

**WEST COAST DISTRICT HEALTH BOARD**  
*Te Poari Hauora a Rohe o Tai Poutini*



**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2002**

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## CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT

June 2002 saw the completion of the first full 12-month period of health provision under the new DHB structure. In October 2001 seven members were elected by West Coast constituents to the Board and a further four were subsequently appointed by the Minister of Health. This has created a Board with a variety of skills, together with strong Maori and community representation. At the same time, John Luhrs was appointed Acting Chief Executive (subsequently confirmed in March 2002 as Chief Executive) providing a new team to take the West Coast DHB forward. On behalf of the Board we would like to record our thanks for the contribution of those Board members who served up until the newly constituted Board first sat in December 2001.

After public consultation meetings and hui with the West Coast community, from Karamea in the north to Hannah's Clearing in the south, the 10-year strategic plan for health delivery on the West Coast has been completed. This document sets out the priorities and objectives for the West Coast over the next 10 years to ensure better health outcomes for the West Coast community and aligns with Government initiatives contained in the New Zealand Health Strategy.

In furtherance of the Government's Primary Health Strategy the West Coast DHB made positive progress towards the establishment of a Primary Health Organisation (PHO) for the Coast. Reference groups and a Steering Committee were formed and provided valuable work and feedback on the PHO formation. The West Coast PHO's aim is to facilitate more efficient collaboration between participating primary health providers to deliver the population of the Coast better co-ordinated and more effective primary health services.

The Board has four advisory committees – Hospital Advisory Committee, Disability Support Services Advisory Committee, Mental Health Advisory Committee and the Community & Public Health Advisory Committee. In addition there is an Audit Committee. We record our thanks to the members of those committees for their valuable contribution to the progress of the organisation.

West Coast DHB works in partnership with mana whenua to improve the infrastructure in place to

ensure that Maori are involved and represented in all facets of planning. In addition to the two appointed Maori Board members there is Maori representation on each advisory committee. It is critical the groundwork with Maori health is progressed so that the growing Maori population will have greater opportunities to access services to improve their health status.

A major achievement and one we are very proud of has been the positive financial performance to budget (apart from a liability adjustment of \$800k stemming from prior year retiring gratuities calculations) for the year ended 30 June 2002 with a pre adjustment deficit of \$4.431m. This has required teamwork during a period when there was an additional focus on establishing and developing the DHB structure.

The Board and senior management have dealt with a number of key issues over this period including, in particular progression of the sale of the Seaview Hospital site. The focus now is on progressing options for the relocation of residents.

The small DHB management team is grateful for the assistance of SISSAL (South Island Shared Services Agency Limited). SISSAL was established by all South Island DHBs to enable the sharing of resources to provide services more efficiently and economically than can often be delivered in-house by individual DHBs, which would otherwise have to employ or contract in additional resources.

The ability to attract and retain suitably skilled staff across services is the greatest risk going forward. Our staff and staff from other providers have continued their invaluable work in supporting patients through the delivery of high quality services to the people of the West Coast.

In a report such as this is easy to record facts and figures, but it is difficult to capture and describe the work and loyalty of the people who enable it all to happen. We thank all staff for their support, commitment and professionalism during a very eventful and successful period, and we look forward to maintaining the momentum in the year to come by increasing our partnership with the community, Maori providers and funders.



Rick Bettle  
Chairman



John Luhrs  
Chief Executive Officer

## BOARD PROFILE & DIRECTORY

The West Coast DHB was established under the New Zealand Public Health and Disability Act 2000, and is the principal provider of health and disability services to the 30,303<sup>1</sup> people living in the West Coast district.

### SERVICE PERFORMANCE OF THE PROVIDER ARM

In the 12 months to 30 June 2002 the West Coast DHB and its provider arm performed the following services (amongst others):

- 6,548 Patient discharges from hospital (raw inpatients /day patients purchased on a WEIS and non-WEIS basis)
- 3.50 Average length of stay (days) for medical and surgical patients
- 2,239 Total surgical operations performed in theatre (1,755 of which were non-acute)
- 16,973 Specialist outpatient attendances (of these 5,581 were first attendances)
- 11,209 Emergency Department attendances
- 48,009 Outpatient and domiciliary personal health attendances by allied health services
- 8,765 Outpatient and domiciliary disability support attendances by specialist and allied health services
- 46,697 Meals on wheels were delivered Coast wide
- 11,574 Home help hours to personal health and maternity clients
- 264 Babies were delivered in hospital
- 5,014 Children served by school dental service
- 1,236 Children seen by public health nursing service
- 36,185 Days of care for rest home and long stay patients
- 9,909 Inpatient mental health days of care
- 22,594 Face to face attendances by outpatient and community mental health services (including CAMHS, A&D, Child & Youth, etc)
- 3,701 Assessment Treatment and Rehabilitation inpatient bed days

Services included surgical, medical, women's health, child health, elderly, disability support, mental health, intellectual disability, public health, X-ray, laboratory, GP services, child development, stomal care, palliative care, aged care service co-ordination, personal care, lithotripsy, pharmacy, orthotics, cervical screening, etc.

The hospital and community services used the following resources:

- 1,054 Number of people employed by the West Coast DHB (586 FTEs)
- \$26m Of total assets
- Hospitals located at Westport, Reefton, Greymouth and Hokitika
- Rest Homes at Westport and Reefton
- GP Services at Ngakawau, Westport, Dobson, Greymouth, South Westland (Whataroa)
- District Nurses / Public Health Nurse centres at Westport, Hokitika, Greymouth and Reefton
- Rural Nurse Health centres at Karamea, Moana / Otira, Whataroa / Franz Josef, Hari Hari, Fox Glacier and Haast

<sup>1</sup> 2002 NZ Census

# DIRECTORY

## BOARD MEMBERS

Rick Bettle, Chair  
Ms Robyne Bryant  
Mrs Marguerite Moore  
Mr Mohammed Shahadat  
Dr Malcolm Stuart  
Mr John Vaile

Dr Christine Robertson, Deputy Chair  
Mrs Julie Kilkelly  
Mrs June Robinson  
Mr Tamai Sinclair  
Mr David Tranter

## CHIEF EXECUTIVE

John Luhrs

Email: [ceo@westcoastdhb.org.nz](mailto:ceo@westcoastdhb.org.nz)

## REGISTERED OFFICE

Corporate Office  
High Street  
GREYMOUTH

Telephone: (03) 768-0499  
Facsimile: (03) 768-2791

## POSTAL ADDRESS

PO Box 387  
GREYMOUTH

## WEBSITE

[www.westcoastdhb.org.nz](http://www.westcoastdhb.org.nz)

## AUDITOR

Audit New Zealand on behalf of the  
Auditor-General

## BANKERS

Residual Health Monitoring Unit

Bank of New Zealand

## SOLICITORS

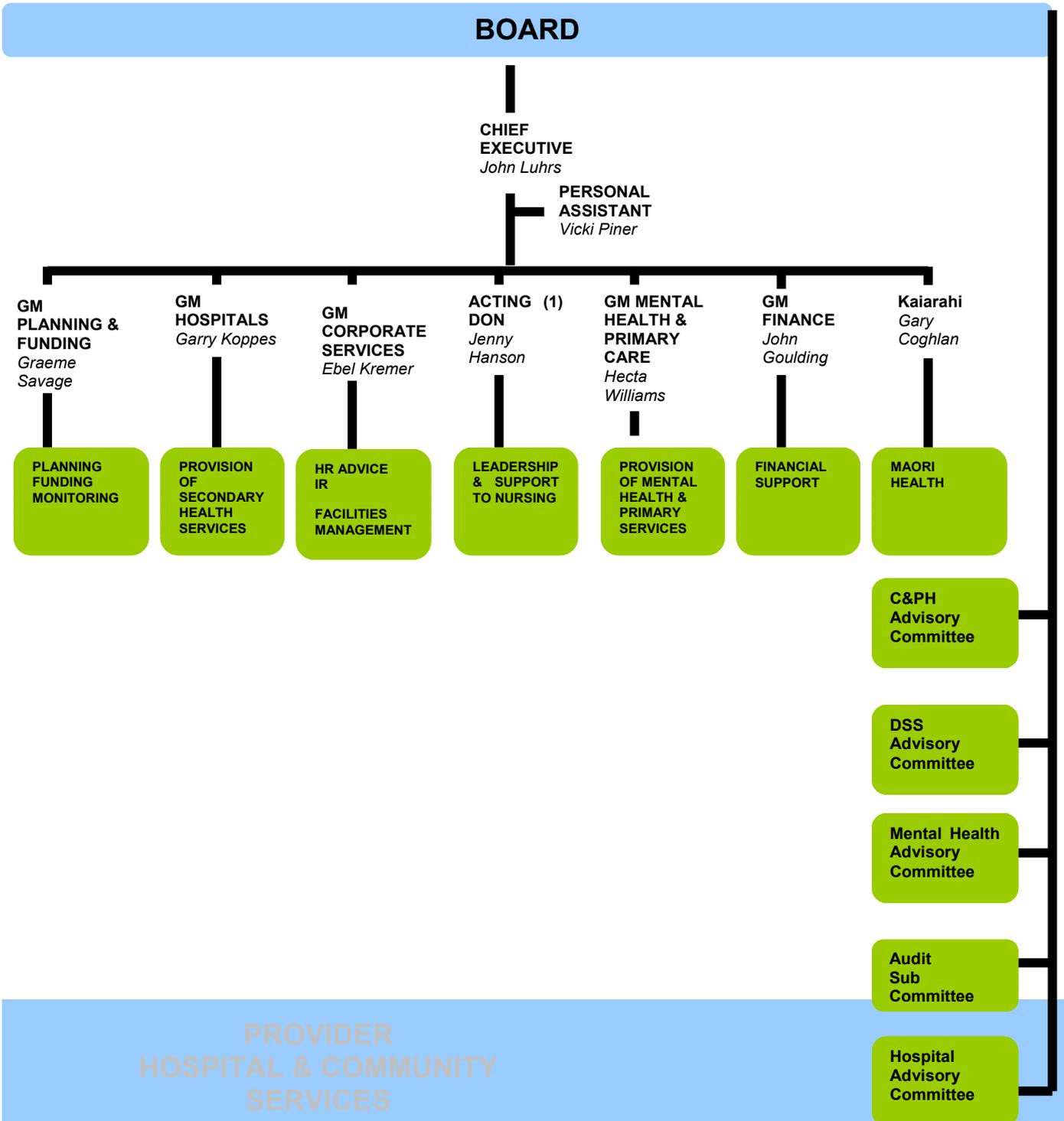
Hannan & Seddon  
Guinness Street  
GREYMOUTH

Telephone: (03) 768-4169

# VISION STATEMENT

*“To fund a continuum of quality health services aimed at providing improved health outcomes and maximising the independence of people with disabilities”*

# ORGANISATIONAL STRUCTURE



(1) Robin Williams was appointed Director of Nursing / GM Primary Services on 23 September 2002

## **CURRENT WEST COAST DHB BOARD MEMBERS**

<b>Board member</b>	<b>Current Interests</b>	<b>Special Responsibilities</b>
<b>Rick Bettle</b> <i>Appointed 10 December 2001</i>	<ul style="list-style-type: none"> <li>• Chairman - NZ TAB</li> <li>• Chairman - NZ Racing Industry Board</li> <li>• Chairman - Wellington Branch of the Institute of Directors</li> <li>• Director - Natural Gas Corporation</li> <li>• Director - Restaurant Brands NZ Ltd</li> <li>• Director - Radio Works Ltd</li> <li>• Director - Southport NZ Ltd</li> <li>• Director - Allied Farmers Ltd</li> <li>• Director - NZ Pork</li> <li>• Director - Synergy International</li> <li>• Director - Owens Group</li> </ul>	<ul style="list-style-type: none"> <li>• Board Chair</li> <li>• Audit Committee Member</li> </ul>
<b>Dr Christine Robertson</b> <i>Appointed 10 January 2002</i>	Self employed; contract work for the following organisations: <ul style="list-style-type: none"> <li>• HealthPAC</li> <li>• Comcare Charitable Trust</li> <li>• WCDHB</li> </ul>	<ul style="list-style-type: none"> <li>• Board Deputy Chair</li> <li>• Chair, HAC</li> <li>• Member, CPHAC</li> <li>• Director, Coast Primary Health Services Limited</li> </ul>
<b>Ms Robyne Bryant</b> <i>Elected – Westland constituency October 2001</i>	<ul style="list-style-type: none"> <li>• Member - New Zealand Nurses Organisation</li> <li>• Member – New Zealand College of Midwives</li> <li>• Member - Mawhera Maori Women's Welfare League</li> <li>• Employed by WCDHB as a midwife for two shifts per week</li> </ul>	<ul style="list-style-type: none"> <li>• Member, Audit Committee</li> <li>• Member, DSSAC</li> <li>• Member, MHAC</li> </ul>
<b>Mrs Julie Kilkelly</b> <i>Elected – Grey Constituency October 2001</i>	<ul style="list-style-type: none"> <li>• Member - Pharmaceutical Society</li> <li>• Associate Member - College of Pharmacists</li> <li>• Member - Pharmacy Defence Association</li> <li>• Director - Kilkelly Kartage Ltd</li> <li>• Member - NZ Federation of Bodybuilders</li> </ul>	<ul style="list-style-type: none"> <li>• Chair, CPHAC</li> </ul>
<b>Mrs Marguerite Moore</b> <i>Elected – Buller Constituency October 2001</i>	<ul style="list-style-type: none"> <li>• Member - Kawatiri Maori Women's Welfare League</li> <li>• Member - Buller Branch of the NZ Labour Party</li> <li>• Member - Grey Power</li> </ul> Early Childhood Development: <ul style="list-style-type: none"> <li>• Co-ordinator - St Johns Kids n' Coffee</li> <li>• Co-ordinator - Oasis</li> </ul>	<ul style="list-style-type: none"> <li>• Member, DSSAC</li> <li>• Member, MHAC</li> </ul>
<b>Mrs June Robinson</b> <i>Appointed – Ngai Tahu representative</i> <i>Appointed 10 January 2002</i>	<ul style="list-style-type: none"> <li>• Board Member - Royal New Zealand Plunket Society</li> <li>• Board Member - Rata Te Awhina Trust</li> <li>• Director - Kati Mahaki Ki Makaawhio Ltd</li> <li>• Member - New Zealand Medical Council Review Committee</li> <li>• Member - Rata Branch Maori Women's Welfare League</li> <li>• Co-ordinator Health Housing Research - Wellington School of Medicine and Otago University</li> <li>• Member – Poutama Ora</li> <li>• Cultural Advisor to Chief Executive – Community Corrections</li> </ul>	<ul style="list-style-type: none"> <li>• Member, DSSAC</li> <li>• Member, HAC</li> <li>• Chair, MHAC</li> <li>• Director, Coast Primary Health Services Limited</li> </ul>

## Board member

**Mr Mohammed Shahadat**  
*Elected – Westland Constituency*  
*October 2001*

**Mr Tamai Sinclair**  
*Appointed – Ngai Tahu*  
*representative*  
*Appointed 10 January 2002*

**Dr Malcolm Stuart**  
*Elected – Grey Constituency*  
*October 2001*

**Mr David Tranter**  
*Elected – Grey Constituency*  
*October 2001*

**Mr John Vaile**  
*Elected – Buller Constituency*  
*October 2001*

## Current Interests

- Member of the New Zealand Law Society
  - President of the Hokitika Lions Club 2001-2002
  - Principal Partner, Murdoch, James and Roper
  - Iwi Representative - Grey District Safer Community Council
  - Member - Te Runanga o Kati Wae Wae Health and Social Services Delegate Representative
  - Employed by WCDHB as Head of Department, Anaesthesia and Consultant Anaesthetist
- As a self employed person:
- Medical advisor - St John Ambulance service
  - Secretary - West Coast Unemployed and Workers' Rights Centre
  - Spokesman - West Coast Health Coalition
  - Trustee – Aotearoa Advocacy Services
  - Member - CCS Westport Branch
  - Director - Vaile Hardware Ltd

## Special Responsibilities

- Chair, Audit Committee
- Member, CPHAC
- Member, HAC
- Member, HAC
- Chair, Disability Support Services Advisory Committee
- Member, CPHAC

## PREVIOUS WEST COAST DHB BOARD MEMBERS

### Board member

**Marian van der Goes**

### Interests

- 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.

### Special Responsibilities

- Board Chair
- Member, Audit Committee
- Member, Remuneration Committee
- Director, Coast Primary Health Services Limited
- Chair, HAC

**John Hunter**

- Chairman of Colour Services Limited
- Director of Securitised Equipment Receivables Ltd
- Director of Securitised Equipment Holding Ltd
- Director of Hunter Management Services Ltd

- Board Deputy Chair
- Chair, Audit Committee
- Member, HAC

**Michelle Lomax**

- Member, Kawatiri Action Group

- Member, CPHAC

**June Robinson**

- Chairman of Rata Te Awhina Trust
- Member of National Plunket Board
- Lay Member of Review Team of NZ Medical Council

- Member, Audit Committee
- Member, Remuneration Committee
- Director, Coast Primary Health Services Limited
- Member, HAC
- Member, DSSAC

**Christine Robertson**

- Referee of the Disputes Tribunal
- Self Employed Contractor to Comcare Charitable Trust
- Self Employed Contractor to Health Benefit Limited

- Chair, CPHAC
- Member, MHAC
- Director, Coast Primary Health Services Limited

**Tahu Potiki**

- Chair of Ngai Tahu Maori Development Corp
- Board Member Canterbury DHB

- Chair, MHAC

**Elinor 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

- Chair, DSSAC

## ROLE OF THE BOARD

The Board's governance responsibilities include:

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

## STRUCTURE OF THE WEST COAST DHB

### West Coast DHB Operations

The Board has appointed a single employee, the Chief Executive to manage all West Coast DHB operations. The Chief Executive has appointed all other employees of the West Coast DHB. The Board directs the Chief Executive by delegating responsibility for the achievement of objectives through setting policy.

### Board Committees

The Board has set up several standing committees to provide a more detailed level of focus on particular issues. Each committee has been delegated responsibility for governance; that is advising the Board on policies and monitoring of the organisation's progress towards meeting the West Coast DHB's objectives. Committees do not involve themselves in operational matters. The Board's standing committees (including the statutory permanent advisory committees) are:

#### Committee

#### Meets

Audit Committee	As required
Community & Public Health Advisory Committee	As required
Disability Support Services Advisory Committee	As required
Hospital Advisory Committee	As required
Mental Health Advisory Committee	As required

### Quality Assurance

The Board has always had its own Provider Arm and its processes are well developed. The Board has always had an administrative (governance) function, but the structure and role has changed significantly with the addition of the funder role.

The West Coast DHB continues to ensure the ongoing development of high quality care and service that will ensure continuous quality improvement is achieved throughout the organisation.

- West Coast DHB has pursued clinical effectiveness and quality assurance gains for

all its services. This has been achieved through the development of an annual quality plan, which enables a focused approach to quality improvement to be facilitated throughout the organisation, and ensures the development of a supportive quality improvement culture and organisation-wide commitment to the principles of quality improvement.

- West Coast DHB has sought to ensure that clinical effectiveness and quality is promoted throughout the organisation, and that clinically acceptable standards are maintained.
- West Coast DHB has made available a designated resource to develop, implement and monitor the annual quality plan that takes account of the requirements for clinical effectiveness and quality improvement.
- West Coast DHB is actively working towards certification against the:
  - NZS 8134:2001 "Health and Disability Sector Standards"
  - NZS 8143:2001 "National Mental Health Standards"
  - NZS 8142:2000 "Infection Control Standards"
  - NZS 8141:2001 "Restraint Minimisation And Safe Practice Standards"
- West Coast DHB operates a system of consumer satisfaction surveys that provide opportunities for seeking consumer input and provides a means of linking organisational obligations with consumer requirements.
- Results for the consumer satisfaction surveys (above) for the period were as follows:
  - Overall inpatient satisfaction (good + very good) = 95.74%
  - Overall outpatient satisfaction (good + very good) = 89.71%
- Results for hospital acquired blood stream infection rates per 1,000 patients = 0.02%

### Subsidiaries and Associations

The West Coast DHB has Coast Primary Health Services Limited as a subsidiary. All assets and liabilities of this company have been transferred to the West Coast DHB and Coast Primary Health Services Limited is no longer trading.

The Board has a minority shareholding in:

- Crown Public Health Limited and
- The South Island Shared Services Agency Limited

Crown Public Health Limited is the principal provider of health protection and promotion services in Canterbury, South Canterbury and the West Coast.

The three DHBs (Canterbury, South Canterbury and West Coast) are the shareholders.

The South Island Shared Services Agency Limited is owned by the six South Island DHBs and provides them with support services around their health planning and funding roles.

## **GOVERNANCE PHILOSOPHY**

### **Board Membership**

All Board members are required to act in the best interests of the West Coast DHB. Members acknowledge that the Board must stand unified behind its decisions; individual members have no separate governing role outside the Board room.

### **Connection with Stakeholders**

The Board acknowledges its responsibility to keep in touch with stakeholders and in particular remain cognisant of the Minister's expectations.

### **Division of Responsibility between the Board and Management**

Key to the efficient running of the West Coast DHB is that there is a clear division between the roles of the Board and management. The Board concentrates on setting policy, approving strategy, and monitoring progress toward meeting objectives. Management is concerned with implementing policy and strategy. The Board has clearly distinguished these roles by ensuring that the delegation of responsibility and authority to the Chief Executive is concise and complete.

### **Accountability**

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

### **Conflicts of Interest**

The Board maintains an interests' register and ensures Board members are aware of their obligations to declare any potential conflicts of interest.

### **Internal Audit**

While many of the Board's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Board. Internal controls include the policies, systems and procedures established to provide assurance that specific objectives of the Board will be achieved. The Board and management have acknowledged their responsibility by signing the Statement of Responsibility on page 11 of this report.

The West Coast DHB has an internal audit function, which is responsible for monitoring its systems of internal control and the quality and reliability of financial and non financial information reported to the Board. Internal Audit operates independently of management and reports its findings directly to the Audit Committee. Internal Audit liaises closely with the external auditors, who review the systems of internal control to the extent necessary to support their audit opinion.

### **Risk Management**

The Board acknowledges that it is ultimately responsible for the management of risks to the West Coast DHB. The Board has charged the Chief Executive through its risk management policy with establishing and operating a risk management programme in accordance with the "Guidelines for Managing Risk in the Australian and New Zealand Public Sector SAA / NZSHB 143:1999".

### **Legislative Compliance**

The Board acknowledges its responsibility to ensure the organisation complies with all legislation. The board has delegated responsibility to the Chief Executive for the development and operation of a programme to systematically identify compliance issues and ensure that all staff are aware of legislative requirements that are particularly relevant to them.

### **Ethics**

The Board has adopted a code of ethics and regularly monitors whether staff maintain high standards of ethical behaviour and practice the principles of "good corporate citizenship."

Monitoring compliance with ethical standards is done through such means as monitoring trends in complaints and disciplinary actions; internal audit reports; or any reports or indications that show non-conformance with the principles espoused in the code of ethics.

Good corporate citizenship involves this entity, including its employees, acknowledging that it is a member of one or more communities outside of itself, and making a commitment to act in a manner consistent with the social morals and accepted rights and responsibilities of all citizens of those communities.

## STATEMENT OF RESPONSIBILITY FOR THE YEAR ENDED 30 JUNE 2002

1. The Board and management of the West Coast DHB accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
2. The Board and management of the West Coast DHB 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 the West Coast DHB, the annual Financial Statements for the year ended 30 June 2002, fairly reflect the financial position and operations of the West Coast DHB.



Dr Christine Robertson  
**Deputy Chairman**  
24 October 2002



John Luhrs  
**Chief Executive**  
24 October 2002



John Goulding  
**General Manager Finance**  
24 October 2002



Audit New Zealand

## REPORT OF THE AUDITOR-GENERAL

### TO THE READERS OF THE FINANCIAL STATEMENTS OF WEST COAST DISTRICT HEALTH BOARD FOR THE YEAR ENDED 30 JUNE 2002

We have audited the financial statements on pages 14 to 33. The financial statements provide information about the past financial and service performance of West Coast District Health Board and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 14 to 16.

#### 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 in New Zealand that fairly reflect the financial position of West Coast District Health Board as at 30 June 2002, the results of its operations and cash flows and the service performance achievements for the year ended on that date.

#### Auditor's Responsibilities

Section 15 of the Public Audit Act 2001, section 43(1) of the Public Finance Act 1989 and section 43 of the New Zealand Public Health and Disability Act 2000 require the Auditor-General to audit the financial statements presented by the District Health Board. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The 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 District Health Board in the preparation of the financial statements; and
- ▲ whether the accounting policies are appropriate to West Coast District Health Board'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 Auditor-General, we have no relationship with or interests in West Coast District Health Board.

#### 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 on pages 14 to 33:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
  - West Coast District Health Board's financial position as at 30 June 2002;
  - the results of its operations and cash flows for the year ended on that date; and
  - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 25 October 2002 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'K J Boddy', enclosed within a rectangular box that is partially drawn.

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

# FINANCIAL STATEMENTS

## STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2002

### REPORTING ENTITY

The West Coast District Health Board is a Crown entity in terms of the Public Finance Act 1989. The financial statements of the West Coast District Health Board have been prepared in accordance with the requirements of the New Zealand Public Health & Disability Act 2000 and Public Finance Act 1989.

### MEASUREMENT BASE

The financial statements of the West Coast DHB have been prepared on an 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:

#### Comparative Figures

The Board was formed on 1 January 2001 and this is its first annual report for a full year. Accordingly, the comparative figures are for the 6-month period ended 30 June 2001.

#### Budget Figures

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

### Goods and Services Tax

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

### 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.

### Trust and Bequest Funds

Donations and bequests to West Coast DHB are recognised as revenue when control over assets is obtained. A liability, rather than revenue, is recognised where fulfilment of any restrictions 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 is stated at expected realisable value after providing for doubtful and uncollectible debts.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is principally determined on a weighted average cost basis. Full provision has been made for all defective and obsolete stocks.

### Investments

Investments are stated at the lower of cost and net realisable value. Any write-downs are recognised in the statement of financial performance.

### Properties Intended for Sale

Properties intended for sale are valued at the lower of cost or net realisable value (allowing for estimated disposal costs).

### Fixed Assets

Under section 95(3) of the New Zealand Public Health and Disability Act 2000, the assets of Coast Health

Care Limited (a Hospital and Health Service) were vested in West Coast DHB on 1 January 2001. Accordingly, assets were transferred to West Coast DHB at their net book values as recorded in the books of the Hospital and Health Service. In effecting this transfer, the Board has recognised the cost (or, in the case of land and buildings, the valuation) and accumulated depreciation amounts from the records of the Hospital and Health Service. The vested assets will continue to be depreciated over their remaining useful lives.

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

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

## Revaluation of land and buildings

Land and buildings are revalued every three years to their fair value as determined by an independent registered valuer by reference to their highest and best use. Additions between revaluations are recorded at cost. The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the asset revaluation reserve, the debit balance will be 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 at 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 assets with a cost or valuation above \$2000, at rates, which will write off the cost (or revaluation) of the assets to their estimated residual values over their useful lives. Assets below \$2000 are written off in the month of purchase. The estimated useful lives of major classes of assets are as follows:

	Years
Buildings	5 – 50
Plant and Equipment	2 – 20
Motor Vehicles	3 – 5

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

## Employee Entitlements

Provision is made in respect of the DHB's liability for annual leave, long service leave, retirement gratuities, parental leave and conference leave. Retiring Gratuities and long service leave have been calculated on an actuarial basis at current rates of pay

whilst the other provisions have been estimated based on an entitlement basis.

## Leases

### Finance Leases

Leases which effectively transfer to the DHB substantially all the risks and benefits incident to ownership of the leased items are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments.

The assets 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 their use.

### Operating Leases

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

## Financial Instruments

The DHB 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 revenues and expenses in relation to the financial instruments are recognised in the Statement of Financial Performance.

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

## Statement of Cash Flows

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

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

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

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

## Cost of Service Statements

The cost of service statements presented in the statement of objectives and service performance report the net cost of services for the outputs of the West Coast DHB and represent the cost of providing

the output less all the revenue that can be directly attributed to these activities.

### **Cost Allocation**

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

#### ***Cost allocation policy***

Direct costs are charged directly to each output class.

All indirect costs are charged to the provider, as they mostly relate to the costs of providing hospital and health service infrastructure.

Any financial deficit in the governance output class (after allocating all revenue that can be directly attributed to these activities) is allocated to the provider as an approximation of the proportion of governance activities that is attributable to the Provider.

## **CHANGE IN ACCOUNTING POLICIES**

The Board has changed its accounting policy for the valuation of land and buildings in order to comply with FRS-3, *Property, Plant and Equipment*. This new accounting standard came into effect for periods ending on or after 31 March 2002. It requires the Board to revalue its land and buildings at fair value, which has been determined by reference to the highest and best use of those assets. The previous policy had been to determine the fair value of those items by reference to their existing use.

Land and buildings are disclosed at the valuations transferred from Coast Health Care Ltd. They have not yet been revalued by the Board in accordance with its fixed asset policy. In accordance with the transitional provisions of FRS-3, the Board will continue to recognise land and buildings on the

basis of the previous valuation policy until the next revaluation, which is due in 2003. Accordingly, there is no effect from this change in these financial statements.

The Board has changed the threshold at which a fixed asset is recognised in the Statement of Financial Position from \$200 to \$2000. Consequently, a one off charge of \$462,000 was incurred in aligning the Fixed Asset Register with the new threshold.

There have been no other changes from the accounting policies adopted in the last audited financial statements. All policies, other than those noted above, have been applied on a basis consistent with the previous year.

## STATEMENT OF FINANCIAL PERFORMANCE

### FOR THE YEAR ENDED 30 JUNE 2002

	Notes	Board Budget June 2002 (12 months) \$000	Board Actual June 2002 (12 months) \$000	Group Actual June 2001 (6 months) \$000
Revenue		51,409	52,281	21,660
Expenses		55,503	56,303	23,071
Capital charge	16	384	409	551
<b>OPERATING SURPLUS/(DEFICIT) BEFORE NONRECURRING ITEMS</b>	1	<b>(4,478)</b>	<b>(4,431)</b>	<b>(1,962)</b>
Prior years Retiring Gratuity adjustment	10	-	800	-
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(4,478)</b>	<b>(5,231)</b>	<b>(1,962)</b>

## STATEMENT OF MOVEMENTS IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2002

	Notes	Board Budget June 2002 (12 months) \$000	Board Actual June 2002 (12 months) \$000	Group Actual June 2001 (6 months) \$000
<b>EQUITY AT BEGINNING OF THE PERIOD</b>		3,257	1,900	2,402
Net surplus/ (deficit) for the year		(4,478)	(5,231)	(1,962)
<b>Total recognised revenues and expenses for the period</b>		<b>(4,478)</b>	<b>(5,231)</b>	<b>(1,962)</b>
<b>OTHER MOVEMENTS</b>				
Contributions from owners	3(a)	5,000	6,000	1,460
Movement in Trust Funds		-	-	-
<b>EQUITY AT THE END OF THE PERIOD</b>		<b>3,779</b>	<b>2,669</b>	<b>1,900</b>

*The accompanying statement of accounting policies on pages 14 to 16, and notes on pages 21 to 28 form part of these financial statements*

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2002

	Notes	Board Budget June 2002 (12 months) \$000	Board Actual June 2002 (12 months) \$000	Group Actual June 2001 (6 months) \$000
<b>EQUITY</b>				
Public Equity	3(a)	36,569	37,569	31,569
Accumulated Deficit	3(b)	(33,445)	(35,553)	(30,322)
Trust funds	3(c)	655	653	653
<b>Total equity</b>		<b>3,779</b>	<b>2,669</b>	<b>1,900</b>
<b>REPRESENTED BY:</b>				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		-	427	62
Receivables and prepayments	4	6,272	4,729	4,381
Inventories	5	560	557	563
Patient & Restricted Trust Funds	14	25	355	342
Properties Intended for Sale	15	-	1,103	1,131
<b>Total current assets</b>		<b>6,857</b>	<b>7,171</b>	<b>6,479</b>
<b>Non current assets</b>				
Investments	6	-	1	2
Fixed Assets	7	21,108	18,658	20,102
<b>Total non current assets</b>		<b>21,108</b>	<b>18,659</b>	<b>20,104</b>
<b>Total assets</b>		<b>27,965</b>	<b>25,830</b>	<b>26,583</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank overdraft (secured)	8	1,547	-	1,373
Payables and accruals	9	5,468	6,480	5,900
Employee entitlements	10	2,200	2,299	2,194
Current Portion of term loans (secured)	11	3,319	9,988	2,062
Patient & Restricted Trust Funds	14	-	355	342
<b>Total current liabilities</b>		<b>12,534</b>	<b>19,122</b>	<b>11,871</b>
<b>Non Current Liabilities</b>				
Employee entitlements	10	1,023	1,754	1,030
Term loans ( secured)	11	10,629	2,285	11,782
<b>Total non current liabilities</b>		<b>11,652</b>	<b>4,039</b>	<b>12,812</b>
<b>Total liabilities</b>		<b>24,186</b>	<b>23,161</b>	<b>24,683</b>
<b>NET ASSETS</b>		<b>3,779</b>	<b>2,669</b>	<b>1,900</b>

For and on behalf of the Board

*Chashee E Robertson*

Deputy Chairman  
24 October 2002

*[Signature]*

Board Member  
24 October 2002

*The accompanying statement of accounting policies on pages 14 to 16, and notes on pages 21 to 28 form part of these financial statements*

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2002

Notes	Board Budget June 2002 (12 months) \$000	Board Actual June 2002 (12 months) \$000	Group Actual June 2001 (6 months) \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Receipts from MoH, patients and other revenue	47,088	50,214	21,340
Interest received	-	86	12
	47,088	50,300	21,352
Cash was disbursed to:			
Payments to suppliers	20,676	21,598	7,112
Payments to employees	27,260	28,521	14,106
Interest paid	1,143	886	446
GST (net)	-	80	(502)
Capital charge	589	331	
	49,668	51,416	21,162
<b>Net cash (outflow) / inflow from operating activities</b>	12 (2,580)	(1,116)	190
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from sale of fixed assets	-	40	31
Decrease in investments / restricted & trust funds	96	1	-
	96	41	31
Cash was applied to:			
Purchase of fixed assets	2,796	1,707	2,147
	2,796	1,707	2,147
<b>Net cash (outflow) / inflow from investing activities</b>	(2,700)	(1,666)	(2,116)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash was provided from:			
Proceeds of capital injection	5,000	6,000	1,460
Proceeds from debt financing	1,374	-	36
	6,374	6,000	1,496
Cash was applied to:			
Repayment of loans	1,270	1,480	72
	1,270	1,480	72
<b>Net cash (outflow) / Inflow from financing activities</b>	5,104	4,520	1,424
Net increase in cash held	(176)	1,738	(502)
Add opening cash	(1,371)	(1,311)	(809)
<b>CLOSING CASH BALANCE</b>	(1,547)	427	(1,311)
Made up of:			
Cash	-	427	62
Bank overdraft	(1,547)	-	(1,373)
<b>CLOSING CASH BALANCE</b>	(1,547)	427	(1,311)

The accompanying statement of accounting policies on pages 14 to 16 and notes on pages 21 to 28 form part of these financial statements.

## STATEMENT OF CONTINGENT LIABILITIES

### AS AT 30 JUNE 2002

	Board June 2002 \$000	Group June 2001 \$000
Legal proceedings and disputes by third parties	50	25

The West Coast District Health Board is currently involved in legal proceedings under the NZ Public Health and Disability Act 2000

## STATEMENT OF COMMITMENTS

### AS AT 30 JUNE 2002

	Board June 2002 \$000	Group June 2001 \$000
Capital commitments approved and contracted	537	450
Non-cancellable Operating lease commitments:		
Less than one year	245	-
One to two years	245	-
Two to five years	271	-
	1,298	450

Other non-cancellable contracts

The Board has entered into non-cancellable contracts for the provision of services.

Details of the commitments under these contracts are as follows:

	Board June 2002 \$000	Group June 2001 \$000
Not later than one year	1,740	-
Later than one year and not later than two years	1,740	-
Later than two years and not later than five years	1,740	-
	5,220	-
<b>Total commitments</b>	<b>6,518</b>	<b>450</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

**Note 1: Operating surplus/(deficit)**

	<b>Board June 2002 (12 months) \$000</b>	<b>Group June 2001 (6 months) \$000</b>
<b><i>After charging:</i></b>		
Remuneration of auditor - Audit Fees	42	52
Other Services	-	-
Depreciation - Buildings	444	191
Plant and equipment	1,851	650
Motor vehicles	95	52
Total depreciation charge for year	2,390	893
Write down revaluation of fixed assets	-	147
Write off Plant and Equipment	462	-
Write down building asbestos impairment	203	114
Board Members' remuneration	178	73
Interest expense - term loans (including bank overdraft)	873	589
Finance leases	30	26
Donations	-	-
Rental and Operating lease costs	223	87
Bad debts written off	22	22
Changes in provision for bad debts	(324)	217
Restructuring costs	-	190
<b><i>After crediting:</i></b>		
Interest income	86	12
Donations and bequests	13	11
Gain on sale of assets	56	21

**Note 2: Tax Expense**

The Board is exempt from Income Tax.

**Note 3: PUBLIC EQUITY**

**3(a)**

***General Funds***

	<b>Board June 2002 (12 months) \$000</b>	<b>Group June 2001 (6 months) \$000</b>
Opening Balance	31,569	-
Equity vested from HHS	-	30,109
Equity received during the year	6,000	1,460
<b>Crown Equity as at 30 June</b>	<b>37,569</b>	<b>31,569</b>

**3(b) Accumulated Deficit**

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Accumulated deficit as at 1 July	(30,322)	(28,341)
Operating deficit	(5,231)	(1,962)
Transfer to Trust Funds (note3(c))	-	(19)
Transfer from Trust Funds (note3(c))	-	-
<b>Accumulated Deficit as at 30 June</b>	<b>(35,553)</b>	<b>(30,322)</b>

**3(c) Trust funds**

Trust funds are funds donated or bequeathed 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 Funds.

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Opening Balance	653	-
Balances of Trust Funds transferred from HHS	-	634
<i>Transfer from retained earnings in respect of:</i>		
Funds received	-	-
Interest received	-	19
<i>Transfer to retained earnings:</i>		
In respect of funds spent	-	-
Trust funds at 30 June	<b>653</b>	<b>653</b>

**Note 4: Receivables and prepayments**

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Trade debtors	3,898	4,141
Provision for doubtful debts	(67)	(391)
	<b>3,831</b>	<b>3,750</b>
Accrued income	717	426
Prepayments	181	205
Total receivables and prepayments	<b>4,729</b>	<b>4,381</b>

**Note 5: Inventories**

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Pharmaceuticals	142	146
Surgical and medical supplies	305	316
Other supplies	110	101
Total inventories	<b>557</b>	<b>563</b>

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

**Note 6: Investments**

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Other investments	1	2
Total investments	1	2

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

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Share of surplus/(deficits) before taxation	-	(55)
Tax expenses	-	-
Share of retained surplus/(accumulated losses)	-	(55)

There were no dividends received during the year, nor receivable at the year-end. The Company ceased operation on 30<sup>th</sup> June 2001.

**Note 7: Fixed assets**

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Freehold land - at valuation	1,314	1,314
Freehold buildings - at cost and valuation	7,718	6,418
Accumulated depreciation	(768)	(352)
Freehold buildings - net book value	6,950	6,066
Buildings Fitout - at cost and valuation	5,902	957
Accumulated depreciation	(723)	(108)
Buildings Fitout - net book value	5,179	849
Equipment - at cost	10,465	10,415
Accumulated depreciation	(6,184)	(5,624)
Equipment - net book value	4,281	4,791
Motor Vehicles - at cost	1,004	1,435
Accumulated depreciation	(774)	(1,067)
Motor Vehicles - net book value	230	368
Computers - at cost	3,421	3,570
Accumulated depreciation	(2,772)	(2,830)
Computers - net book value	649	740
Capital work in progress	36	5,955
Other Fixed Assets - Costs of Disposal	19	19
	55	5,974
Total fixed assets at cost and valuation	29,879	30,083
Accumulated depreciation	(11,221)	(9,981)
Net book value of fixed assets	18,658	20,102

**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 under FRS3 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 DHBs land is subject to Waitangi Tribunal claims. The disposals of certain properties are subject to the provisions of Section 40 of the Public Works Act 1981 and Ngai Tahu Claims Settlement Act 1998.

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 Limited (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 9.20% per annum.

#### Note 9: Payables and accruals

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Trade creditors and accruals	4,611	2,523
Revenue in Advance	39	1,915
Capital charges due to the Crown	629	551
GST payable	191	271
Payroll Accruals	995	640
Directors' fees payable	15	-
Total payable and accruals	<u>6,480</u>	<u>5,900</u>

#### Note 10: Employee entitlements

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Retiring Gratuities (refer below)	1,770	955
Long service leave	224	246
Annual leave	1,816	1,573
Nurses leave ( shift)	118	141
Medical education leave	86	286
Others	39	23
	<u>4,053</u>	<u>3,224</u>
Made up of:		
<b>Current</b>		
Retiring Gratuities	180	118
Long service leave	60	60
Annual leave	1,816	1,573
Nurses leave ( shift)	118	141
Medical education leave	86	286
Others	39	16
	<u>2,299</u>	<u>2,194</u>
<b>Non-current</b>	<u>1,754</u>	<u>1,030</u>

The Retiring Gratuity adjustment relates to prior year miscalculation which was substantially caused by:

- (a) The earlier valuations for some employees did not take into account periods of employment with previous employers, which may have counted for eligible service when calculating Retiring Gratuities entitlements. This would have understated earlier valuations.
- (b) Many dates of eligibility and commencement have been corrected. In many cases, they are earlier than the previous data sets, meaning that many employees have been accorded extra service. This has the effect of increasing the value of the accrued retiring gratuity.

**Note 11: Term loans**

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Crown Finance Agency (CFA)	8,866	8,866
BNZ	-	800
BNZ redevelopment	2,830	3,300
BNZ CT Scanner	314	418
Finance lease-Phone System	-	56
Finance lease-Toyota Finance	263	404
<b>Total</b>	<b>12,273</b>	<b>13,844</b>
Less current portion	9,988	2,062
Non current portion	2,285	11,782

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	9,988	2,062
One to two years	655	9,045
Two to five years	1,630	2,737
<b>Total</b>	<b>12,273</b>	<b>13,844</b>

**Analysis of Finance Lease Liabilities**

Payable no later than one year	99	255
Later than one, not later than two years	95	99
later than two, not later than five years	109	204
	<b>303</b>	<b>558</b>
Future finance charges	(40)	(98)
Recognised as a liability	263	460

Representing lease liabilities

Current	78	217
Non-current	185	243

The Crown Financing Agency loans are secured by a negative pledge. This restricts the DHB's actions in the following areas without the Crown Financing Agency's written consent.

- (a) Security Interest: Create any security interest over its assets except in certain defined circumstances.  
Or
- (b) Loans and Guarantees: Lend money to another person (except in the normal course of business), or give a guarantee.  
Or
- (c) Change of Business: Make or threaten to make a substantial change in the nature or scope of its business as presently conducted.  
Or
- (d) Disposals: Dispose of any assets except in the normal course of business or disposals for full value  
Or
- (e) Provide Services: Other than for proper value and on reasonable commercial terms.

The BNZ loans are secured by a Debt Obligation Deed.

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

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Net surplus/(deficit)	(5,231)	(1,962)
Add back non-cash items:		
Depreciation / Write off	2,852	893
Write down revaluation of fixed assets	-	147
Write down building asbestos impairment	203	114
Total non-cash items	3,055	1,154
Adjust for items not classified as operating activities:		
(Increase) / decrease in fixed assets related accounts payables	-	613
Net(gain)/loss on disposal of fixed assets	(56)	(21)
Non operating activities-net	(56)	592
Add/(less) movements in working capital items		
(Increase)/decrease in receivables and prepayments	(348)	(414)
(Increase)/decrease in inventories	6	33
Increase/(decrease) in payables and accruals	629	960
Increase/(decrease) in provisions	829	(173)
Working capital movement - net	1,116	406
Net cash (outflow)/inflow from operating activities	(1,116)	190

### Note 13: Financial instruments

The West Coast DHB is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable, trade creditors and loans.

The Board has policies providing risk management for interest rates and the concentration of credit. The Board is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions, which are speculative in nature to be entered into.

#### *Interest Rate Risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

There are no interest rate risk options or interest rate swap agreements in place as at 30 June 2002.

#### *Currency Risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The West Coast DHB has no exposure to currency risk.

#### *Credit Risk*

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

Financial instruments, which potentially subject the Board 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 reliance on the Crown, operating through the Ministry of Health, which comprises 89% of the debtors of the West Coast DHB.

The Board considers the risk arising from the concentration of credit with the Crown in respect to accounts receivable to be very low.

#### *Fair Values*

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

### Note 14: 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>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Opening balance patients deposits	326	323
Monies received	62	35
Interest earned	16	9
Payments made	(52)	(41)
Closing Balance	<u>352</u>	<u>326</u>

The West Coast District Health Board has trust funds donated for specific purposes, some of which, have not yet been met.

	<b>Board June 2002 \$000</b>	<b>Group June 2001 \$000</b>
Opening balance restricted trust funds	16	16
Payment made	(13)	-
Interest earned	-	-
Closing Balance	<u>3</u>	<u>16</u>
Total Patient Funds and Restricted Trust Funds	<u>355</u>	<u>342</u>

**Note 15: Post balance date events**

In September 2002 Seaview Hospital property located at Hokitika was sold for \$805,000. A Sale and Purchase Agreement was also signed for sale of Whataroa Hospital for \$155,000. Both items are included in properties intended for sale in the Statement of Financial Position (page 18).

**Note 16: 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 2002 was 11%

**Note 17: 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 \$48,688,000 from the Ministry of Health to provide health services to the West Coast area in the 12 months ended 30 June 2002. The amount due at year end was \$3,979,000.

(b) *Key management and directors*

Two of the West Coast District Health Board members have also been employed as staff of the West Coast DHB during their term as Board members:

- Malcolm Stuart (employed as an Anaesthetic Specialist).
- Robyne Bryant (employed as a Midwife).

Remuneration for these activities is consistent with expertise involved.

Two of the West Coast District Health Board members were engaged as consultants during the establishment of the West Coast Primary Health Organisation during their term as Board Members. Their remuneration is outlined below:

- Dr Christine Robertson \$2,296
- June Robinson \$500

**Note 18: FINANCIAL PERFORMANCE INDICATORS**

<b>Indicator</b>	<b>Year ended 30 June 2002</b>	<b>Six months ended 30 June 2001 (annualised)</b>
Earnings / Net funds employed - %	-167.8%	-206.5%
Debt to debt plus equity - %	82.1%	87.9%
Working capital / Revenue - %	-22.9%	-12.45%
Revenue / Fixed assets - times	2.80	2.16
Interest cover - times	(1.63)	(0.74)
Earnings / Revenue - %	-8.7%	-9.1%
Revenue / FTEs - \$	89,219	75,776

## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE FOR THE 12 MONTHS ENDING 30<sup>TH</sup> JUNE 2002

This has been the first full year that the West Coast DHB has been both a purchaser and provider of *Personal and Mental Health* services whilst continuing 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 has meant further enhancing funding and planning capability and establishing governance and accountability criteria.

### OBJECTIVES AND SERVICE PERFORMANCE AS A PURCHASER

The Ministry of Health funded the West Coast DHB to develop the 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
<b>Governance</b>	<p>To have elected, and or have appointed, a full contingent of Board members as required by the NZ Public Health and Disability Act 2000.</p> <p>Increased involvement of Board Advisory Committees in the planning and governance of the District Health Board.</p>	<p>Seven of the eleven member board were elected on the 13<sup>th</sup> October 2001. The remaining four positions were filled by Ministerial appointment.</p> <p>Advisory Committees have been actively making recommendations to the Board. Examples of increased involvement include participation in the options pertaining to Long Stay Patients and the future of Seaview Patients. Community &amp; Public Health Advisory Committees provide a link between the Board and the Primary Health Organisation (PHO) steering group. Committees were also actively involved in formulating the WCDHB Strategic Plan 2002-2012 and District Annual Plan 2002/03.</p>
<b>Consultation</b>	<p>To have had a Health Needs Analysis and related public consultation completed.</p>	<p>On going consultation with the community is paramount to the success of the WCDHB. A detailed assessment of the Health needs in the West Coast region was performed by <i>Public Health Consultancy Wellington School of Medicine &amp; Health Sciences</i>. This document was published in October 2001 and consequently became the basis for the Strategic Plan 2002-2012</p>

<b>Performance Indicator</b>	<b>Explanation / definition</b>	<b>Achievement</b>
<b>Maori Health</b>	One of the specific outputs sought for this period was to identify, investigate and implement measures to improve responsiveness to the needs of Maori within the West Coast region.	In addition to the issues identified in the Needs Analysis noted above the WCDHB employs a Senior Maori Health Advisor /Kaiarahi who works closely with the various advisory committees as well as being a member of the PHO steering committee. The involvement of the Maori Advisor and Maori Board and Advisory committee members means that health issues concerning Maori are regularly discussed. Work in a number of areas is being done to ensure that Maori health improvement on Tai Poutini remains a priority for the West Coast DHB. Specific objectives regarding how this will be achieved are outlined in both the Strategic plan and District Annual Plan.
<b>Capability</b>	As a consequence of the WCDHB assuming many of the functions formally carried out by the Health Funding Authority it has had to develop capability and processes required to carry out the purchasing functions as contracts are devolved from the Ministry of Health.	Purchasing has an extra 1.5 FTE's. This, together with fully utilising SISSAL, has ensured that all devolved contracts have been practically administered.

### **Cost of Governance Activities for the 12 months ended 30 June 2002**

	<b>Jun-02 Budget \$000</b>	<b>Jun-02 Actual \$000</b>
Revenue	1,032	962
Operating Expenses	1,032	962
Net Operating Surplus	-	-

### **Cost of Funding Activities for the 12 months ended 30 June 2002**

	<b>Jun-02 Budget \$000</b>	<b>Jun-02 Actual \$000</b>
Revenue	10,692	39,863
Expenditure		
Personal Health	8,172	30,885
Mental Health	1,524	8,030
Other Services	996	948
Net Operating Surplus	-	-

The considerable variance to budget has been a consequence of payments to the DHB's provider arm being included in the Actual results where as the budget was net of such payments.

## OBJECTIVES AND SERVICE PERFORMANCE AS A PROVIDER

As a Provider, the West Coast DHB performed as follows against the targets it set for the twelve months ending 30<sup>th</sup> June 2002.

Performance Indicator	Target	Performance	Explanation/definition
<b>Operational Indicators</b>			
<b>Hospital Acquired Bloodstream Infections as a Percentage of all Inpatient Admissions</b>	< 1%	0.02%	The provider through following stringent procedures has restricted any <i>Hospital Acquired Blood Infections</i> to less than 1% of all inpatient admissions thereby achieving its target.
<b>Inpatient Bed Days Delivered</b>	48,980	47,142	This measure captures bed days delivered to all Inpatients, i.e. patients whose treatment has required an overnight stay. In the main the lower than anticipated bed days delivered was driven by shorter than expected length of stays.
<b>Resourced Inpatient Bed Days</b>	59,730	60,184	In this context, to resource an Inpatient bed is in effect to have nurses available to nurse any occupant. By exceeding the target the Provider has utilised more nurses than were anticipated.
<b>Resourced Inpatient Bed Occupancy Rate</b>	82%	78.3%	Measures the Provider's utilisation of resourced capacity.  The target reflects a combination of (1) the necessity to ensure acute demand can be meet and, (2) the minimum staffing levels required.  The result, in the main, reflects shorter than anticipated lengths of stay and the associated difficulty the Provider has in flexing down when demand for services falls.
<b>WEIS<sup>2</sup> purchased-Raw Inpatient Discharges</b>	3030	3215	Inpatients for which the services have been purchased on a WEIS basis are measured both as straight cases (Raw) and adjusted in view of complexity (Weighted).
<b>WEIS purchased- Weighted Inpatient Discharges</b>	3174	3343	In this instance the increased Weighted discharges has been a factor of the increased Raw discharges.
<b>Raw Inpatient Discharges (not purchased on a WEIS basis)</b>	1600	1446	While the case-mix of Inpatient discharges has varied from the initial targets, the overall number of discharges was up slightly (31 raw discharges) on target.

<sup>2</sup> Typically the Funder Arm purchases health services, from providers, on either a WEIS (Weighted Elective Inpatient Services) basis or Non-WEIS basis. WEIS basis is essentially the purchase of health services that have a predetermined Diagnostic Related Group (DRG). In the main all Surgical and Medical services delivered at Grey Hospital are purchased on this basis. Other services such as Residential Long Stay, AT&R Inpatients and Maternity are purchased on a Non-WEIS basis and rather than by a DRG, on Bed Days or per Delivery basis.

Performance Indicator	Target	Performance	Explanation/definition
<b>Average Length of Stay (ALOS) of WEIS weighted Inpatient discharges</b>	4.3 (Days)	3.5 (Days)	<p>The Provider has performed better than anticipated on the ALOS of WEIS weighted inpatient discharges.</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>
<b>WEIS purchased-Raw Daypatient Discharges</b>	900	969	<p>Daypatients are those Medical and Surgical patients whose treatment does not require an overnight stay.</p> <p>By exceeding the target the Provider has treated more Daypatients (purchased on a WEIS basis) than anticipated.</p>
<b>WEIS purchased- Weighted Daypatient Discharges</b>	366	393	<p>Because the percentage increase in weighted discharges is greater than that of Raw discharges, 7.6% &amp; 9% respectively, it can be concluded that not only did the WCDHB treat more patients; the complexity of the cases was also greater than anticipated.</p>
<b>Raw Daypatient Discharges (not purchased on a WEIS basis)</b>	1150	918	<p>In this instance the Provider failed to achieve its target.</p>
<b>Staffing Focused</b>			
<b>Average Number of Sick Days per FTE (days per annum)</b>	< 5	6.45	<p>The Target was incorrectly defined as Days when in fact it should have been stated as a percentage of ordinary days worked. Consequently the target of less than 5 days was exceeded.</p> <p>Had however the correct measure been recorded the target would have been achieved as 6.45 days equates to 2.48%, well below the target of 5%.</p>
<b>Staff Turnover per total FTEs (voluntary)</b>	< 5%	3.52%	<p>In achieving its target of less than 5% voluntary turnover of staff, the provider is realizing savings in the form of reduced recruitment costs while at the same time providing continuity of medical care.</p>
<b>Customer Satisfaction Indicators</b>			
<b>Inpatient Satisfaction Survey - Overall Satisfaction "Good" and "Very Good" Responses returned.</b>	85%	95.74%	<p>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.</p>
<b>Outpatient Satisfaction Survey - Overall Satisfaction "Good" and "Very Good" Responses returned.</b>	85%	89.71%	

## Waiting Lists

	As at 30 June 2001	As at 30 June 2002
Inpatients <sup>3</sup>	886	515
Outpatients	1,963	1,972

## Cost of Provider Activities for the Twelve months ended 30 June 2002

	Jun-02 Budget \$000	Jun-02 Actual \$000
Operating Income	42,474	43,003
Operating Expenses	43,092	43,270
Operating Surplus before Depreciation, Capital Charge, Interest & Prior Year Adjustment	(618)	(267)
Depreciation	2,360	2,852
Capital Charge	384	409
Interest Expense	1,116	903
Operating surplus/(deficit) before nonrecurring item	4,478	4,431
Prior year Gratuity Adjustment	-	800
Operating surplus/(deficit)	(4,478)	(5,231)

## Summary Of Revenue And Expenditure By Output Class

	Funding \$000	Governance and Funding Administration \$000	DHB Hospital Provider \$000	Elimination \$000	Total DHB \$000
Revenue	39,863	962	43,003	31,547	52,281
Expenditure	39,863	962	48,234	31,547	57,512
Surplus/(Deficit)	-	-	(5,231)	-	(5,231)

<sup>3</sup> Inpatients waiting list includes patients given certainty, number on residual waiting list and number on active review. Inpatient numbers in June 2001 were higher due to the backlog created when theatres were closed for reconfiguration for several months preceding this period.

### 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

#### Personnel Policies

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:

- Recruitment
- Employee Assistance Programme
- Equal Employment Opportunity
- Good Employer Procedure
- Orientation
- Prevention Of Harassment
- Smoke-Free Workplace Policy And Procedure
- Staff Code Of Conduct
- Staff Discipline, Suspension And Dismissal Procedure
- Staff Guidelines On Cultural Safety
- Training And Development
- Performance Management
- Leave

1989. We have shown them here for ease of reference, but the information may be incorporated into other parts of the annual report, for example, the Board Members report, the statement of service performance or the notes to the accounts.

#### Other Objectives

During 2001/2002 the West Coast DHB was actively engaged in developing its first Strategic Plan as a DHB for 2002 – 2012, and the District Annual Plan for 2002-2005.

Development involved extensive community consultation on identifying key health gain areas for the West Coast population upon which the DHB should focus its resources.

A comprehensive Health Needs Analysis was carried out to underpin the planning processes required of the DHB.

The strategic plan determines activities to meet key objectives over the next 10 years, focusing on the next 3 years and commencing 2002/2003.

The plans and other activities ensure the West Coast DHB has materially complied with all statutory objectives outlined on the following pages.

STATUTORY OBJECTIVE	EXTENT TO WHICH IT HAS BEEN MET
<i>To improve, promote, and protect the health of people and communities</i>	<p><b>Primary Health</b> The DHB has been actively engaged in the development of a West Coast Primary Health Organisation, which will meet the requirements and objectives of the Primary Health Strategy.</p> <p><b>Cancer/Palliative Care</b> An Oncology Nurse/Palliative Care Co-Ordinator has been appointed. A review has commenced of palliative care. The DHB has engaged with the Primary Care Organisation to improve access to the terminal care allowance. The DHB has supported the introduction of a palliative care chair at Otago University.</p> <p><b>Dental Disease</b> Improvement of access to inpatient dental services for adolescents.</p> <p><b>Child Health</b> Increase in liaison with Well Child providers through Well Child Network meetings.</p> <p><b>Cardiovascular</b> A proposal has been developed for a Cardio-Vascular Rehabilitation Nurse.</p> <p><b>Diabetes</b> The DHB has supported the local Diabetes Team and is actively working to secure a retinal photographic service. Access has improved in the Buller with the Diabetes Nurse Service.</p>
<i>To promote the integration of health services, especially primary and secondary health services</i>	<p>Increased liaison and integration has occurred through the development of the PHO and a planned re-organisation of DHB owned primary and community services. It is also planned to establish an integrated care role to further improve the integration between and within the West Coast primary and secondary sectors. A proposal has been developed for a GP training programme, which is based in both hospital and GP practices.</p>
<i>To promote effective care or support for those in need of personal health services or disability support services</i>	<p>Various service reviews have been initiated to ensure effectiveness of service:-</p> <ul style="list-style-type: none"> <li>• Elective Services Review</li> <li>• Mental Health Benchmarking Review</li> <li>• Elderly Services Review</li> <li>• Mental Health Support Services Review</li> <li>• Professional and service standards are met, and subject to ongoing review.</li> </ul>
<i>To promote the inclusion and participation in society and independence of people with disabilities</i>	<p>The West Coast DHB, as a good employer, has developed a policy to support and promote equal employment opportunities for people with disabilities and ensure the absence of discrimination against individuals. The Disability Support Services Advisory Committee advises the Board on disability issues.</p>

STATUTORY OBJECTIVE	EXTENT TO WHICH IT HAS BEEN MET
<b><i>To reduce health disparities by improving health outcomes for Maori and other population groups</i></b>	<p>Through extensive consultation with the Maori community a Strategic Plan to address disparities in health outcomes was agreed.</p> <p>Key areas planned for 2002/2003 involve improvement of ethnicity data collection, undertaking a needs analysis for Maori and increasing staff and community awareness of the importance of reducing disparities and establishing a Memorandum of Understanding with local Maori.</p> <p>Treaty of Waitangi training was provide to approximately 20% of staff of the DHB.</p> <p>An introduction to Maori health and cultural issues is routinely provided to new staff.</p> <p>A forum for regular consultation with Mana Whenua has been established.</p>
<b><i>To reduce, with a view to eliminating, health outcomes 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</i></b>	<p>The development of a PHO on the West Coast will be the primary vehicle for the West Coast DHB to address disparities in health outcomes as identified in The Health Needs Analysis and Strategic Plan. Improved funding through the PHO and targeted integrated health programmes will assist in addressing inequalities.</p>
<b><i>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</i></b>	<p>The DHB has consulted extensively with local communities (both geographic and communities of interest) during the development of the Strategic Plan and has incorporated results of that consultation into its plans.</p>
<b><i>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></b>	<p>The DHB is committed to community engagement and participation by the community in service planning and where significant changes are likely.</p> <p>Statutory Committees of the Board have significant community representation and in addition the Board has established a Mental Health Advisory Committee.</p> <p>The Community participated in the completion of the Health Needs Analysis and was consulted over the Strategic Plan. Further consultation is planned by the PHO.</p> <p>A West Coast Mental Health Forum is held regularly.</p>
<b><i>To uphold the ethical and quality standards commonly expected of providers of services and of public sector organisations</i></b>	<p>The Board monitors ethical and quality standards performance and it has fully met this objective.</p>
<b><i>To exhibit a sense of environmental responsibility by having regard to the environmental implications of its operations</i></b>	<p>The Board meets all requirements for the operation of its facilities including waste management and air discharge. It maintains its facilities to a good standard.</p>

The NZ Public Health and Disability Act 2000 section 23 defines the functions of a DHB. The West Coast DHB has given effect and intends to give effect to its statutory functions as listed below.

STATUTORY FUNCTION	1. HOW HAS IT BEEN GIVEN EFFECT AND 2. HOW THE BOARD INTENDS TO EFFECT IT
<i>To ensure the provision of services for its resident population and for other people as specified in its Crown funding agreement</i>	<ol style="list-style-type: none"> <li>1. Crown Funding Agreement deliverables met.</li> <li>2. Boards intend to meet the requirements of all funding agreements that it enters.</li> </ol>
<i>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</i>	<ol style="list-style-type: none"> <li>1. The Board is actively involved in;               <ol style="list-style-type: none"> <li>(a) DHBNZ, an association of DHBs that acts for DHBs on matters of common interest;</li> <li>(b) South Island Shared Services Agency, jointly owned by the South Island DHBs to assist with health planning and to provide support services to the DHBs;</li> <li>(c) Management and staff are involved in numerous forums with the Minister of Health, other DHBs, and local agencies.</li> </ol> </li> <li>2. Primary Secondary sector integration and inter-agency co-operation will be the main local approaches.</li> </ol>
<i>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 purposes of the two functions above</i>	<ol style="list-style-type: none"> <li>1. Via print and news media, website and consultation.</li> <li>2. Continue with (1) above.</li> </ol>
<i>To establish and maintain processes to enable Maori to participate in, and contribute to, strategies for Maori health improvement</i>	<ol style="list-style-type: none"> <li>1. The Board employs a Maori Advisor at the Executive Management Team level and meets formally with representatives of Nga Papatipu Runanga. There is Maori representation on all advisory groups.</li> <li>2. The West Coast DHB continues to support the local Maori provider (Te Awhina Trust).</li> <li>3. A whanau facility is planned and A needs assessment of the Maori population is planned for 2002/2003.</li> </ol>
<i>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</i>	The West Coast DHB is developing strategies that will improve the recruitment, training and retention of Maori staff.

## Remuneration for employees' earnings more than \$100,000 per annum

Salary Range ( \$ )	Number of staff
100,001 - 110,000	3
110,001 - 120,000	1
120,001 - 130,000	2
150,001 - 160,000	3
180,001 - 190,000	3
200,001 - 210,000	2
220,001 - 230,000	1
240,001 - 250,000	1
250,001 - 260,000	1
320,001 - 330,000	1
380,001 - 390,000	1

Of the nineteen employees shown above sixteen are medical employees and three were not medical employees.

If the remuneration of part time employees or employees who have not completed a full 12 months of employment were grossed up to a full time equivalent basis (FTE), the total number of employees with FTE salaries of \$100,000 or more would be twenty-two, compared with the actual number of employees of nineteen. Two of the additional employees were medical staff.

The current Chief Executive's remuneration for the period is in the \$150,001 - \$160,000 band. The Chief Executive was employed for part of the financial year. His full annual salary is in the \$220,001 - \$230,000 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	\$27,896
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## Board Members' Interest

The following items were entered in the interests register for the Board members as at 30 June 2002. 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: Mohammed Shahadat (Chairman), Rick Bettle, and Robyne Bryant.

The role of the Audit Committee is to assist the Board in discharging its responsibilities by ensuring compliance 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

Remuneration paid or due and payable in respect of the 12 months ended 30 June 2002 to Board members (other than salaries and wages) were as follows:

	Board	Advisory Committee	Other Services	Total
M van der Goes (Chairman)	16,323	1,562		17,885
J Hunter (Deputy Chairman)	9,203	1,250		10,453
M Lomax	6,895			6,895
E Stratford	6,653	1,187		7,840
T Potiki	6,653			6,653
J Robinson	15,564	4,000	500	20,064
R Bettle (Chairman)	16,774			16,774
C Robertson (Deputy Chair)	17,250	1,887	2,296	21,433
M Moore	8,387	1,250		9,637
D Tranter	8,387	1,000		9,387
R Bryant	8,387	1,000		9,387
J Vaile	8,387	1,187		9,574
M Shahadat	8,387			8,387
J Kilkelly	8,387	312		8,699
M Stuart	8,387			8,387
T Sinclair	7,137	750		7,887

### 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 DHB.