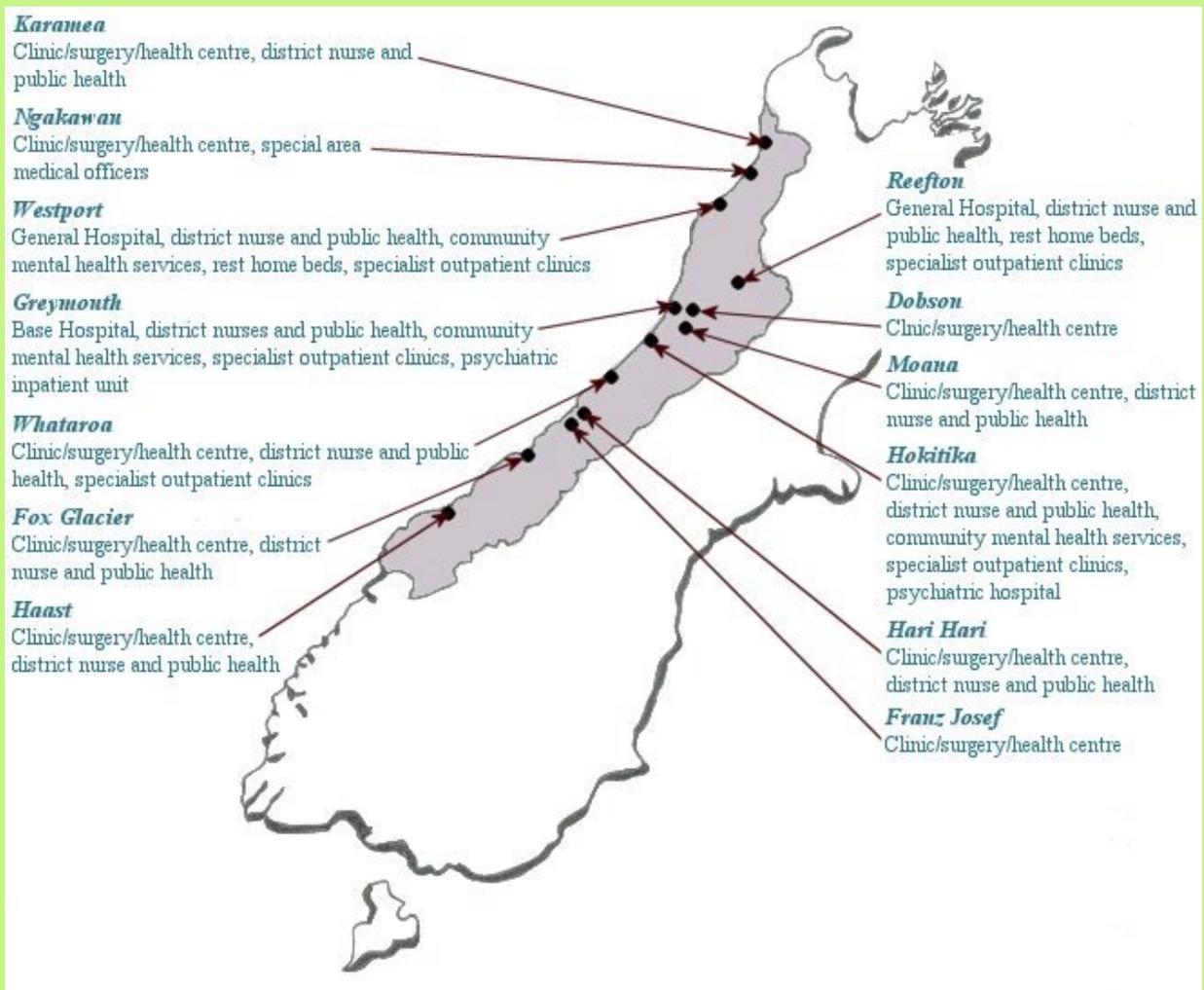
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# West Coast Regional Map

The map shows generally where services are based. Community Nurses and special area medical officers hold clinics in other locations as well.



The base hospital is located in Greymouth. On a fine day with clear roads Buller Hospital in Westport is 1.5 hours from Greymouth to the north via the Coast Road and another 1.5 hours on to Karamea. The Coast Road is subject to delays and closure associated with unfavourable weather conditions as is the Karamea Bluff between Westport and Karamea. It is four hours to Haast in the south via similar terrain and 3.5 hours to Christchurch in the east, via the Southern Alps. Reefton is 1 hour away and Hokitika 35 minutes. Bad weather frequently closes Arthur's Pass and also disrupts both fixed wing and helicopter emergency flights. Only 64% of West Coast residents reside within 60 minutes ("The Golden Hour") travel time by car from secondary hospital services. Only 2% are within 180 minutes travel time by car from the nearest tertiary hospital at Christchurch.

Many of the access roads throughout the West Coast are difficult to traverse throughout the winter months and frequently impassable, particularly during periods of inclement weather.



# Chairman and Chief Executive's Report

## Greymouth Base Hospital Redevelopment Project and Volumes

In March 2001 the newly completed Acute Mental Health Unit was formally opened by the Hon. Annette King, Minister of Health. This ceremony marked the successful completion of the project which commenced in June 2000.

The total project, which was completed successfully on the budget of \$5.3 million, included new operating theatres, the Acute Mental Health Unit, the maternity ward and day surgical unit, women's health clinics and the cafeteria.

Part way through the construction work asbestos was discovered around several areas as walls and ceilings were disturbed and exposed. As it was vital to both contain and clear the asbestos from the contaminated areas, the project was temporarily halted resulting in the operating theatres remaining closed for four months longer than originally planned.

The project team and all staff are to be congratulated on the results which have given Grey Hospital patient care areas equal to any in other New Zealand hospitals. The surgeons and staff have particularly expressed great satisfaction with the standards of the operating theatres, which now fully meet all occupational health and safety standards.

Following the completion of the project, staff worked hard to ensure that elective surgery volumes were completed within the shortened timeframe. Due to the commitment of the staff the shortfall was reduced and a very creditable end of year result achieved.

## West Coast District Health Board Changes

The past year has brought considerable organisational change to the West Coast District Health Board. The Board has moved towards its newly legislated role of ensuring the delivery of health services to the West Coast, both by provision of services (undertaken by Coast Health Care) and by funding services. This move has required a re-emphasis in the Senior Management Team, a new Board and Board Committee structure, the establishment of South Island Shared Agency Services Limited and the undertaking of work to assist the change in decision making.

The Board has established the three committees required by the legislation as well as a Mental Health Advisory Committee. The latter was at the strong suggestions of the DHB Transition Planning Steering Group which had been established to provide consumer input into the future directions and processes of the West Coast District Health Board.

Community and consumer interest in establishment of all the groups / committees has been great, and we thank all of those people who allowed their names to be put forward for consideration. The interest and commitment of those appointed to committees is also to be commended.

The South Island DHBs have co-operated to form South Island Shared Services Agency Limited - a company formed to perform contracting work previously undertaken by the HFA. This forum will also assist the WCDHB in benchmarking its services with the other South Island DHBs, and will assist in taking sensible South Island wide decisions for specialist services ensuring greater co-operation across the regions.



## Needs Analysis

Several provincial DHBs have co-operated with Wellington School of Medicine to undertake District Needs Analysis. This work will become the basic building block of the WCDHB, providing direction to services required, and especially indicating areas of special needs. The Needs Analysis has involved considerable community input, particularly from health providers and specialist interest groups. The following stage of DHB development involves the development of a Strategic Plan, based on the needs analysis. This work has begun, and the community consultation phase will take place in the New Year.

The DHB structure gives impetus to the potential integrating of services at all levels - community, primary and secondary, including the possibility of developing a Primary Health Organisation. Significant discussions have already taken place with interested parties, including the PHO Steering Group. We anticipate significant progress in integration of services over the next 12 months.

## Changes to the Board

There have been Board changes over the past year. Long serving Deputy Chairman, Ian Robb, concluded his appointment along with Rob Davidson, both having contributed significantly in the development of Coast Health Care Limited, and, more recently the West Coast DHB. Their experience is sorely missed. However, new members have also been appointed and welcomed - Michelle Lomax, June Robinson, Christine Robertson and Tahu Potiki, bringing the Board to a membership of seven during the period of this report.

This is the last annual report by both Marian van der Goes and Sue Belsham. We wish to thank the Board for its commitment and dedication towards providing the best possible appropriate health services on the West Coast, it is frequently a thankless task.

We also thank the committed staff, at all levels, of the WCDHB. Health is an area of work which requires special skills and attributes. The community is fortunate to have your dedication.



*Board Chairman - Marian van der Goes  
(Resigned post balance date)*

A handwritten signature in black ink, appearing to read 'Marian van der Goes'.



*Chief Executive - Sue Belsham  
(Resigned post balance date)*

A handwritten signature in black ink, appearing to read 'Sue Belsham'.

# General Manager, Hospitals

## Reconfiguration

The reconfiguration project was difficult and complicated by the discovery of asbestos. This required ward closures, but acute services were maintained in all areas due to the efforts and commitment of staff.

As a result of the reconfiguration we now have modern inpatient facilities and a theatre complex that meets all current standards.

## Paediatric Review

A review of Paediatric services was undertaken and recommendations implemented. The employment of a Liaison Paediatrician will ensure unparalleled access to Paediatric services for the children and parents of the West Coast.

## Laboratory Audit

IANZ conducted a Laboratory accreditation programme and assessment report which reaffirmed that the Laboratory maintained highly effective quality systems, supported by highly motivated and dedicated personnel. IANZ indicated that the Laboratory in Greymouth is as good as any Laboratory of a similar size in New Zealand.

## Emergency Department Audit

A Ministry audit of our Emergency Department confirms that Coast Health Care continues to deliver services that are both safe and clinically appropriate.

## Medical Council Audit

The Medical Council undertook an accreditation audit for Junior House Surgeons.

The report indicated that Coast Health Care provides a supportive, friendly environment that is conducive

to teaching and contributing towards the continuing education of trainee doctors.



## Booking System

During the year, significant progress was made on the implementation of the Booking System.

The Inpatient and Outpatient waiting lists have been reviewed and a number of patients recatergorised.

## Purchase of X-ray Equipment

Coast Health Care purchased a CT Scanner from Canterbury Radiology Group and an X-ray machine was replaced with consequent improvement in efficiency and effectiveness in the X-ray Department.

## Conclusion

The 2000/2001 year has been exceptionally difficult as a result of unplanned closures to the theatre complex. Staff have performed extremely well during the year under very tiring and difficult conditions.

# Director of Nursing

## Nursing and Midwifery Shared Governance Council

Introduction of the Shared Governance concept saw development of the Nursing and Midwifery Shared Governance Council, with representation from all nursing areas. As a result, decisions affecting nursing are now made at clinical area level.

The next stage will see the Shared Governance concept utilised in dealing with local issues, whilst bringing global nursing issues to the Nursing and Midwifery Shared Governance Council.

## Nursing Strategy Project

**Purpose:** to ensure that the nursing division of Coast Health Care has in place a nursing strategy that

- Delivers nursing leadership in the most appropriate environment and at the most appropriate time.
- Delivers nursing care that meets the expectations of the community.
- Maximises workforce planning.
- Allows benchmarking of resourced beds against other DHBs.

### The outcomes of this project have been:

- Change of title of the nurse manager from Patient Services Coordinators to Clinical Nurse Leaders (CNL) to reflect the leadership and clinical support that the role is to focus upon.
- The Critical Care Unit was split and assigned a CNL and a core staff allowing development of the unit.

- The Nursing Hours Per Patient Day (NHPPD) were benchmarked. Targets were set taking into account ward size and layout.



- Trendcare software was installed to improve the efficiency in rostering nursing staff in clinical areas.

## Trendcare

CHC was chosen as a pilot site for the national patient acuity project with Trendcare being the software. All ward clinical areas were integrated over the period.

## Mental Health Services Integration

Acute Mental Health and Community Mental Health services were relocated into Grey Hospital. Services and processes were amalgamated to avoid duplication and provide efficiencies.

# General Manager, Mental Health & Primary Care



*Entrance to the Mental Health Unit, Greymouth*

- Formation of a Mental Health Advisory Group as part of the DHB statutory committee structure.
- Successful recruitment of a full complement of health professionals, including psychiatrists.

## Major Achievements

- Shift of acute psychiatric service to a reconfigured modern unit within Greymouth Base Hospital.
- Streamlined management structure to support improved integration between inpatient and community mental health services.
- Relocation of Child and Adolescent Service and Greymouth Community Mental Health service into improved facilities.
- Development of new psychiatric emergency and short term intensive intervention service.
- Significant progress toward completion of a one clinical file project across the service.
- Development of the South Island Regional mental health network.



*Entrance to the Manaakitanga, the new Mental Health Unit, Grey Base Hospital*

# General Manager Corporate Services

## Physical Resources

### Assets - Achievements

- Redevelopment of the Greymouth Base Hospital was completed in March 2001. The Redevelopment included a new Acute Psychiatric unit.
- The exterior of the hospital has been repainted as part of a six year rotating programme.
- Utilisation of the Seaview Hospital site has been reduced to two villas for the use of Psycho Geriatric and Alzheimer patients.
- Reduction in trades' staff as a result of the changes at the Seaview site.



### Challenges for Next Year

- Fire upgrade for Greymouth Base Hospital to be commenced in March 2002.
- Extraction of asbestos within areas of local contamination in Greymouth Base Hospital and sealing of the material in the seismic gaps is scheduled for early in the New Year.

### Vehicles

- Establishment of a South Island DHB working party for the purpose of identifying and implementing efficiencies through joint DHB purchasing or leasing of vehicles.

## Human Resources

### Achievements

- Stores Review completed and efficiencies achieved.
- Collective Agreements negotiated within budgeted guidelines and without disruption to services.
- Employment Relations Act power point training program developed and presented to staff.
- Relocation of staff from Seaview to new Acute Unit at Greymouth Hospital completed within budget and time frame.
- Full complement of Psychiatrists, Orthopaedic Surgeons and Physicians plus Locum coverage arranged to ensure continuity of service delivery.
- Achieved 10% Employee ACC premium discount.



- Recruitment of 5 RMOs on one year Fixed Term Agreements.
- Training Needs Analysis of Non Clinical training requirements completed.

## Challenges for Next Year

- Recruitment of permanent GP for Westport and General Surgeons for Grey Hospital.
- Co-ordination of Non Clinical Training in liaison with The local Tai Poutini Polytechnic.
- Smoking Policy: all areas of WCDHB to be smokefree by 31<sup>st</sup> May 2002.
- HR Policy and Procedure Manual to be update to reflect legislative changes.
- Obtain 15% Employee ACC premium discount by February 2002.

## Information Technology

### Achievements

- Cable network upgrades completed within budget and time constraints.
- “Thin Client” software purchased, installed and configured on the servers.
- Global Office telephone services rolled out Coast-wide.
- MedTech32 Primary Practice software purchased and installed at Grey Medical, Buller Medical and Dobson Practice.

### Challenges for the Next Year

- Updating the IT policy and procedure manual to comply with “Information Technology -

Code of Practice for Information Security Management AS/NZS ISO/IEC 17799:2001”.

- Developing patient care systems such that the paper-based medical information is captured electronically, stored digitally and delivered electronically through a Graphical User Interface (GUI).
- Replacing the current character-based Radiology Information System to enhance its interface and functionality.
- Replacing the current Physical Resources Maintenance Management software.
- Extending the use of MedTech32 to practices in South Westland (5), Ngakawau and Moana.



# General Manager, Planning & Funding

## NEEDS ANALYSIS

The West Coast District Health Board has been involved in a regional Health Needs Assessment project.

The purpose and objectives of the project are as follows:

### Purpose:

To gather the information required to bring about change beneficial to the health of the population of the district, including reducing health disparities and contributing to overall health gain, within the context of available resources.

### Objectives:

- To produce relevant and accurate information in a health needs assessment document that can be used for the strategic planning and decision-making process at a local WCDHB level.
- To develop a 'standard' methodology for undertaking WCDHB needs assessments. This information will include:
  - 'baseline' data
  - historical trends
  - some identification of unmet need and gaps in services
  - some broad indication of effective and ineffective current services
  - indicators that can help in prioritisation of needs and services, and broad recommendations for addressing health needs.
- To focus primarily on the main population determinants of health, i.e. social, economic and cultural factors.

- To reduce the social and economic inequalities in health.
- To carry out the assessment with the involvement of Maori at all levels, so that the final document reflects Maori needs, as defined by Maori.
- To identify gaps in the availability of data and in the capability of providers to supply information relevant to health needs assessment.
- To ensure that the needs assessment be used as a vehicle for consultation and participation with the community and providers, including Maori and Pacific Islanders.
- That information be collected which is consistent with the objectives of the New Zealand Health Strategy, and which can be used in the monitoring of progress towards, and the planning of services aimed at, those objectives.
- The assessment should be a valuable document in validating the Population-Based Funding Formula, as applied to WCDHB area.

## SISSAL (South Island Shared Services Agency Limited)

The West Coast District Health Board has limited capacity within its own resources to provide the detailed health assessment, prioritisation and planning, purchasing and contract management, audit and monitoring functions required of the organisation. The West Coast District Health Board has contracted SISSAL, a company owned by all of the South Island DHBs, to provide these services to ensure that the Board meets its statutory requirements



# STATUTORY INFORMATION

## **New Zealand Public Health and Disability Act 2000**

Section 42 (3) of the New Zealand Public Health and Disability Act 2000 requires DHBs to provide the information outlined below in their annual reports. These requirements are in addition to those specified in section 41 of the Public Finance Act 1989.

### **A summary of those provisions of the personnel policy operated by the Board that the Board considers will assist in meeting its objectives under section 22(1)(k) of being a good employer (S.42 (3)(a))**

The following Board policies contribute to and assist the Board in meeting its objectives as a good employer. The policies provide guidance and support to staff and management to ensure all employees are treated fairly and equitably.

- Equal Employment Opportunities
- Performance Review and Development of Staff
- Occupational Health and Safety
- Recruitment
- Remuneration
- Sexual Harassment
- Training and Development
- Employee Assistance Programme
- Leave
- Smoking
- Critical Incident Management

### **The extent to which the Board has met its other objectives under Section 22 (S.42 (3)(b))**

The commentary in “extent to which it has been met” should be read in conjunction with the statement that:

The Board has had these statutory obligations since it was formed on 1 January 2001. However, it is a Government / Ministry planned and phased transition to assuming its full role. Until 30 June 2001 the Board had no responsibility for funding health services and its health planning and funding role was limited to building its capability and starting its planning to meeting its objectives and functions.

The exception is those objectives and functions that directly relate to its *Provider* role.



The Board has materially complied with the statutory objectives under Section 22 (S. 42 (3)(b)). Specifically this covers

- (a) to improve, promote, and protect the health of people and communities:
- (b) to promote the integration of health services, especially primary and secondary health services:
- (c) to promote effective care or support for those in need of personal health services or disability support services:
- (d) to promote the inclusion and participation in society and independence of people with disabilities:
- (e) to reduce health disparities by improving health outcomes for Maori and other population groups:
- (f) to reduce, with a view to eliminating, health outcome disparities between various population groups within New Zealand by developing and implementing, in consultation with the groups concerned, services and programmes designed to raise their health outcomes to those of other New Zealanders:
- (g) to exhibit a sense of social responsibility by having regard to the interests of the people to whom it provides, or for whom it arranges the provision of, services:
- (h) to foster community participation in health improvement, and in planning for the provision of services and for significant changes to the provision of services:
- (i) to uphold the ethical and quality standards commonly expected of providers of service and of public sector organisations:
- (j) to exhibit a sense of environmental responsibility by having regard to the environmental implications of its operations:



## Statement of how the DHB has given effect and intends to give effect to its functions specified in section 23(1)(b) to (e):

The West Coast DHB has given effect to the following items:

- (a) to ensure the provision of services for its resident population and for other people as specified in its Crown funding agreement
- (b) to actively investigate, facilitate, sponsor, and develop co-operative and collaborative arrangements with persons in the health and disability sector or in any other sector to improve, promote, and protect the health of people, and to promote the inclusion and participation in society and independence of people with disabilities:
- (c) to issue relevant information to the resident population, persons in the health and disability sector, and persons in any other sector working to improve, promote, and protect the health of people for the purpose of paragraphs (a) and (b):
- (d) to establish and maintain processes to enable Maori to participate in, and contribute to, strategies for Maori health improvement:
- (e) to continue to foster the development of Maori capacity for participating in the health and disability sector and for providing for the needs of Maori:

Further details are contained in the Statement of Objectives and Service Performance on Pages 36 - 42.

### Remuneration

Remuneration paid or due and payable in respect of the 12 months ended 30/6/01 to the Board (for the group) is as follows:

	\$
M van der Goes ( Chairman)	36,333
I Robb ( Vice Chairman)	4,125
R Davidson	5,000
J Hunter	17,292
E Stratford	15,000
J Coll	2,500
C Roberston	12,500
M Lomax	12,500
J Robinson	15,833
K Potiki	12,500

### Insurance

Board members and officers liability insurance and letters of indemnity have been arranged which cover the actions of the Board and officers of the West Coast District Health Board



## Remuneration of employees earnings more than \$ 100,000 per annum.

Salary Range ( \$ )	Number of staff
100,001 - 110,000	2
110,001 - 120,000	1
120,001 - 130,000	3
140,001 - 150,000	1
150,001 - 160,000	1
170,001 - 180,000	1
180,001 - 190,000	1
190,001 - 200,000	1
200,001 - 210,000	1
230,001 - 240,000	1
240,001 - 250,000	1
310,001 - 320,000	1
370,001 - 380,000	1

Sixteen staff received total remuneration of greater than \$ 100,000. The figure stated includes payments for additional duties and any lump sum payments during the year. The Chief Executive's remuneration is in the \$ 200,001 - \$ 210,001 band.

## Termination of Employment Payments

Section 42 (3) (f) of the New Zealand Public Health and Disability Act 2000 requires disclosure of payments arising from the termination of an employee's service. These are as under:

Employee A	\$1,758
Employee B	\$1,551
Employee C	\$38,640
Employee D	\$40,741
Employee E	\$47,089
Employee F	\$23,660
Employee G	\$17,560
Employee H	\$29,748

## Board Members' Interest

The following items were entered in the interests register for the Board for the period ended 30 June 2001.

Board Member	Nature of Interest
M van der Goes	Director of Lake Brunner Lodge ( Mitchells) Limited Director of Canterbury District Health Board Member of New Zealand Conservation Authority Director of Tourism West Coast Inc.
J Hunter	Chairman of Colour Services Limited Director of Securitised Equipment Receivables Ltd Director of Securitised Equipment Holding Ltd Director of Hunter Management Services Ltd
E Stratford	Trustee of Canterbury Neonatal Trust Chairperson of West Coast Neonatal Trust Committee Member of DPA Committee Member of NZ CCS Committee Supervisory of Family Focus Committee Member of Victim Support Treasurer of NZ Federation of Disability Info Centres ( HFA Contract ) Manager of Disability Info Service West Coast ( HFA Contract) Grey District Councillor
C Robertson	Referee of the Disputes Tribunal Self Employed Contractor to Comcare Charitable Trust Self Employed Contractor to Health Benefits Limited
J Robinson	Chairman of Rata Te Awhina Trust Member of National Plunket Board Lay Member of Review Team of NZ Medical Council
T Potiki	Chair of Ngai Tahu Maori Development Corp. Board Member Canterbury DHB

There have been no financial transactions during the year involving the Board requiring the declaration of an interest.

The company has not extended any loans to the Board.

No notices have been received from Board members requesting the use of the Board information received in their capacity as Board members, which would not otherwise have been available to them.

## Audit Committee

*Board Members : John Hunter ( Chairman), Marian van der Goes, June Robinson*

The role of the Audit Committee is to assist the Board in discharging its responsibilities by ensuring compliances procedures are in place for all statutory



requirements relating to the operation of the Board, in particular with regard to safety, service, quality and regulations, privacy of patients, financial reporting and risk management.

### **Remuneration Committee**

*Board Members : Marian van der Goes, June Robinson*

The role of the Remuneration Committee is to determine the terms and conditions of employment for the Chief Executive and to establish a framework for performance appraisal and monitoring.

### **Coast Primary Health Services Limited**

*Board Members: Marian van der Goes, June Robinson*

West Coast DHB owns 100% of Coast Primary Health Services Limited. Its principal activities are the operations of two general medical practices.

### **Crown Public Health Limited**

*Director : Sue Belsham*

Crown Public Health Limited is a company jointly owned by West Coast District Health Board, Canterbury District Health Board and South Canterbury District Health Board . It provides Public Health Services to the Canterbury, South Canterbury and West Coast regions.

### **Auditors**

Audit New Zealand on behalf of the Office of the Controller and Auditor General was paid \$ 52,000 as audit fees for the audit of the West Coast District Health Board.



**REPORT OF THE AUDIT OFFICE**

**TO THE READERS OF THE FINANCIAL STATEMENTS OF  
WEST COAST DISTRICT HEALTH BOARD AND GROUP  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2001**

We have audited the financial statements on pages 21 to 44. The financial statements provide information about the past financial and service performance and financial position of West Coast District Health Board and Group as at 30 June 2001. This information is stated in accordance with the accounting policies set out on pages 21 to 23.

### **Responsibilities of the District Health Board**

The New Zealand Public Health and Disability Act 2000 and the Public Finance Act 1989 require the District Health Board to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of West Coast District Health Board and Group as at 30 June 2001, the results of its operations and cash flows and the service performance achievements for the six month period ended 30 June 2001.

### **Auditor's Responsibilities**

Section 43 of the NZ Public Health and Disability Act 2000 requires the Auditor-General to audit the financial statements presented by the Board. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed K J Boddy, of Audit New Zealand, to undertake the audit.

### **Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- ▲ whether the accounting policies are appropriate to West Coast District Health Board and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also

evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in West Coast District Health Board or its subsidiary.

### **Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion the financial statements of West Coast District Health Board and group on pages 21 to 44:

- ▲ comply with generally accepted accounting practice; and
- ▲ fairly reflect:
  - the financial position as at 30 June 2001;
  - the results of its operations and cash flows for the six month period ended on that date; and
  - the service performance achievements in relation to the performance targets and other measures adopted for the six month period ended on that date.

Our audit was completed on 18 February 2002 and our unqualified opinion is expressed as at that date.



K J Boddy  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
Christchurch, New Zealand



# Financial Statements

*For the six months ended 30 June 2001*

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# Statement of Responsibility

*for the six months ended 30 June 2001*

- 1 The Board and management of West Coast District Health Board accepts responsibility for the preparation of the Financial Statements and the judgements used in them.
- 2 The Board and management of West Coast 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 and non financial reporting.
- 3 In the opinion of the Board and management of West Coast District Health Board, the Financial Statements for the six month period ended 30 June 2001, fairly reflect the financial position and operations of West Coast DHB.

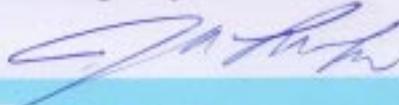
**Rick Bettle**

*Chairman*



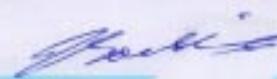
**John Luhrs**

*Acting Chief Executive*



**John Goulding**

*General Manager Finance*



# Statement of accounting policies

*for the six months ended 30 June 2001*

## **Reporting entity**

The West Coast District Health Board is a Crown Entity in terms of the Public Finance Act 1989.

The group consists of the West Coast DHB and its subsidiary, Coast Primary Health Services Limited (100% owned).

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

## **Measurement base**

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

## **Going concern**

Reliance is placed on the fact that the West Coast District Health Board is a going concern. The Ministers' responsible have provided, in the form of a letter to the Board Members, the written support of the Government to maintain a financially viable organisation. The Board members have placed total reliance on this Government support in confirming that the use of the going concern assumption is appropriate. Negotiations surrounding the District Health Board's capital structure are continuing with the Ministers. The Ministers have confirmed in the letter of comfort that their undertakings will not be unilaterally withdrawn without prior consultation with the West Coast District Health Board.

## **Accounting policies**

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

## **Basis of consolidation - purchase method**

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

All significant inter-company transactions are eliminated on consolidation.

## **Budget figures**

The budget figures are those approved by the Board in its Statement of Intent at the beginning of the financial reporting period and reflect the six months ended 30 June 2001. The budget figures have been prepared in accordance with general accepted accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

## **Comparative figures**

The Board was formed on 1 January 2001 and this is its first annual report. Accordingly there are no comparative figures for the previous financial year. The Board's operations combine the functions of its predecessor Coast Health Care Ltd and some of those functions previously performed by the Health Funding Authority.

## **Goods and services tax**

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included.

## **Taxation**

The West Coast DHB is a public authority under the New Zealand Public Health and Disability Act



2000 and is exempt from income tax under Section CB3 of the Income Tax Act 1994.

The wholly owned subsidiary company, Coast Primary Health Services Ltd is subject to income tax.

Income tax expense is charged in the Statement of Financial Performance in respect of current period's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax bases are only recognised where there is virtual certainty of realisation.

### **Trust and bequest funds**

Donations and bequests to West Coast District Health Board are recognised as revenue when control over assets is obtained. A liability, rather than revenue, is recognised where fulfilment of any restrictions attached to those assets is not probable. Those donations and bequests with restrictive conditions are appropriated from Retained Earnings to the Trust Funds component of Equity. When expenditure is subsequently incurred in respect of these funds it is recognised in the Statement of Financial Performance and an equivalent amount is transferred from the Trust Funds component of Equity to Retained Earnings.

### **Accounts receivable**

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

### **Inventories**

Inventories are valued at the lower of cost, determined on a first-in first-out basis, and net realisable value. This valuation includes allowances for slow moving items. Obsolete inventories are written off.

### **Investments**

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

### **Fixed assets**

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

### **Fixed assets acquired since the establishment of the District Health Board**

Assets acquired by the Board since its establishment, other than those vested from Coast Health Care Limited are recorded at cost. This includes all appropriate costs of acquisition and installation, including materials, labour, direct overheads, financing and transport costs.

### **Valuation of land and buildings**

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

### **Disposal of fixed assets**

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

### **Depreciation**

Depreciation is provided on a straight line basis on all fixed assets other than freehold land, at rates



which will write off the cost (or revaluation) of the assets to their estimated residual values over their useful lives.

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

Buildings	up to 50 years	min. of 2%
Plant and Equipment	2 to 20 years	5%-50%
Motor vehicles	3 to 5 years	20%-33%

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

### **Employee entitlements**

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

### **Leases**

#### ***Finance leases***

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

#### ***Operating leases***

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the period in which they are incurred.

### **Financial instruments**

The DHB (and group) is party to financial instruments as part of its normal operations.

These financial instruments include bank accounts, short-term deposits, investments, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position and all revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

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

### **Statement of cash flows**

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

Operating activities include cash received from all income sources of the DHB and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure of the DHB.

### **Change in accounting policies**

This is the first period of operation. The accounting policies stated above have been consistently applied throughout the period and correspond to the accounting policies specified in the Statement of Intent at the beginning of the period.



# Statement of Financial Performance

*for the six months ended 30 June 2001*

	Notes	Group Budget June 2001 \$000	Group Actual June 2001 \$000	Parent Actual June 2001 \$000
Revenue		21,073	21,674	21,175
Expenses		21,065	23,085	22,351
Capital charge	19	188	551	551
<b>OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION</b>	1	<b>(180)</b>	<b>(1,962)</b>	<b>(1,727)</b>
Taxation expense	2	0	0	0
<b>OPERATING SURPLUS/(DEFICIT) AFTER TAXATION</b>		<b>(180)</b>	<b>(1,962)</b>	<b>(1,727)</b>
Which includes:				
Subsidiary company surplus/(deficit)		0	(55)	0

*The accompanying statement of accounting policies on pages 21 to 23, notes on pages 28 to 37 form part of these financial statements.*



# Statement of Movements in Equity

*for the six months ended 30 June 2001*

	Notes	Group Budget June 2001 \$000	Group Actual June 2001 \$000	Parent Actual June 2001 \$000
<b>EQUITY AT BEGINNING OF THE PERIOD</b>		3,519	2,402	2,421
Net surplus/ (deficit) for the year		(180)	(1,962)	(1,727)
<b>Total recognised revenues and expenses for the period</b>		(180)	(1,962)	(1,727)
<b>OTHER MOVEMENTS</b>				
Contributions from owners	3(a)	240	1,460	1,460
<b>EQUITY AT THE END OF THE PERIOD</b>		<u>3,579</u>	<u>1,900</u>	<u>2,154</u>

*The accompanying statement of accounting policies on pages 21 to 23, notes on pages 28 to 37 form part of these financial statements.*



# Statement of Financial Position

for the six months ended 30 June 2001

	Notes	Group Budget June 2001 \$000	Group Actual June 2001 \$000	Parent Actual June 2001 \$000
<b>EQUITY</b>				
Share Capital	3(a)	30,445	31,569	31,569
Retained earnings/(Accumulated Deficit)	3(b)	(27,165)	(30,322)	(30,068)
Trust funds	3(c)	299	653	653
<b>Total equity</b>		<b>3,579</b>	<b>1,900</b>	<b>2,154</b>

REPRESENTED BY:

## ASSETS VESTED IN WESTCOAST DHB 1 JANUARY 2001

### Current assets

Cash		0	62	7
Receivables and prepayments	4	3,700	4,381	4,679
Inventories	5	533	563	557
Patient & Restricted Trust Funds	17	0	342	342
Properties Intended for Sale		496	1,131	1,131
<b>Total current assets</b>		<b>4,729</b>	<b>6,479</b>	<b>6,716</b>

### Non current assets

Investments	6	(220)	2	2
Fixed Assets	7	22,866	20,102	20,034
<b>Total non current assets</b>		<b>22,646</b>	<b>20,104</b>	<b>20,036</b>

## LIABILITIES VESTED IN WESTCOAST DHB 1 JANUARY 2001

### Current Liabilities

Bank overdraft (secured)	8	1,500	1,373	1,373
Payables and accruals	9	5,037	5,900	5,839
Employee entitlements	10	2,034	2,194	2,170
Current Portion of term loans ( secured)	11	4,552	2,062	2,062
Patient & Restricted Trust Funds	17	457	342	342
<b>Total current liabilities</b>		<b>13,580</b>	<b>11,871</b>	<b>11,786</b>

### Non Current Liabilities

Employee entitlements	10	900	1,030	1,030
Term loans ( secured)	11	9,316	11,782	11,782
<b>Total non current liabilities</b>		<b>10,216</b>	<b>12,812</b>	<b>12,812</b>

### NET ASSETS

		<b>3,579</b>	<b>1,900</b>	<b>2,154</b>
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For and on behalf of the Board

  
\_\_\_\_\_, Director  
22/12/01 Date

  
\_\_\_\_\_, Director  
7/2/02 Date

The accompanying statement of accounting policies on pages 21 to 23, notes on pages 28 to 37 form part of these financial statements.

The assets and liabilities were vested in West Coast District Health Board pursuant to Section 95 (3) New Zealand Public Health and Disability Act 2000 (refer Statement of Accounting Policies).



# Statement of Cashflows

for the six months ended 30 June 2001

Notes	Group Budget June 2001 \$000	Group Actual June 2001 \$000	Parent Actual June 2001 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Receipts from HFA, patients and other revenue	22,280	21,340	20,759
Interest received	29	12	12
	22,309	21,352	20,771
Cash was disbursed to:			
Payments to suppliers	7,316	7,112	7,482
Payments to employees	12,563	14,106	13,158
Interest paid	778	446	446
GST (net)	(231)	(502)	(464)
	20,426	21,162	20,622
<b>Net cash (outflow) / inflow from operating activities</b>	12	1,883	190
	1,883	190	149
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Investment realised			
Proceeds from sale of fixed assets	803	31	31
Increased investment in Restricted and Trust Funds Assets	44	0	0
	847	31	31
Cash was applied to:			
Site Reconfiguration, Development & Restructuring	1,784	0	0
Purchase of fixed assets	1,841	2,147	2,102
	3,625	2,147	2,102
<b>Net cash (outflow) / inflow from investing activities</b>	(2,778)	(2,116)	(2,071)
	(2,778)	(2,116)	(2,071)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash was provided from:			
Proceeds of capital injection	240	1,460	1,460
Proceeds from debt financing	21	36	36
	261	1,496	1,496
Cash was applied to:			
Repayment of loans	0	72	71
	0	72	71
<b>Net cash (outflow) / Inflow from financing activities</b>	261	1,424	1,425
	261	1,424	1,425
Net increase in cash held	(634)	(502)	(497)
Add opening cash	(866)	(809)	(869)
<b>CLOSING CASH BALANCE</b>	(1,500)	(1,311)	(1,366)
	(1,500)	(1,311)	(1,366)
Made up of:			
Cash	0	62	7
Bank overdraft	(1,500)	(1,373)	(1,373)
<b>CLOSING CASH BALANCE</b>	(1,500)	(1,311)	(1,366)
	(1,500)	(1,311)	(1,366)

The accompanying statement of accounting policies on pages 21 to 23, notes on pages 28 to 37 form part of these financial statements.



# Notes to and forming part of the Financial Statements

for the six months ended 30 June 2001

Note 1: Operating surplus/(deficit) before taxation

	Group June 2001 \$000	Parent June 2001 \$000
<i>After charging:</i>		
Remuneration of auditor - Audit Fees	52	42
- Other Services	-	-
Depreciation	893	874
Directors' remuneration	73	73
Interest expense - term loans ( including bank overdraft)	589	589
- finance leases	26	26
Restructuring costs	190	190
Bad debts written off	22	19
Changes in provision for bad debts	217	217
Amortisation of goodwill	-	-
Write down in value of assets for resales	-	-
Write down revaluation of fixed assets	147	147
Write down building asbestos impairment	114	114
Leased costs	87	73
<i>After crediting:</i>		
Interest income	12	12
Gain (loss) on sale of assets	21	21

Note 2: Tax expense

The tax expense arises from the operations of subsidiary and associate entities. The Board itself is exempt from income tax.

	Group June 2001 \$000
Surplus/(Deficit) before taxation	(55)
Prima facie taxation at 33%	(18)
Plus/(less) taxation effect of:	
Permanent differences	-
Tax loss not recognised	39
Timing differences not recognised	(21)
Total tax benefit	-

The subsidiary, Coast Primary Health Services Limited has unrecognised tax losses of \$117,569 (2000: \$229,462) and a deferred tax asset of \$32,317 (2000: \$21,892).

Note 3: Public Equity

3(a) General Funds

	Group June 2001 \$000	Parent June 2001 \$000
Equity vested from HHS	30,109	30,109
Equity received during the year	1,460	1,460
<b>Crown Equity as at 30 June 2001</b>	<b>31,569</b>	<b>31,569</b>



3(b) **Retained earnings**

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Opening retained earnings / (Accumulated deficits)	(28,341)	(28,322)
Operating surplus/(deficit)	(1,962)	(1,727)
Transfer to Trust Funds (note 3 ( c ) )	(19)	(19)
Transfer from Trust Funds ( note 3 ( c ) )	-	-
Closing retained earnings / (Accumulated deficits)	<u>(30,322)</u>	<u>(30,068)</u>

3(c) **Trust funds**

Trust funds are funds donated or bequested for a specific purpose. The use of these funds must comply with the specific terms of the sources from which the funds were derived.

Revenue and expenditure in respect of these Trusts is recognised in the Statement of Financial Performance. An amount equal to the expenditure is transferred from the Trust Fund component of Equity to Retained Earnings. An amount equivalent to the revenue is transferred from Retained Earnings to Trust Fund.

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Balances of Trust Funds transferred from HHS	634	634
Transfer from retained earnings in respect of:		
Funds received	-	-
Interest received	19	19
Transfer to retained earnings: in respect of funds spent	-	-
Trust funds at 30 June 2001	<u>653</u>	<u>653</u>

**Note 4 : Receivables and prepayments**

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Trade debtors	4,141	4,434
Provision for doubtful debts	(391)	(380)
	<u>3,750</u>	<u>4,054</u>
Accrued income	426	420
Prepayments	205	205
Total receivables and prepayments	<u>4,381</u>	<u>4,679</u>



**Note 5: Inventories**

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Pharmaceuticals	146	146
Surgical and medical supplies	316	310
Other supplies	101	101
<b>Total inventories</b>	<b>563</b>	<b>557</b>

No inventories are pledged as security for liabilities nor are any inventories subject to retention of title clauses.

**Note 6: Investments**

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Investment in subsidiary	-	-
Other investments	2	2
<b>Total investments</b>	<b>2</b>	<b>2</b>

The West Coast District Health Board owns 100% of Coast Primary Health Services Limited which has a 30 June balance date. The principal activities of the subsidiary are primary medical services provided by Buller Medical Services and Greymouth Medical Centre. The West Coast District Health Board also owns 8.5% of Crown Public Health Limited

**Consolidated  
Group  
June 2001  
\$000**

The West Coast District Health Boards share of the results of Coast Primary Health Service Limited is as follows:

Share of surplus/(deficits) before taxation	(55)
Tax expense	-
<b>Share of retained surplus/( accumulated losses)</b>	<b>(55)</b>

There were no dividends received during the year, nor receivable at the year end.

**Note 7: Fixed assets**

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Freehold land - at valuation	1,314	1,314
Freehold buildings - at cost and valuation	7,366	7,366
Accumulated depreciation	(454)	(454)
<b>Freehold buildings - net book value</b>	<b>6,912</b>	<b>6,912</b>



Plant , equipment and motor vehicles	15,430	15,260
Accumulated depreciation	(9,528)	(9,426)
Plant, equipment and motor vehicles - net book value	5,902	5,834
Capital work in progress	5,955	5,955
Other Fixed Assets	19	19
	<u>5,974</u>	<u>5,974</u>
Total fixed assets at cost and valuation	30,084	29,914
Accumulated depreciation	(9,982)	(9,880)
Net book value of fixed assets	<u>20,102</u>	<u>20,034</u>

### Land and Buildings

Land and Buildings are disclosed at the valuations and accumulated depreciation, transferred from Coast Health Care Limited. They have not yet been revalued by the DHB in accordance with its fixed asset policy. The first revaluation is expected to be undertaken by 30 June 2003.

### Restrictions

The West Coast District Health Board does not have full title to Crown land it occupies but transfer is arranged when land is sold. Some of the DHB's land is subject to Waitangi Tribunal claims. The disposals of certain properties may be subject to the provisions of section 40 of the Public Works Act 1981.

Titles to land transferred from the Crown to West Coast District Health Board are subject to a memorial in terms of the Treaty of Waitangi Act 1975 [as amended by Treaty of Waitangi (State Enterprises) Act 1988]. The effect on the value of assets resulting from potential claims under the Treaty of Waitangi Act 1975 cannot be quantified.

Revalued freehold land and buildings are stated at net current value as determined by Coast Valuations (Registered Valuers) as at 30 June 2000.

### Note 8: Bank overdraft

The bank overdraft is secured by a negative pledge. The facility available totals \$1,500,000. The current interest rate on the Group's bank overdraft is 8.9 % per annum.

### Note 9: Payables and accruals

	<b>Group</b>	<b>Parent</b>
	<b>June 2001</b>	<b>June 2001</b>
	<b>\$000</b>	<b>\$000</b>
Trade creditors and accruals	<u>2,523</u>	<u>2,514</u>
Revenue in Advance	1,915	1,915
Capital charges due to the Crown	551	551
GST payable	271	261
Payroll Accruals	640	598
Directors' fees payable	-	-
Total payable and accruals	<u>5,900</u>	<u>5,839</u>



**Note 10 : Employee entitlements**

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Gratuities	955	955
Long service leave	246	246
Annual leave	1,573	1,549
Nurses leave ( shift)	141	141
Medical education leave	286	286
Others	23	23
	<b>3,224</b>	<b>3,200</b>
Made up of:		
Current		
Retiring Gratuities	118	118
Long service leave	60	60
Annual leave	1,573	1,549
Nurses leave ( shift)	141	141
Medical education leave	286	286
Others	16	16
	<b>2,194</b>	<b>2,170</b>
Non-current	<b>1,030</b>	<b>1,030</b>

**Note 11 : Term loans**

	<b>Group June 2001</b>	<b>Parent June 2001</b>
Crown Funding Agency (a division of RHMU)	8,866	8,866
BNZ	800	800
BNZ redevelopment	3,300	3,300
BNZ CT Scanner	418	418
Finance lease-Phone System	56	56
Finance lease-Toyota Finance	404	404
Total	<b>13,844</b>	<b>13,844</b>
Less current portion	<b>2,062</b>	<b>2,062</b>
Non current portion	<b>11,782</b>	<b>11,782</b>



**Interest Rates Summary:**

Crown Finance Agency- (a division of RHMU)	6.24%	6.24%
BNZ	6.55%	6.55%
BNZ redevelopment	8.90%	8.90%
BNZ CT Scanner	8.64%	8.64%
Finance lease-Phone System	11.00%	11.00%
Finance lease-Toyota Finance	7.36-8.94%	7.36-8.94%

## Repayable as follows:

Within one year	2,062	2,062
One to two years	9,045	9,045
Two to five years	2,737	2,737
	<u>13,844</u>	<u>13,844</u>

**Analysis of Finance Lease Liabilities**

Payable no later than one year	217	217
Later than one, not later than two years	74	74
later than two, not later than five years	169	169
Later than five years	0	0

**Note 12 : Reconciliation of net surplus/(deficit) after taxation with net cash flow from operating activities**

	<b>Group Jun-01 \$000</b>	<b>Parent Jun-01 \$000</b>
Net surplus/(deficit) after taxation	(1,962)	(1,727)
Add back non-cash items:		
Prior year adjustments	-	-
Depreciation	893	874
Write down revaluation of fixed assets	147	147
Write down building asbestos impairment	114	114
Total non-cash items	<u>1,154</u>	<u>1,135</u>
Adjust for items not classified as operating activities:		
Increase / (decrease) in fixed asset related receivables and prepayments	-	0
(Increase) / decrease in fixed asset related accounts payables	613	613
Increase / (decrease) in capital charge payables	-	-
Net(profit)/loss on disposal of fixed assets	(21)	(21)
	<u>592</u>	<u>592</u>



Add/(less) movements in working capital items	-	-
(Increase)/decrease in receivable and prepayments	(414)	(214)
(Increase)/decrease in inventories	33	30
Increase/(decrease) in payables and accruals	960	506
Increase/(decrease) in provisions	(173)	(173)
Working capital movement - net	406	149
Net cash (outflow)/inflow from operating activities	190	149

**Note 13: Statement of Contingent Liabilities as at 30 June 2001**

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Legal proceedings and disputes by third parties	25	25
	25	25

West Coast District Health Board is currently involved in legal proceedings under the Health and Disability and Privacy Acts. The above value represents the estimated maximum contingent liability.

**Note 14: Statement of Commitments as at 30 June 2001**

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Capital commitments approved and contracted	450	450
Commitments in respect of non-cancellable operating leases:		
Not later than one year	0	0
Later than one year and not later than two years	0	0
	450	450

**Note 15: Segmental Reporting**

The West Coast District Health Board operates in the provision of health and disability support services and in one geographical location - the West Coast of the South Island. Therefore no segmental reporting is required.

**Note 16: Financial instruments**

***Interest Rate Risk***

There are no interest rate risk options or interest rate swap agreements in place as at 30 June 2001.

***Credit Risk***

Credit risk is the risk that a third party will default on its obligation to the Board or the group, causing the company to incur a loss.

Financial instruments which potentially subject the company to risk consist principally of cash, short-term investments and trade receivables.



The Board places its cash and short-term investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution.

Concentrations of credit risk with respect to accounts receivable are high due to the reliance on the Ministry of Health which comprises 85% of the debtors of the West Coast District Health Board. However, the Ministry of Health is a high credit quality entity, being the Government funded purchaser of health and disability support services for the West Coast region.

Any change associated with the dissolution of the Health Funding Authority and the merger of its function with the Ministry of Health has not impacted on the level of reliance upon the revenue from the source nor the credit risk attached to the outstanding receivable.

***Fair Values***

The fair value of other financial instruments is approximated by the carrying amount disclosed shown in the Statement of Financial Position.

**Note 17: Patient funds and restricted trust funds**

The West Coast District Health Board administers certain funds on behalf of patients. These funds are held in a separate bank account and any interest earned is allocated to the individual patient balances.

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Opening balance patients deposits	323	323
Monies received	35	35
Interest earned	9	9
Payments made	(41)	(41)
Closing Balance	<u>326</u>	<u>326</u>

The West Coast District Health Board has trust funds donated for specific purposes which are currently unable to be met.

	<b>Group June 2001 \$000</b>	<b>Parent June 2001 \$000</b>
Opening balance restricted trust funds	16	16
Payment made	-	-
Interest earned	-	-
Closing Balance	<u>16</u>	<u>16</u>
Total Patient Funds and Restricted Trust Funds	<u>342</u>	<u>342</u>

**Note 18: Post balance date events.**

On 1 July 2001 Coast Primary Health Service Ltd's assets and liabilities were purchased by the West Coast District Health Board for their book value as reported in the consolidated accounts.



As a result, the West Coast District Health Board took over all of the assets, liabilities, rights, and responsibilities of its subsidiary Coast Primary Health Services Ltd.

Subsequent to balance date, and consistent with written support of the Ministers responsible as referred to under Going Concern in the Statement of Accounting Policies, the Board was advised in December 2001 of approval of a \$4.5m equity injection.

**Note 19: Capital Charge.**

The DHB pays a capital charge monthly to the Crown based on the greater of its actual or budgeted closing equity balance for the month. The capital charge rate for the period ended 30 June 2001 was 11%.

**Note 20: Related parties transactions.**

The West Coast District Health Board is a Crown Entity. The Government significantly influences the role of the organisation.

Related party transactions and balances

**(a) Funding**

The West Coast DHB received \$ 18,803,000 from the Ministry of Health to provide health services to the West Coast area in the six months ended 30 June 2001

The amount due at year end was \$ 3,471,000.

**(b) Inter-group transactions and balances**

Coast Primary Health Services Limited

The principal activities of Coast Primary Health Services Limited are primary medical services provided by Buller Medical Services and Greymouth Medical Centre.

During the financial year the group had the following inter-group transactions

	<b>June 2001</b>
	<b>\$000</b>
<b>Revenue:</b>	
Coast Primary Health Services Limited	22
<b>Expenses:</b>	
Coast Primary Health Services Limited	238
<b>Balances outstanding at 31 December 2000:</b>	
Accounts Payable to Coast Primary Health Services Limited	(33)
Accounts Receivable from Coast Primary Health Services Limited	489

All balances are normal trading terms.

**(c) Key management and directors**

There have been no transactions between directors and senior management with the West Coast District Health Board in any capacity other than that for which they are employed.



**Note 21 : FINANCIAL PERFORMANCE INDICATORS**

<b>Indicator</b>	<b>Six months ended</b>	
	<b>30 June 2001</b>	<b>As per Statement of Intent</b>
Earnings / Net funds employed - %	-103.3%	-5.03%
Debt to debt plus equity - %	87.9%	79.5%
Working capital / Revenue - %	-24.9%	-42%
Revenue / Fixed assets	1.08	0.92
Interest cover - times	(0.74)	1.94
Earnings / Revenue - %	(9.05)	(0.85)
Revenue / FTE's - \$	37,913	37,000

The previously reported Statement of Intent indicators have been recalculated ,adopting more uniform definitions of their components , thereby ensuring consistency with those reported for the six months ending 30/06/01 (and also the preceeding 6 months).

**Note 22 : STATUTORY DEADLINE**

West Coast District Health Board had a statutory reporting deadline of 28 October 2001 which was not met.



# Statement of Objectives and Service Performance

*for the 6 months Ending 30<sup>th</sup> June 2001*

During the inaugural six months as a District Health Board (DHB) the West Coast DHB has had to manage a transition from being a Health Provider, under a company structure, to both a purchaser and provider of *Personal and Mental Health* services, and to continue as a provider of *Disability Support Services*, for the people of the West Coast. This is being achieved by assuming many of the functions of the Health Funding Authority, which was disestablished on 1 January 2001. In practice this has meant enhancing funding and planning capability and establishing governance and accountability criteria.

Furthermore the West Coast DHB assumed responsibility for the hospital provider functions previously managed and operated by Coast Health Care Ltd.

## Output Class 1- DHB Governance and Funding Administration

The Ministry of Health funded the DHB for the developments of capability to operate as a DHB. The capabilities required and the DHB's achievements against the performance measures and targets detailed in our Statement of Intent were as follows:

Performance Indicator	Explanation/definition	Achievement
Governance	All Board Advisory Committees Established.	<p>The three permanent advisory committees required by the NZ Public Health and Disability Act 2000;</p> <ul style="list-style-type: none"> <li>• Community and Public Health Advisory Committee</li> <li>• Disability Support Advisory Committee</li> <li>• Hospital Advisory Committee.</li> </ul> <p>have been established. Membership, terms of reference and standing orders were considered and confirmed by the Board at its meeting on 25 May 2001.</p> <p>This measure was fully achieved.</p>



<b>Performance Indicator</b>	<b>Explanation/definition</b>	<b>Achievement</b>
Provider Selection	Staff will be appointed to all key positions in the West Coast DHB organisation structure.	Active recruitment has been undertaken to fill both vacant existing and new positions. Whilst the vacant Chief Financial Officer position had not been filled as at 30/06/01 it has subsequently. Other appointments are being made as the need arises. This measure was partially achieved.
	Establish in conjunction with other South Island DHB's, an organisation, which will assist with the formation and establishment of contracts, entered into by the South Island DHB's.	South Island Shared Service Agency Ltd. (SISSAL) was established in April 2001. In addition to assisting with the contracting of services by the various health providers SISSAL also provides a base of Information, which was previously held by the Health Funding Authority (HFA). This measure was fully achieved.
Establish Capability and Processes	It was envisaged that, from an operational sense, all systems and processes would be established to enable not only the fulfilment of its multiple roles but to also ensure there is a clear delineation between these roles and to report accordingly.	While at present the majority of the services provided by the provider arm of the West Coast DHB were contracted with the Ministry of Health, the West Coast DHB is now fully capable of acting in the multiple roles of a Provider, Funder and Governor. Furthermore the WCDHB has in place systems that will enable it to meet the new MOH reporting requirements effective 01/07/01. This measure was fully achieved.
Partnership with Maori	Memorandum of Understanding with the Tangata Whenua Ngai Tahu to be signed.	Progress with this objective was inhibited by the extended illness of the then Maori Health Development Co-ordinator. This measure was not achieved.



<b>Performance Indicator</b>	<b>Explanation/definition</b>	<b>Achievement</b>
Partnership with Maori cont-	Identify, investigate and implement measures to improve responsiveness to Maori	Like the previous objective this one was inhibited by the illness of the Maori Health Development Co-ordinator. The appointment of a new Co-ordinator effective 1 <sup>st</sup> July 2001 was the first step in achieving both this and the previous objective.
Accountability	Draft Statement of Intent for 2001 to 2004 to Minister by 31 <sup>st</sup> May 2001.	Draft SOI sent to Minister on 25/08/01. The original timeframe for this measure was not achieved.
Preparing for Service Development	Approval of Annual Plan by responsible Minister by the 1 <sup>st</sup> July 2001.	The <i>Annual Plan</i> was prepared and sent to the MOH by their amended deadline of 30/09/01. Approval of this plan has not yet been attained. The timeliness aspect of this measure was therefore not achieved.



# Costs of Services (Governance, Funding & Planning Services)

For the six months ended 30 June 2001

	Jun-01 Actual \$000	Jun-01 Budget \$000
Operating Income	305	342
Operating Expenses	319	338
Net Operating Surplus	<u>(14)</u>	<u>4</u>

## OutputClass 2- DHB Provider Services

As a Provider, the West Coast DHB performed as follows against the targets it set for the six months ending 30<sup>th</sup> June 2001.

Performance Indicator	Target	Performance	Explanation/definition
<b>Operational Indicators</b>			
Hospital Acquired Bloodstream Infections as a Percentage of all Inpatient Admissions	< 1%	0%	This measure exemplifies the Providers approach to patient safety. The provider through following stringent safety procedures has prevented any <i>Hospital Acquired Blood Infections</i> , and in doing so achieved its target.
Percentage of Unplanned Returns To Theatre	< 1%	0.84%	This is a measure that encompasses both the theatre's efficiency and clinical competence. While there will always be some <i>Unplanned Returns to Theatre</i> , the provider has managed to minimize the rate and keep it below 1%.
Unplanned Readmission's To Hospital Within 30 Days	< 1%	1.83%	The <i>Unplanned Readmission to Hospital</i> target is only one of three that the provider failed to achieve. This measure is inclusive of both psychiatric and non-psychiatric patients.



Performance Indicator	Target	Performance	Explanation/definition
Unadjusted Elective Day Stay Surgery Rate	58%	48.1%	<p>These <i>Elective Day Stay Surgery</i> rates identify elective surgery cases that do not entail overnight hospitalization, as a percentage of the total number of elective cases. The second of the two simply makes an adjustment for the complexity of the cases</p> <p>The primary reason the provider had a different mix to that anticipated was it was still working through the backlog of patients requiring inpatient surgery that had built up while the theatres were closed in the preceding six months. The theatre closures were due to redevelopment and asbestos remediation work being carried out.</p>
Casemix Weighted Elective Day Stay Surgery Rate	57.5%	47.67%	
Inpatient Days as a Percentage of Resourced Inpatient Bed Days In Service	82%	79.12%	<p><i>Inpatient days as a percentage of Resourced Inpatient Bed Days in Service</i> is effectively a measure to track the utilization of resources. While the providers performance on this criteria fell short of its target it does reiterate the diseconomies of scale issues faced.</p>
Inpatient Average Length Of Stay By Service (excluding Long Stay):			<p>The Provider has performed better than anticipated on all targets for <i>Length of Stay</i> for the Personal Health Services provided, with the exception of Child Health.</p> <p>This favourable result can be attributed to both the efficiency and effectiveness of the staff providing health services on behalf of the WCDHB.</p>
Medical	4.5	3.74	
Surgical	4.2	3.53	
Child Health	2.3	2.55	
Obstetric	3.3	3.23	
Average	4.0	3.49	
Average Length Of Stay For Inpatients - Unadjusted	4.0	3.49	
Average Length Of Stay For Inpatients - Casemix Weighted	4.4	3.87	
Average Length Of Stay For Inpatients And Daypatients - Unadjusted	2.6	2.33	



Performance Indicator	Target	Performance	Explanation/definition
Average Length Of Stay For Inpatients And Daypatients - Casemix Weighted	2.9	2.61	

**Customer Satisfaction Indicators**

Inpatient Satisfaction Survey - Overall Satisfaction "Very Good" Responses returned. [Question 17]	65%	77.34%	These indicators measure overall patient satisfaction with the services provided. In consistently exceeding these targets the WCDHB demonstrates its commitment to provide quality services to its patients.
Inpatient Satisfaction Survey - Overall Satisfaction "Good" and "Very Good" Responses returned. [Question 17]	88%	94.54%	
Outpatient / Daypatient Satisfaction Survey - Overall Satisfaction "Very Good" Responses returned.	65%	67.41%	
Outpatient / Daypatient Satisfaction Survey - Overall Satisfaction "Good" and "Very Good" Responses returned.	88%	89.72%	
Average Turnaround Time of Customer Complaints	7.5 working days	8.98days	Again in its commitment to quality of care, the provider has established a customer complaints procedure under which it endeavours to resolve, to the customers' satisfaction, any complaint within 7.5 days. During this period a particularly complex case has resulted in the target not being achieved. It should however be recognized that the average turn around time of 8.98 days remains below that recommended in the code of <i>Health Disability Services Consumers Rights</i> which stands at 10 days.



# Costs of Services (Provider)

*For the six months ended 30 June 2001*

	Jun-01 Actual \$000	Jun-01 Budget \$000
Operating Income	21,369	20,731
Operating Expenses	21,258	19,355
Operating Surplus before depreciation, capital charge & interest	<u>111</u>	<u>1,376</u>
Depreciation	893	756
Capital Charge	551	188
Interest Expense	615	616
Net operating surplus	<u>(1,948)</u>	<u>(184)</u>

