West Coast
District Health Board
Te Poari Hauora a Rohe o Tai Poutini

District Strategic Plan

2005 – 2015

1. INTRODUCTION

This District Strategic Plan maps the strategic direction the West Coast District Health Board intends to pursue for the period through to 2015. We expect this to be a period of considerable challenge for the West Coast, with a population that continues to fall and ongoing challenges around clinical and financial sustainability of services. It departs from the approach previously adopted in that it establishes priorities based on the needs of particular population groups and types of health service rather than on particular health conditions. Although in reality all three types of approach will be employed from time to time, the approach we have adopted should better facilitate integrated planning to meet the needs of communities.

In 2002 the West Coast DHB's strategic planning process resulted in the following vision for the West Coast DHB:

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

It also set six priorities for the DHB to tackle over the next five to 10 years in order to improve, promote and protect the health of people in the West Coast community:

Diabetes
Cancer
Respiratory Health.
Cardiovascular disease
Child/ Tamariki Health
Oral Health

These areas have been a key focus for the West Coast DHB, with significant expansion of services available in each of these areas. During this time mental health, chronic diseases, oral health have also been a focus of the WCDHB.

While the period since the establishment of the West Coast DHB (and indeed its antecedents) has been dominated somewhat by the need to establish a sustainable basis for funding, this has now largely been achieved, and the term of this new District Strategic Plan should see a focus on quality and sustainability of health services across the full continuum of care.

The development of the 2005 -2015 District Strategic Plan is based an analysis of the Health Needs of the West Coast population, including analysis of current provision of health services. This has occurred in consultation with the communities of the West Coast and the providers of health services in the District to ensure the Plan is responsive to the needs of West Coast communities.

Priorities are structured based on the needs of particular population groups as well as particular types of health services.

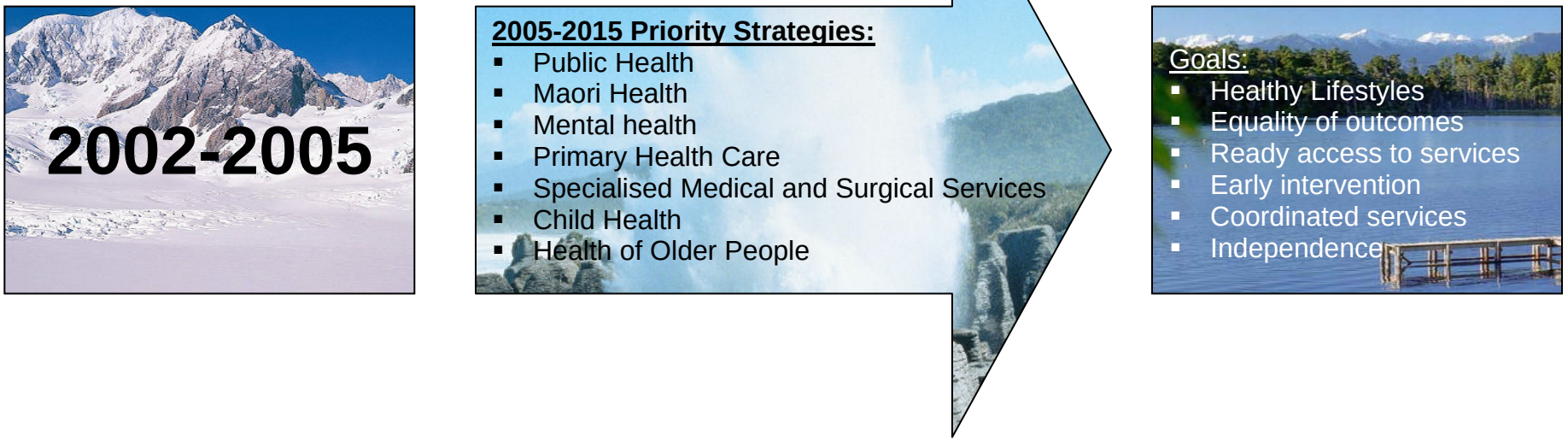
Population Group priorities are:

- Maori Health
- Child health
- Youth Health
- Health of older Persons
- People with a long term mental illness

While the Health services priorities set are;

- Public Health ‘
- Primary Health Services
- Specialised Medical and Surgical Services
- Mental Health Services

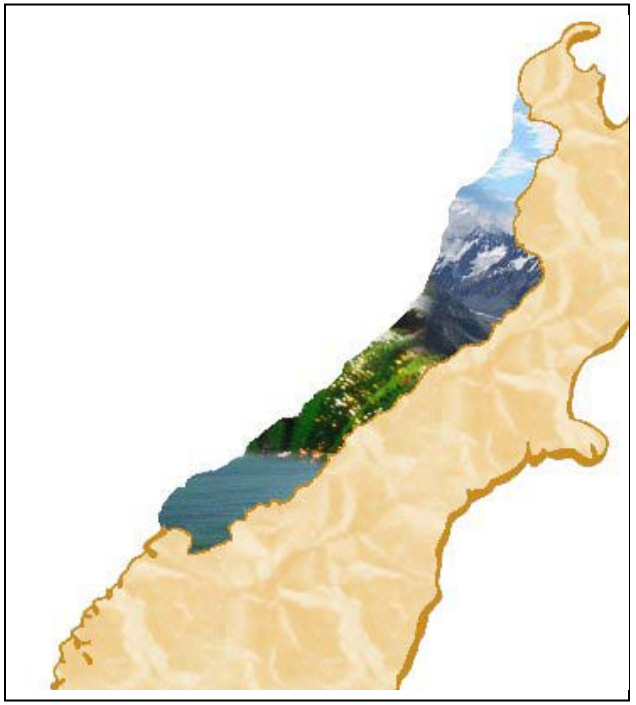
The new approach adopted by this District Strategic Plan is summarised below.



In addition to these priorities, over the next 10 years the West Coast District Health Board will work towards becoming a centre for excellence in the delivery of rural health services and a leader in innovative health service delivery within New Zealand. This will ultimately ensuring that the entire West Coast population has ready access to quality health services and experiences improved health outcomes.

2. THE WEST COAST

The West Coast covers the area between Karamea in the north and Haast in the south and extends east to Springs Junction. Landmass length is approximately equal to the distance between Auckland and Wellington; a land area of 2.3 million hectares, much of which is rugged with scattered small, isolated pockets of population.



The West Coast DHB is the most sparsely populated DHB in the country with a population density of 1.3 people per square kilometre – less than 10% of the New Zealand average. 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 from Karamea. The Coast Road is occasionally subject to delays and closure associated with unfavourable weather conditions as is the Karamea Bluff between Westport and Karamea. From Greymouth it is four hours to Haast in the south via similar terrain and 3.5 hours to Christchurch in the east, via Arthur's Pass in the Southern Alps. Reefton is 1 hour away, with Springs Junction a further 1 hour from Reefton, and Hokitika is 35 minutes south from Greymouth. Bad weather, slips and major traffic accidents can close the Arthur's Pass route on occasion and weather 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. Map of travel distances to grey hospital.

Some parts of the West Coast receive spectacular rainfall, with around twice the national average. This may have implications for people with such illnesses as respiratory diseases or arthritis. However, much of the rain falls high in the Alps, and in 2004, both Hokitika and Greymouth received more sunshine hours than Auckland.

To help set priorities for health funding and strategic planning, we first need to assess the demographic makeup of our communities and the health needs of our population of 30,303 (information based on 2001 NZ Census).

The West Coast of the South Island is distinguished from the rest of New Zealand by its exceptional and unique geography, climate, history and culture, and is further isolated from the rest of the country by the towering Southern Alps. Although it occupies 8.5% of New Zealand's total land mass, the West Coast is home to less than one percent of the New Zealand population (Usually Resident, Census 2001). Significant population decline was recorded in 2001, a fall of 6.7% since the 1996 Census and this decline is projected to continue, although economic and social indicators suggest the population has grown over recent years.

The West Coast is also home to some of the most socio-economically deprived population in the country. Consistent with the demographic and socio-economic issues briefly described above is the picture of higher morbidity and mortality rates and lower life expectancy on the West Coast compared with the New Zealand average. The overall rate of hospitalisation is high. Of particular note are hospitalisations for diabetes and nutrition-related conditions and digestive system-related conditions. Mortality from cancer and cardiovascular disease are significantly high on the West Coast.

Because of its spectacular natural attractions, the West Coast is a popular tourist destination with an average of approximately 4500 visitors every day. Hospitalisation rates of overseas visitors is similar to the national average, however their use of primary care or hospital outpatient/emergency services is significant, contributed to by high rates of motor vehicle injury.

This combination of factors makes the West Coast one of the most challenging and expensive areas in New Zealand for any public or personal health service to be delivered. In particular, the small and dispersed population of the West Coast limits the economic viability of secondary level health services.

In general, secondary health services need a minimum capacity for safe and effective operation, and this level usually exceeds the level justified by the West Coast's population and the level for which the West Coast DHB receives government funding.

This problem is exacerbated by the isolation of the West Coast District from other centres providing secondary and tertiary level care; the level of care provided by the West Coast DHB is higher than it might otherwise be to account for the inaccessibility of services in other centres due to distance and, on occasion, weather.

A consequence for the West Coast DHB is that secondary services effectively need to be subsidised by resources that might otherwise be available for public and primary health services. This sits at odds with the Government's intentions for health services in New Zealand, and the West Coast DHB looks forward to the opportunity to develop appropriate solutions in collaboration with the Ministry of Health.

3. POPULATION PROJECTIONS

Statistics New Zealand project population for areas within New Zealand by age, sex, ethnicity and deprivation, based on different combinations of fertility, mortality and migration assumptions.

Population Changes between 2006 and 2021

According to statistics from Statistics New Zealand, the population of the West Coast is expected to decline 10% between 2006 and 2021:

Table 1	**2006**	**2011**	**2016**	**2021**
Total population	30,300	29,430	28,440	27,380
% change from 2006	-	-2.9%	-6.1%	-9.6%

Age-Structure

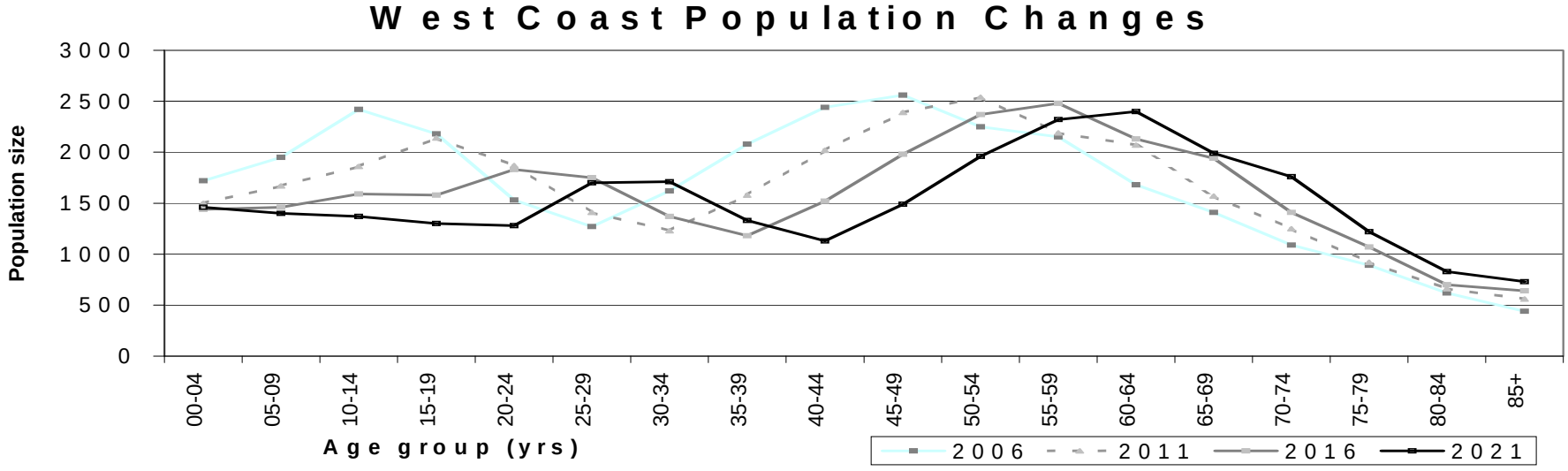
The West Coast has an ageing population, with 13.5% of the normally resident population at the last census being 65 years and over, compared with 12.1% for New Zealand. This trend however, is not experienced for the Maori or Pacific population on the West Coast. While there is some regional variation between TLA approximately 40% of the Maori

population usually resident on the West Coast are under 15 years of age. Further 36% of the Pacific Island population is aged 15. In comparison only approximately 20% of the remaining population are under 15.

Between 2006 and 2021 it is predicted that significant changes will be seen in the district's age-structure. It is predicted that there will be a 31% *decrease* in people aged under 15 years, a 24% *decrease* in people aged 15-44 years and a 28% *decrease* in people aged 45-64. Additionally, an increase of 47% is expected in the population aged 65+.

- A 47% *increase* in people aged over 65 years

Age group	2006	2011	2016	2021	Change in population
<15	6090	5030	4490	4230	31% decrease
15-44	11120	10250	9230	8450	24% decrease
45-64	8640	9190	8960	8170	28% decrease
65+	4450	4960	5760	6530	47% increase



Gender Balance

The West Coast population is also projected to experience shift in gender predominance. These shifts are expected to be variable, with the most significant change being an increase in the proportion of men in the over 85 age group.

Age group	2006	2011	2016	2021
Male	15,020	14,580	14,100	13,600
Female	15,280	14,850	14,340	13,780

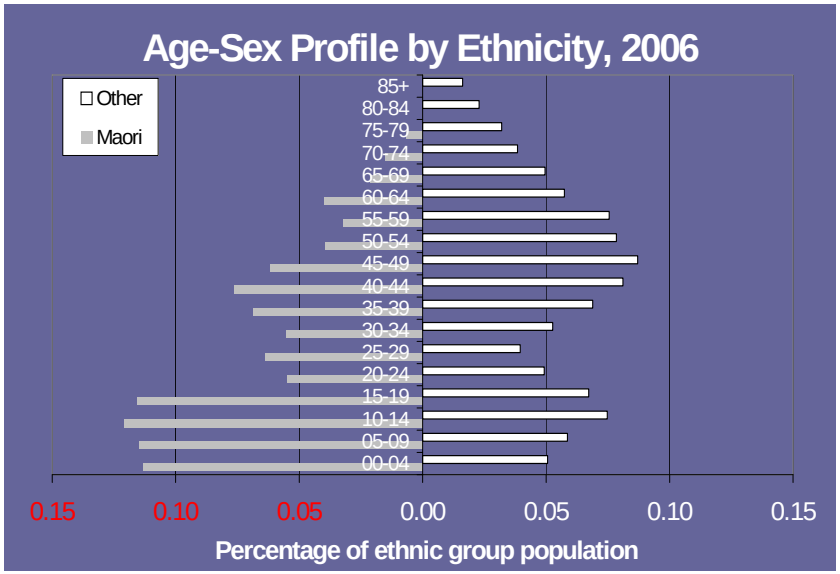
Ethnicity Changes

Data from the 2001 Census shows that approximately 9% of the usually resident West Coast population identify as Maori, compared with a National Average of 14.5%. Additionally the Coast has a very small Pacific Island and Asian population with less than 1% of the usually resident population identified as Pacific Island people compared with 6.5% of New Zealand as a whole.

It is predicted that The West Coast will become increasingly ethnically diverse. By 2021 it predicted that Maori will represent 13% of the total population, an increase in the Maori population of 1%. The Pacific population is also predicted to increase, but will continue to account for less than 1% of the total population.

Ethnic group	Year			
	2006	2011	2016	2021
Maori	2978	3151	3311	3487
Other	27174	26116	24927	23691
Pacific	148	163	203	203
Total	30300	29430	28440	27380
% change in Maori pop from 2006		5.8%	11.2%	17.1%

The main reason for the huge growth in the Maori population, both in real numbers and proportionately, is due to the young age-structure of the Maori population (See graphs below).


Age-Sex Profile by Ethnicity, 2006
Other
Maori
85+
80-84
75-79
70-74
65-69
60-64
55-59
50-54
45-49
40-44
35-39
30-34
25-29
20-24
15-19
10-14
05-09
00-04
0.15
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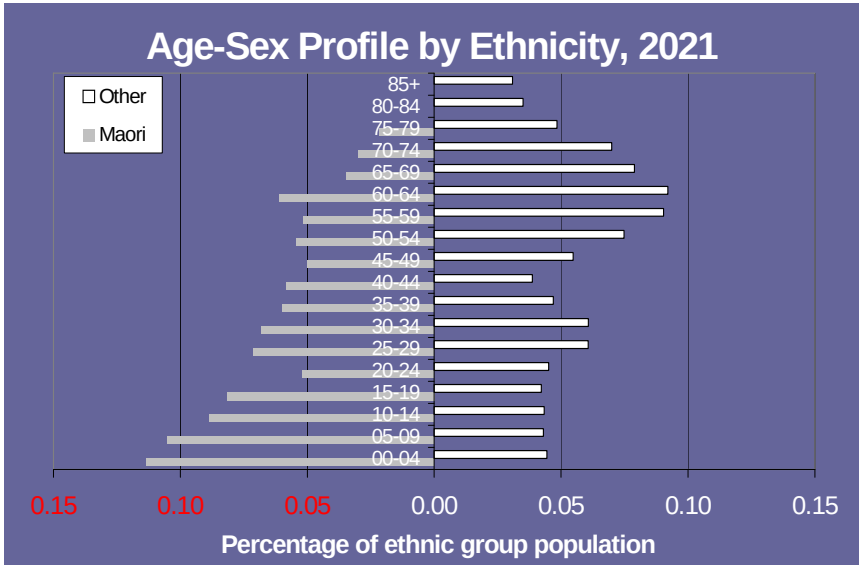
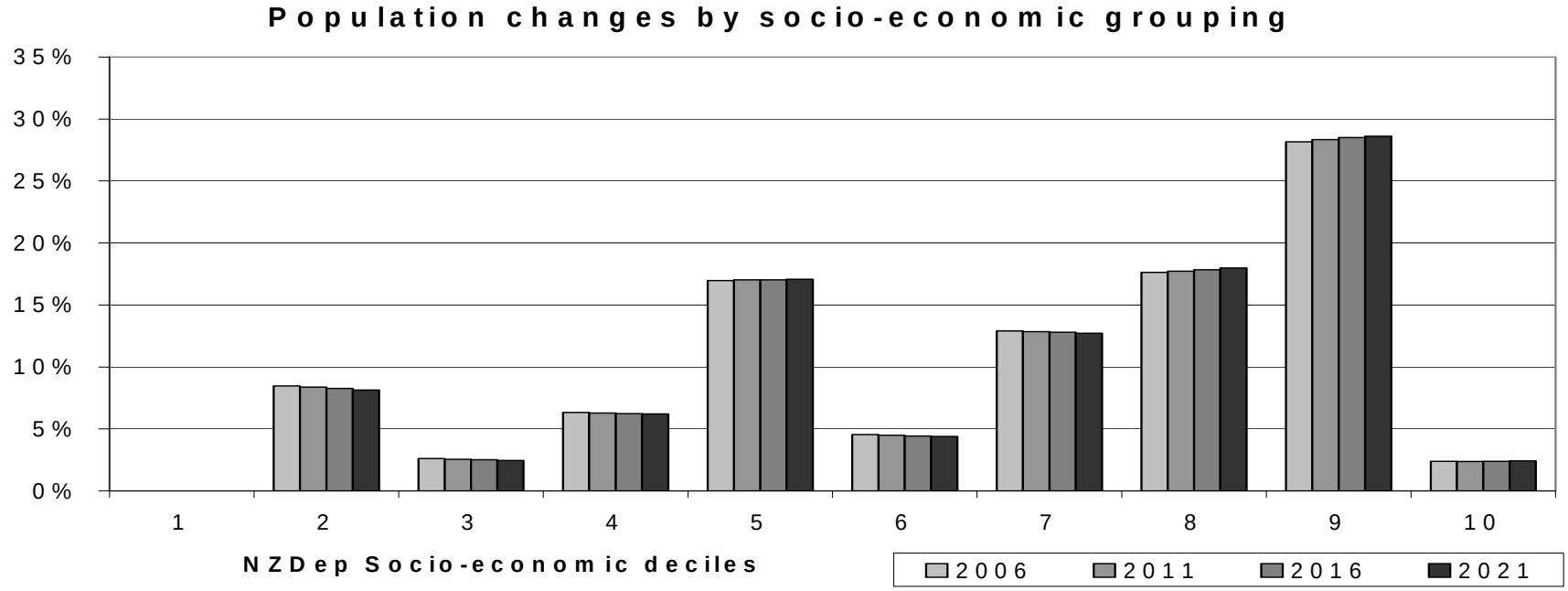
0.10
0.15
Percentage of ethnic group population


Age-Sex Profile by Ethnicity, 2021
Other
Maori
85+
80-84
75-79
70-74
65-69
60-64
55-59
50-54
45-49
40-44
35-39
30-34
25-29
20-24
15-19
10-14
05-09
00-04
0.15
0.10
0.05
0.00
0.05
0.10
0.15
Percentage of ethnic group population

Socio-Economic Diversity

The West Coast population is a deprived population, with approximately 50% of the population living in NZ Dep 8, 9 and 10 areas. Statistics New Zealand forecast a very slight worsening of socio-economic status for West Coasters by 2021.



In 2021, 35% of West Coast Maori will live in an area considered to be a NZDep decile 9 or 10, compared to 30% of non-Maori, non-Pacific people and 37% of Pacific people.

Geographic Distribution

The West Coast DHB Area falls neatly within three territorial Authorities, with approximately a third of the population residing within the Buller (9,627), Grey (12,891) and Westland District (7,773) authorities. Approximately 50% living in one of three main towns, Westport (3,783), Greymouth (9,528) and Hokitika (3,087).

The West Coast has a large number of small towns & approximately 41% of the West Coast population lives rurally, which is considerably higher than the national average of 15%.

Geographic distribution of the population is expected change. By the year 2021 the Buller district will experience the biggest population decline, followed by the Grey and Westland Districts respectively.

TLA	2006	2021	% population change
Buller	9,600	8,500	-14%
Grey	12,900	11,700	-11%
Westland	7,900	7,200	-10%

All three TLAs will experience a decline in younger age group, with an increasing number of over 65 year olds.

(Projections are not possible by ethnicity at the local authority level due to small numbers).

4. OUR HEALTH NEEDS ANALYSIS

Our Health Profile

Life expectancy

Life expectancy on the West Coast is lower than the life expectancy for New Zealanders generally, with West Coast females expected to live until they are 79.2 years and males until the age of 73.8 years.

Leading Causes of Mortality and Morbidity

The mortality rate for the West Coast is 918 per 100,000, compared to New Zealand's mortality rate of 745 per 100,000. Heart disease is the leading cause of mortality for both male and female West Coasters. Non-Maori on the West Coast have higher heart disease prevalence than the national average, Maori men on the Coast have a much lower rate than their counterparts in New Zealand. Maori males have a statistically significantly lower rate of hospital admission for cardiovascular disease. Maori females on Tai Poutini have much higher mortality rates for Ischemic Heart Disease, but lower hospitalisation rates compared to the New Zealand average. The overall stroke mortality on the West Coast is lower than that of the South Island and New Zealand.

Cancer is the second leading cause of mortality on the West Coast, although there are no significant differences in cancer *prevalence* on the West Coast compared to the whole of New Zealand. Maori on the West Coast have substantially higher cancer *mortality* rates than the national average, in particular, Maori women have much higher breast cancer mortality rates than their South Island and New Zealand counterparts. The West Coast does not exhibit the same pattern of increasing mortality with increasing deprivation as seen in New Zealand.

Respiratory illnesses are the third major cause of mortality for West Coasters. Social and environmental factors such as exposure to cigarette smoke (both second-hand and by cigarette smoking), occupational exposure to dusts, and possibly outdoor air pollution are factors in the incidence of a range of respiratory disease conditions. West Coast Maori males have a markedly higher lung cancer mortality rate than their South Island and New Zealand wide counterparts. While the incidence of asthma in the children and young people of the West Coast does not compare unfavourably with the

incidence nationally, asthma is still one of the leading causes of hospital admission for children and young people New Zealand wide.

Diabetes, especially Type II diabetes is a significant cause of morbidity, and it's contribution to mortality rates are is likely to be underestimated. The Ministry of Health estimates that there are just over 900 people with known diabetes living on the West Coast. In 2003, 561 received an annual check, 24% of whom had poor glycaemic control, 75% received a retinal screen and 15% of whom smoke.

Mental illnesses are also a significant cause of morbidity on the West Coast. It is estimated that one in five New Zealanders will suffer from a mental illness at some time of their lives, with the majority of these experiencing, anxiety, depression and alcohol and other drug dependence. More than 3% of the total population West Coast population are treated each year by secondary mental health services, the total for Maori in 2003 was 5%, particularly significant given that the majority of service is provided in primary care. Mental illness is also a significant cause of mortality, there were 37 suicides on then West Coast between 1996 and 2000, and in 2004 90% of deaths in the 15-24 year age group were the result of injury or suicide.

Dental disease is the most prevalent chronic condition affecting West Coasters. Only 40% of West Coast older adults have at least one of their own teeth remaining (dentate). 80% of all adults on the West Coast are dentate. Child oral health has not been improving on the West Coast, or in New Zealand, in recent years and may even be worsening. Dental procedures are the leading reason for hospital admissions for children aged 2-12 years on the West Coast. No household on the West Coast receives optimally fluoridated water.

Injuries are a further significant factor, the main causes of hospitalisation for injury on the West Coast are falls and motor vehicle traffic crashes. The main causes of injury fatalities are self-inflicted and motor vehicle traffic crashes with 19% of motor vehicle traffic crashes on the Coast involving tourists.

There is a lack of data available about violence in the West Coast communities, what is known is that between 1996 and 2000 there were 33 injury hospitalisations on the West Coast caused by assault, the majority involving males. In 2003/04 there were 356 violent offences on the West Coast, a 12.3% increase from the year before.

The main environmental issues affecting health status in the West Coast region are substandard water supplies, air quality, sewage disposal, and solid waste and hazardous waste disposal.

Lifestyle Factors

The leading causes of mortality on the West Coast, Ischemic Heart Disease, Cancer, and Respiratory Disease all illnesses to which lifestyle factors are a significant contributor.

Lifestyle factors contributing to morbidity and premature mortality on the West Coast include smoking, nutrition, physical activity and Obesity. The 2002/03 New Zealand Health Survey (NZHS) estimated that 25% of the population are smokers. Males are more likely to smoke than females, except for the Maori population where 47% of females smoke. The ASH survey of Year 10 students has charted a steady decrease in the number of 14-15 year olds on the West Coast who smoke daily (12% in 2004), and an increase in those who have never smoked (39% in 2004), however, exposure to second-hand smoke in the home continues to cause concern. Smoking is estimated to cost $2.5 million dollars in hospitalisations each year on the West Coast.

Obesity rates on the West Coast are estimated from the NZHS; 57% of the West Coast population is thought to be overweight or obese, with 34% being overweight. Males are significantly more likely to be overweight, but the difference between men and women when considering obesity is not significant. West Coast children are less likely to be overweight than their New Zealand counterparts.

Just over half of all West Coasters are physically active for half an hour or more on more than five days per week according to estimates from the NZHS. There are no statistically significant differences by gender or ethnicity. Just over one-third of school children on the Coast actively travel to school at least six times in the last 10 occasions.

Lack of good nutrition is also a contributor to morbidity and premature mortality. The NZHS found that 40% of the population reported consuming five or more servings of fruit and vegetables daily (two or more of fruit and three or more of vegetables). However, little else is known specifically about nutrition for the West Coast, but given the low incomes and relative difficulty of bringing food to the district, to accessing healthy and nutritious food is likely to be an issue.

Priority Population Groups

Population groups on the West Coast that have been identified as priority populations are Maori, older people, children, youth, and long term mental health users.

Maori

Almost every health indicator describes a state of poor health for Maori, and while this inequality is not as marked on the West Coast as is elsewhere in New Zealand, this is mostly due to the overall poor health status of the non-Maori population and not because of improved health outcomes for Maori.

Older people

The (ill-)health of older people will become increasingly more significant in future years, with a 47% increase in the number of people aged over 65 years residing on the Coast. There are very few Maori in the over-65 age group and a greater proportion of women. Many older people live alone, especially in the Buller district. 7.54% of the West Coast older population live in residential care. Fewer older people own their own home on the Coast than elsewhere in the South Island. Heart disease and cancer are the major causes of admission to hospital for older people. The West Coast has a significantly higher number of hospital admissions for people aged over 65 years between 1998/99 and 2000/01.

Children

Child Heath has also been identified as a population priority because West Coast children have poorer health outcomes that their counterparts in other parts of the country and because the leading causes of admissions to hospital are preventable, namely tooth decay, injuries and respiratory infections. Vaccination coverage also appears to be low, although currently data quality is poor.

Youth

Injuries are the leading cause of morbidity and mortality for youth aged 12-24 on the West Coast, the leading injuries being motor vehicle accidents, self harm/suicide and falls. Suicide continues to be an issue While youth suicide rates have continued to fall it is still the leading cause of death from injury in 19-24 year olds (50%) and the second highest leading cause in 15-18 year olds (9%).

Nationally young people aged 12-24 have, high rates of mental illness, alcohol and drug uses and abuse, suicide and suicide attempts, and sexually transmitted infection, when compared to other age groups. Unplanned pregnancies are also an issue with an estimated 60% of pregnancies to women under 25 were unintended, which would suggest that on the West Coast 51 babies born to women under 25 in 2003/04were unplanned

Long term Mental Health Users

Overall mental health service users are sicker and die younger than the general population, experiencing considerably poorer physical health status, with increased rates of morbidity and mortality than the general population, despite service users visiting the GP at least as often as the general population.

Reasons for this include iatrogenic illness (harm caused by medical intervention), exposure to risk factors, the lack of a clear statement of responsibility for service users physical health care, as well discrimination. West Coast Service Users also cited barriers to access primary health care as a contributing factor to overall poorer health stratus.

7. ACCESSIBILITY OF SERVICES

The West Coast DHB Health Needs Assessment reports that the West Coast has lower rates of registered allied health professionals, dentists, pharmacists, General Practitioners, medical specialists and midwives per capita than the rest of New Zealand, with the exception of dieticians. However, the West Coast has more registered and enrolled nurses per capita than the national average and the highest amongst South Island DHBs.

The West Coast Primary Health Organisation was established on 1 October 2002 and is interim funded, providing reduced access fees for under 25 year olds and over 65 year olds.

76% of West Coast eligible women have been screened for breast cancer. The BSA screening rate for eligible wahine is 70%. Screening rates for cervical smears are much lower for Maori and Pacific women than for European/Other women. The total cervical screening rate is 57%.

Acute hospital discharges outnumber elective discharges consistently each year, occurring at about twice the rate. Day cases were around 25% of all cases in 2002/03. West Coasters have higher rates of access to surgical services than the rest of the nation. Access to surgical services for Maori has improved on the West Coast in recent years, although this could be a reflection of improving ethnicity data collection.

Ambulatory sensitive and population preventable hospitalisations on the West Coast have been increasing over recent years. Both women and men in the most deprived quintile experience almost twice the risk of both population preventable and ambulatory sensitive hospitalisations compared to those in the least deprived quintile.

Community and Public Health (CPH), a branch of the Canterbury District Health Board, provide public health services on the West Coast. Health protection issues addressed by CPH include food safety, drinking water, shellfish and hazardous substances. Health promotion activities include smokefree, nutrition, physical activity, youth health and alcohol.

8. COMMUNITY OUTCOMES AND PRIORITIES

As part of developing the District Strategic Plan the West Coast DHB needs to review its vision statement. It's difficult to cast our minds forward to 2015 and anticipate changes in disease patterns and the technology available to make a difference in health. Government policies will also change in that time. What we can do, however, is to make some broad statements about what we want to have achieved by then.

If we have been successful:

- West Coasters will be as healthy as possible - physically active non-smokers, who abstain from recreational drug use and gambling, eat a balanced diet and consume alcohol only in moderation.
- Maori in Te Tai o Poutini will enjoy the same high health status as non-Maori.
- All West Coasters will have affordable and equitable access to health services near where they live which they can contact directly for diagnosis, treatment and referral to specialised services, if necessary.
- West Coasters will have access to specialised medical and surgical services at least as quickly as other New Zealanders with similar need and provided as close to where they live as possible, given the money available.
- There will be a meaningful commitment to the idea of "children are the future" with a range of coordinated services to keep children well and safe, and to intervene as early and effectively as possible to deal with any problems that arise.
- We will be working in partnership with local Government and other organisations to ensure that the physical, social and cultural environment that West Coasters live in promotes health, inclusion and participation in society and maximises the independence of people living with disabilities.
- As West Coasters become older they will have access to services that will help them remain in their own homes for as long as possible, and then to continue to live in or near their communities to the extent that resources allow.

Achievement of this vision will require commitment and collaboration from many organisations and individuals and will face considerable obstacles, not least of which will be the money required.

9. THE STRATEGIES FOR ACHIEVING THESE OUTCOMES

Priority Population Groups

Maori Health

Maori on the West Coast make-up approximately nine percent of the population and, as elsewhere in New Zealand, their health statistics are poorer than those of non-Maori West Coasters. In the life of this strategic plan the population of Maori on the West Coast will increase as a proportion of the whole population, with a big increase in the proportion of children who are Maori, but also a significant increase in the number of Maori over the age of 65.

The West Coast DHB acknowledges the special relationship between Maori and the Crown in response to the Treaty of Waitangi and is committed to fulfilling its responsibilities as an agent of the Crown within the context of the New Zealand Public Health and Disability Act 2000 and in accordance with the principles of partnership, protection and participation.

Through the Maori Health Plan, the DHB aims to strengthen the delivery of health services accessed by Maori and reduce associated health inequalities so that Maori enjoy the same high health status as non-Maori. This Maori Health Plan is a local implementation plan for the Government's Maori Health Strategy: He Korowai Oranga, and focuses on collaborating with other sectors to improve Maori health, developing Maori health services and ensuring that 'mainstream' services are responsive to the needs of Maori.

Particular focuses for West Coast DHB over the next 5 – 10 years will be:

- Developing stronger relationships with the two Papatipu Runanga of Tai Poutini;
- Developing the capacity of Maori health service providers;
- Ensuring that the services of Maori health service providers are available to all Maori on the Coast;
- Ensuring that 'mainstream' health services are provided in ways that are respectful of Mäori beliefs and values;
- Implementing a Maori workforce plan to increase the number of Maori working in health professions in Tai Poutini.

- Working with agencies in other sectors to collaborate on issues that will improve Maori health.

In 2005 the two Papatipu Runanga have taken the initiative to create a new entity, Te Tatou Pounamu, as a forum for the relationship between Runanga and West Coast DHB. This body will also include mandated representation from Nga Mataa Waka and will be a critical contributor t othe future health and well being of Maori in the District.

Child Health

West Coast DHB is in the early stages of developing a child health plan. The immediate priorities for the West Coast are the improvement of our immunisation rates and the implementation of the Government's Meningococcal B vaccination programme.

Specific actions to improve child health status will be identified through the development of the child health plan, and will range from health promotion through to integration within and between primary and secondary services.

Areas for focus over the next 5-10 years are likely to be:

- Creation of a West Coast culture supportive of breastfeeding;
- Maintaining vision and hearing testing;
- Improved health promotion for children;
- Better information collection, especially by ethnicity;
- Better connection between services.
- Addressing issues of child abuse, including neglect.

Youth Health

The West Coast DHB is currently developing a youth health plan, addressing the health needs of the 15-25 year olds residing in the region. Specific actions for improving youth health are being developed around youth set priorities – these include:

- Sexual Health
- Mental Health
- Drugs
- Family Violence
- Alcohol
- Smoking

The Health of Older People

West Coast DHB's focus will be on progressively implementing the outcomes of the West Coast Improving Services for the Elderly (WISE) project, which are accessible through the DHB's website. The project aims at keeping people well and able to live in their own homes for as long as they wish, through improvements right across the spectrum of health services. This includes the development of a community coordinating centre to provide a single point of referral, comprehensive needs assessment and coordination of all clinical and support services for older people. An additional focus is on developing individualised care packages for older people with more complex needs.

Related to (but in some cases distinct from) the health of older people, continued implementation of the West Coast DHB's Disability Strategic Action Plan will ensure the principles of the New Zealand Disability Strategy become a reality on the West Coast.

Improve the Mental Health Status for those with a severe or enduring mental illness.

The West Coast has excellent mental health services, given the size of our population. The next 5-10 years should see these consolidated through:

- An improved range of rehabilitation services.
- An increase in resources available to alcohol and drug services through service reconfiguration.
- Appropriately configured recovery based specialist mental health services meeting consumer needs and benchmark guidelines.

In addition to the focus on secondary mental health services the West Coast is committed to enhancing and strengthening Primary Mental Health (including Alcohol and Other Drug) Services, Improving the integration between Primary and Secondary Care, Creating Mentally Health and Supportive Communities and Improving Access to Primary Mental Health Care. Strategies to achieve this over the next 5 years are outlined in the WCDHB Primary Mental Health Strategic Plan.

10. HEALTH SERVICES PRIORITIES

Public Health

The West Coast DHB is not the funder or provider (generally) of public health services on the West Coast. Rather the Ministry of Health funds Community and Public Health and a number of other Non-Government Organisations (NGOs) to provide a range of services. Nonetheless, public health activities probably have greater potential to improve health status and reduce inequalities in health outcomes than treatment services, and West Coast DHB has a very strong interest in these services.

Broadly speaking, the DHB's approach is to work with Community and Public Health to prioritise and plan the services that are provided here and, as the largest employer on the Coast, to take a lead in role modelling health promotion.

Particular emphasis over the next 5 – 10 years will continue to be placed on:

- Reducing the prevalence of smoking on the West Coast, through continued work around smokefree environments (West Coast was the first smokefree DHB in New Zealand) and improved access to smoking cessation services.
- Improving the foods we eat through better information available in the community, implementation of the government's Health Eating, Healthy Action (HEHA) Strategy and adoption of a healthy foods policy by the DHB itself.
- Encouraging all West Coasters to become physically active through implementation of the HEHA strategy, working in collaboration with other organisations in Active West Coast, promoting the Green Prescription scheme in primary care and continuing to take a lead in the promotion of physical activity by employers.
- The West Coast DHB will be working in partnership with local Government and other organisations like government departments, schools, Tai Poutini Polytech and the West Coast Development Trust to ensure that the physical environment that people live in promotes health and maximises the independence of people living with disabilities.
- West Coast communities will provide support and a sense of belonging and value for all their members, and will be active in seeking to improve health status.

- The promotion of Mental Health and Wellbeing
- The promotion of Sexual Health and Wellbeing

Collaboration Between Sectors

With so many of the factors that influence health status lying outside the health sector it's essential that the West Coast DHB seeks the help of a wide range of other organisations to take action to improve health. Fortunately there is a growing recognition of the need for cooperation in other sectors too, including the recent focus in local government on setting and monitoring outcomes wanted by communities right across the spectrum.

West Coast DHB intends to take a lead in initiating and sustaining processes for organisations to work together, and within 5-10 years expect to see meaningful collaboration to improve health status, particularly in the area of reducing inequalities in health.

Community Action for Health

One of the most powerful ways of improving health status is for communities to take an active interest in health problems and to develop their own solutions to these. The West Coast, with its strong and functional communities is well positioned to take advantage of this.

Over the next 5 – 10 years the West Coast DHB will foster and support 'healthy communities' initiatives, such as the Healthy Inangahua Project.

Primary Healthcare

Primary health services are those that people can access directly without having to be referred by another health professional. Examples are general practice services, rural nurse services, dentistry and pharmacy. The West Coast DHB regards progress in this area as fundamental to achieving health gain on the West Coast.

West Coast Primary Health Care Plan

The West Coast DHB is currently consulting on a Primary Health Care Plan, to comprehensively address the work that needs to be done on the West Coast over the next 5 – 10 years. The objective of this plan is to substantially outline what West Coast DHB intends to do to achieve its goal of being the "centre of excellence" for rural health services in New Zealand. The plan will also provide strategic direction for how the West Coast DHB is intending to implement the Government's Primary Care Strategy

In addition to the Primary Care Plan the West Coast DHB has developed a Primary Mental Health Strategic Plan, to be implemented over the next five years. The plan sets the strategic direction for developing responsive mental health services which flows through promotion/prevention – primary care - early intervention - secondary care and rehabilitation across all diagnosis and severities. As well as addressing the physical health needs of long term mental health service users.

West Coast PHO

Central to the Government's Primary Care Strategy are Primary Health Organisations (PHOs), which are to become responsible for meeting the health needs of the people who enrol with them. The West Coast PHO is now nearing the end of its initial establishment and consolidation phase, and is beginning to provide a range of new services not previously available on the Coast, such as retinal screening for people with diabetes, smoking cessation and brief mental health interventions.

Key directions that the West Coast DHB will be seeking from its relationship with the PHO over the foreseeable future will be:

- A clear strategic direction for the PHO incorporating a sustainable framework for primary care services;
- A teamwork approach to the provision of primary care that incorporates the best use of skills from a range of different professionals such as nurses, doctors and pharmacists;
- A meaningful relationship between the PHO and the communities of the West Coast, so that communities feel that the PHO is working for them;

- Activities by the PHO intended to keep people well in the first place, to reduce the need for treatment services;
- Substantial contribution to the improvement of Maori health;
- Involvement of all primary care providers on the Coast;
- Services provided for all West Coasters.

Workforce issues

The recruitment and retention of GPs, along with other primary care professionals, is a particular focus in discussions of primary care, and is substantially addressed in the WCDHB Primary Care Plan. Without these professionals the service cannot be provided. Problems with recruitment and retention are, international ones and have been around for a considerable period of time. There will need to be an ongoing focus in this area in the 5-10 year timeframe.

Areas in which the West Coast DHB is actively working currently are:

- Involvement in training programmes, with investigation of scholarships for local young people looking at health careers, involvement in the University of Otago undergraduate programme for medical students and development of a programme to train rural GPs at postgraduate level.
- Attractive remuneration packages. The West Coast DHB has recently increased the salaries available to fully trained GPs it employs. Other worthwhile incentives are also being investigated by the DHB and by communities.
- Real time off. Health professionals need time which is truly available for their own use, rather than being on call.
- Peer support
- Opportunity to be involved in innovative ways of providing services.
- Addressing the training and education needs of Primary Care providers in the delivery of Primary Mental Health Services, through the development if a Mental Heath Training Plan and the establishment of a Mental Health and Alcohol and Other Drug Liaison Worker.

The West Coast is fortunate to have a network of specialist rural nurses, who are highly skilled and an essential link between the community and secondary health care. The development of primary care needs to ensure that the full capacity of these nurses is made available to improve community health.

Information Technology

The West Coast DHB has developed the Primary Integrated Systems Management (PrISM) project, which uses computers to allow doctors and nurses to access test results and patient records no matter where the patient is seen. For example in South Westland the rural nurse specialists play a vital role in front line care but patients may also visit a doctor or the hospital and it would benefit everyone (particularly the patients) if the health professionals all had access to the same records.

The main advantage will be increased continuity of care through better access to patient information. It also allows patients who live in one part of the region to be seen by a health professional in another part of the West Coast without having to retell their medical history or have repeated tests, for example. Strict privacy rules will be put in place to ensure that confidentiality of patient records is maintained.

The project will also include the Maori community with a site located at the Bruce Bay Marae, Te Tauraka Waka a Maui, and a mobile site based on Te Waka Hauora, the mobile health service provided by Rata Te Awhina Trust.

While this project has been initially made available in services operated by the WCDHB provider arm, our intention is to make the service available to independently owned services also.

The West Coast DHB is also in the process of implementing a new Patient Information and Clinical Information system for its secondary care services. This will be integrated with PrISM so as to create a complete electronic health record.

Secondary Services

Specialised Medical and Surgical Services

Through good primary health care we hope that many people can avoid a stay in hospital, but from time to time some of us will need to use the services of the region's base hospital.

Grey Base Hospital continues to act as the major health provider of specialised medical for the West Coast. The hospital provides, Surgical, Accident and Emergency services, Allied Health services (including Occupational Therapy, Physiotherapy, Social Work, Dietetics and Speech Language Therapy), Mental Health Services including Child and Adolescent Mental Health, and Maternity Services.

There are no plans to reduce services that are currently available to West Coasters, but it may become more difficult to sustain existing services as health care becomes more specialised (and professionals develop a higher degree of skill in a narrower field, meaning that more professionals will be needed to provide the full range of services).

The West Coast DHB will develop a plan for specialised services that includes a blueprint for exactly how we can ensure access to these services for West Coasters into the future. This plan will involve closer collaboration with other DHBs.

The West Coast DHB remains committed to the basic principles of the elective services policies of clarity, timeliness and fairness. To this end, the DHB is committed to achieving the Governments policies for Elective Services within available resources, in the areas of:

- Patient Flow Management – compliance with the Elective Services Patient Flow Indicators (ESPIs) to ensure they are achieved and maintained.
- Level of Service – Elective volumes will be maintained and areas of comparative under-provision (as indicated by standardised discharges ratios) will be reviewed and addressed.

- Order of Services – Prioritisation processes will be monitored to ensure that people are being consistently prioritised and then receiving service in accordance with the priority assigned.

This commitment is further detailed in our District Annual Plan and will be updated in that plan each year.

It is acknowledged that achievement of these goals will be a challenge, both in terms of maintaining adequate physical and financial resourcing, within a shrinking residential population placing additional demands on local services.

Broadly speaking the population will be smaller but older, with consequent increase in admissions for older adults. This may be balanced by shorter stays and reduced admissions resulting from new technology, better discharge planning and improved services in the community. Increasing tourism numbers will increase demand for some particular services, particularly accident and emergency services.

Secondary Care Plan

The West Coast DHB is currently developing, a Secondary Care plan. This work is looking forward to the shape of Secondary Care services by the year 2021, by which time an overall decrease in the total population of 9.6%, and significant increase in the age and ethnic profile is expected. This, among other changes to the demographic profile of the resident population and trends in tourism, will impact on service provision.

The ageing population's increasing health needs, will likely Increase demand for long stay hospital beds, dementia services, AT&R inpatient, outpatient and domiciliary service. An increase in tourist numbers will Impact on A+E services, orthopaedics, and emergency air evacuation transfers. Additionally, Any service changes / bed closures at Buller or Reefton Hospital will slightly increase demand on beds at Grey Base Hospital in terms of average occupancy.

Secondary Service Projections

Hospital admissions are projected to increase in the lead up to 2011 (but only by around 500 out of around 6000 admissions) and then begin to decline again. For example, cancer hospitalisations are predicted to peak in 2011 at 448 admissions and then fall to 327 admissions by 2021 (which will represent a reduction on current level).

Length of stay is predicted to increase with a significant increase in the length of stay of those aged 75+ particularly in admissions for Diabetes (from 4000 days stayed to over 5500 days stayed) and heart disease by 1000 days (excluding Ischemic Heart Disease)
Elective day surgery rates are currently at around 42% of all elective surgeries, and are expected to increase to approximately 50%.

Staffing Risks

It is anticipated that worldwide there will be increasing difficulties in recruiting and retaining GP's and Specialists (especially with the trend toward increased specialisation within surgical services). On the Coast, it is anticipated that there will be an increased reliance on visiting gastroenterologists, ENT, ophthalmologists and urology specialists to undertake surgery, as well as outpatient services, for many things that are currently provided by general surgeons; with a likelihood that these specialists will visit on weekly/fortnightly rotation.

This pressure may be eased with current Collegial moves to refocus vocational training and making general surgery more attractive as of a sub-specialist service in its own right, to attract more doctors to take on general surgery as a preferred career path (rather than moving into only one branch of surgery).

Impact of Clever Technology:

- Increased use and reliance on telemedicine / tele-presence for surgery, medicine and paediatric care (and mental health to a lesser degree) via telephone/internet and satellite connection.
- Improvement in pharmacological technology will have impacts in terms of increased drug expenditure and reduced morbidity.
- Electronic patient information systems will potentially reduce unnecessary referrals and improve coordination resulting in improved productivity.
- Reduced length of stay with new (less invasive) techniques and improved medications.

10. ADDITIONAL FOCUSES FOR THE NEXT 5 – 10 YEARS

Chronic diseases

A major focus for the next few years for the West Coast DHB will be reducing ambulatory sensitive admissions by improving the management of chronic diseases (notably diabetes, cardiovascular disease, respiratory disease and cancer). Efforts will revolve around improving the connections between the different parts of the health sector and by improving the performance of each: prevention of disease, early diagnosis, good management in primary care (especially self management) and excellence in specialised medical and surgical services. We believe that this approach will not only produce really significant health gain for a large section of the community, but also free up resources to improve health services generally.

2005 will see the roll-out of WCDHB's integrated service planning for diabetes, and this will be used to form a template for progressive improvement in chronic disease management through the development of a comprehensive strategy for chronic disease management

Oral Health

The West Coast has amongst the worst oral health status in New Zealand, and has been a particular focus of the West Coast DHB. This focus will need to continue over the 5 – 10 year lifespan of this plan.

Particular activities include:

- Increased use by adolescents of free dental services.
- Increased use by older people of dental services.
- Fluoridation of drinking water supplies on the West Coast (probably the single most effective measure).
- Enhanced mobile dental services.
- Consideration of new dental services for low income adults.

12. RISK MANAGEMENT STRATEGY

A number of issues and risks have been identified throughout this plan. In order to ensure that the West Coast District Health Board will be successful in the implementation of the District Strategic Plan, it has identified key potential risks to the achievement of the Plan and has developed ways of reducing the likelihood of these risks occurring as follows:

Geographic Isolation

Risk
The spread and relative isolation of the West Coast population means that the minimum capacity for a safe and effective operation required by the secondary health services exceeds the level justified by the population size and Government funding
Mitigation Strategies
The West Coast DHB is currently working with other DHB's to develop innovative means of providing the safe and effective secondary health services, as well as developing other funding solutions with the Ministry of Health.

Recruitment of Staff

Risk
The West Coast DHB is experiencing increasing difficulties in recruiting trained healthcare professionals, in particular GP's and Specialists.
Mitigation Strategies
The West Coast DHB is currently developing an innovative recruitment and retention strategy for it's entire workforce. It is also forging and formalising links with Canterbury DHB and Otago University School of Medicine with regards to medical student and House Surgeon training.

Increasing Costs of Industrial Relations

Risk
As a funder of health services, the West Coast District Health Board faces the prospect of increasing remuneration costs as various collective employment agreements are settled, and various groups seek pay equity with those groups whose employment agreements have already been settled.
Mitigation Strategies
The West Coast DHB has it's own Workforce Plan which includes industrial relations criteria. The West Coast DHB also communicates it's availability of resources and constraints to all stakeholders, as well as exploring options for non-financial incentive schemes and mechanisms to support retention of staff.

Inability of the West Coast DHB to Change Unhealthy Lifestyles

Risk
While acknowledging that unhealthy lifestyle choices are impacting on the health of West Coaster's, the West Coast DHB acknowledges that despite putting treatment services and various intervention strategies in place, the West Coast DHB will not be able to successful unless individuals take responsibility for their own health.
Mitigation Strategies
The West Coast DHB plans for cancer, respiratory, cardiovascular, diabetes, child and Maori health all have a strong healthy lifestyle component. The West Coast DHB will continue to promote healthy lifestyle options, and will support them wherever possible.

Changes To The Population Based Funding Formula

Risk
Any significant change to the current funding formula (which is calculated using a population based funding formula) will require the West Coast DHB to review it's financial plans and budgets and may require a change to plans for any new initiatives or expansion of existing initiatives.

Mitigation Strategies
Through it's involvement with DHBNZ and working with the Ministry of Health, the West Coast DHB will work with Government Policy makers to ensure that issues pertaining to the funding formula are taken into account and that any changes are equitable, and that sufficient notification is given of any changes so that the West Coast DHB can modify it's plans accordingly.

14. MANAGING FINANCIAL RESOURCES

Achieving Break-even

With a population of only 30,303 and a coast line that stretches almost the distance of Auckland to Wellington, the West Coast has the sparsest population in New Zealand (about 1/10 of NZ's average population density) and as such economies of scale are not possible and delivery of services within required specifications is more expensive than for other DHBs.

The West Coast DHB has been working with both the Ministry of Health and the Crown Financing Agency in order to establish an appropriate adjustment to baseline revenue so that financial management can progress with certainty and to allow resources currently utilised in requesting additional funding to be utilised in service improvement and identifying efficiencies.

As such, this DSP is based on the assumption that the Ministry of Health will continue to provide $2.7M (plus GST if applicable) of additional revenue to the West Coast DHB' "the West Coast Adjuster", in line with the approved District Annual Plan for 2005-06.

The West Coast Adjuster will be reviewed periodically in order to ensure that it remains appropriate for the West Coasts operating needs. This DSP assumes that changes in the West Coast Adjuster mirror changes in the West Coast DHBs operating costs, such that the DHB maintains breakeven financial performance.

The West Coast DHB has maintained cost growth within the Forecast Funding Track, such that, with the funding adjustment, this is the West Coast DHB's first ever break-even DSP.

PBF Implementation

According to the PBF model, the West Coast DHB is over funded by $14 million (20% of revenue after adjusting for IDFs). The scale of this figure suggests that the PBF model is not appropriate for the West Coast situation.

As part of the agreement to adjust our base funding to reflect the unique circumstances faced by the West Coast DHB, the Ministry of Health has agreed to treat the West Coast DHB's adjusted funding level as if it were at equity with Population based funding.

The West Coast Adjuster will be reviewed periodically in order to ensure that it remains appropriate for the West Coasts operating needs. This DSP assumes that changes in the West Coast Adjuster mirror changes in the West Coast DHBs operating costs, such that the DHB maintains breakeven financial performance.

The West Coast DHB is committed to managing cost growth within the Forecast Funding Track and so anticipates that it will maintain its break-even position into the future.

Managing within Budget

Within the break-even result forecast in this DSP, there are a number of inequities that will cause the DHB to continue to focus on the need to continue to make efficiencies, especially in respect to its provider arm activities.

The West Coast DHB funder arm is forecasting a surplus throughout the duration of the DSP. This surplus will not be used to fund health innovation, due to the need to offset the portion of the West Coast DHB provider arm deficit that persists, despite increased Government funding.

This represents a conscious decision by the West Coast DHB to self fund the remaining provider arm deficit, foregoing some of the benefits of being a DHB (increased flexibility and autonomy in health funding) in order to do so.

Readers can rest assured that the West Coast DHB does not intend to continue to deny its population this potential for new investment in primary health and so will continue to be actively engaged in the search for provider arm efficiencies in order to free up this funding.

Some key financial risks have been identified for future.

- The recent NZNO nursing "pay jolt" has raised wage expectations throughout the sector.
  - The West Coast DHB is actively managing the expectations of staff and their representatives so as to mitigate this risk.
- The early closure of Huia Villa (2004) has bought forward some of the savings predicated in the dementia unit business case. These efficiencies will be counteracted by increased infrastructure costs unless the West Coast DHB exits the Seaview hospital site as planned in the dementia project business case.
- West Coast DHB is currently exploring options for increased clinical collaboration with Canterbury DHB.
  - The West Coast DHB will work with Canterbury DHB to identify and explore all areas with the potential for shared gain through collaboration.
- It has been suggested that the West Coast DHB increase the level of medical cover in the accident and emergency, critical care and paediatrics areas at night, whilst also reconfiguring them in order to establish a "high dependency" area for after hours medical supervision.
  - The West Coast DHB will investigate the "high dependency" proposal during the 2005-06 financial year, in order to identify the exact costs and benefits that it encompasses.
- The West Coast DHB has a small provider arm, serving a population with diverse and changing health needs. As such, it relies on skilled generalist medical and surgical staff in order to provide a full range of services to its population.
  - Health professions are becoming increasingly specialised (decreasingly generalist) in terms of their training, the need access to resources and the need to conduct a minimum number of cases within sub specialty areas in order to maintain credentials. This increasing specialisation is driving the cost of recruitment and is eroding the pool of generalist medical and surgical staff available to DHBs.

- There is a risk that the value of West Coast Adjuster won't change over time in a way that matches the DHBs changing funding needs. This could lead to over funding or under funding depending on how the Adjuster and the DHBs operating requirements change over time.

Efficiency Gains

The West Coast DHB continues to look at efficiency gains, both individually and collaboratively with other DHBs and anticipates efficiencies will result in savings of 0.5%. We are also planning technology changes which anticipate a further savings of 0.5%.

Additional efficiency gains from the patient administration / clinical information systems project and the dementia unit project have also been included in this DSP.

Efficiency Initiatives currently being implemented by the DHB include;

- The closure of the Seaview Hospital site in Hokitika (no longer owned by WCDHB), with services to be re-located to a purpose built dementia unit in Greymouth.
- Referred Services gain sharing. The funder agreement with the West Coast PHO includes provision of a 50/50 split of any gains bought about through the management of referred services costs (through improvements in prescribing and referral patterns) with the West Coast PHO.
- All at once (stat) dispensing. The West Coast DHB will continue to work with the West Coast PHO and GPs on the West Coast in order to encourage a greater uptake of all at once (stat) dispensing of pharmaceuticals.
- Patient Charges – Overseas Pts, Meals on Wheels, Other Revenue. Over the past 12 months, the West Coast DHB has raised its charges and improved its collection of revenue in a number of areas that aren't directly funded by the Ministry of Health. These areas will continue to be an area of focus into the future.
- Reduced Advisory Meetings. The West Coast DHB has voted to trial a six-weekly board and advisory committee meeting schedule. (Increasing advisory committee meetings from two-monthly to six-weekly). While this

represents an increase in cost from 2-monthly advisory committee meetings, it is still an efficiency from the previous monthly-meeting cycle.

- Reduce Mental Health Sub Acute Bed Numbers. The West Coast DHB is currently working with mental health residential care providers in order to improve the availability of community based rehabilitation services on the West Coast. Improving the continuum of care in this way will provide a more appropriate setting for the treatment of some sub-acute mental health patents, reducing demand for sub acute inpatient mental health beds (in Greymouth).
- Laboratory Services – One Provider. The West Coast DHB is currently accessing options for reducing the number of laboratory service providers that service the West Coast.
- Buller and Reefton Hospital Reconfiguration. During the 2004-05 year, the West Coast DHB supported the Buller District Councils review of health services in the Buller region. The outcome of the review is now subject to a West Coast DHB consultation process (required under the NZPHD Act) with a view to implementation over the next 12 to 24 months.
- Grey Hospital Reconfiguration. It has been suggested that the West Coast DHB increase the level of medical cover in the accident and emergency, critical care and paediatrics areas at night, whilst also reconfiguring them in order to establish a “high dependency” area for after hours medical supervision.
- The West Coast DHB will investigate the “high dependency” proposal during the 2005-06 financial year, in order to identify the exact costs and benefits that it encompasses.
- Collaboration with other DHBs. The West Coast DHB is currently engaged in numerous collaboration initiatives with other DHBs, all aimed at controlling costs and improving services. Some examples include;
  - Clinical collaboration with Canterbury DHB, including shared clinical appointments, visiting clinics from Canterbury DHB, clinical supervision of WCDHB specialists and investigation into options for the outsourcing of some services to Canterbury DHB.
  - Patient Administration / Clinical Information Systems project with Southland & Otago DHBs (Southern Alliance IT collaboration project), including shared evaluation, procurement and administration of Patient Administration & Clinical Information systems.
  - The South Island shared Telecommunications Tender (lead by Canterbury DHB).

- The National Insurance Buying Group
- The South Island Regional Employment Relations Co-ordinator.
- Financial Benchmarking with Wairarapa and Tarawhiti DHBs (with assistance from the Crown Financing Agency).
- Shared procurement with Otago, Southland, Nelson / Marlborough and Canterbury DHBs. HB participates in some of these.
- National Vehicle Fleet Project

It is anticipated that efficiencies from these initiatives will offset any cost growth from the risks outlined under the "Managing within Budget" section (above), such that the DHB will still manage to achieve it's break-even DSP target.

This DSP assumes that changes in the West Coast Adjuster mirror changes in the West Coast DHBs operating costs, such that the DHB maintains breakeven financial performance.

Ongoing Financial Viability – The "West Coast Adjuster"

During the 2004/2005 financial year, the Crown Funding Agency undertook a study to analyse the reasons behind the ongoing gap between the West Coast DHBs revenue and expenditure. The CHFA determined that a $3.3 million revenue adjuster would be required in order for the West Coast DHB to achieve sustainable break-even financial performance (even after allowing for the efficiencies identified during the study). They recommended that this additional revenue be considered part of the West Coast DHBs base line PBF funding, such that the DHB receives FFT and other adjustments on top of that.

In response to this, the Ministry of Health has agreed to fund the $2.7M "West Coast Adjuster", which is subject to a review in 2007-08. This DSP assumes that changes in the West Coast Adjuster mirror changes in the West Coast DHBs operating costs, such that the DHB maintains breakeven financial performance.

The West Coast DHB is committed to maintaining sustainable break-even financial performance if this is possible. Financial efficiencies are required in order to live within the $2.7M "West Coast Adjuster" and to safeguard the DHB from unforseen circumstances, such as the risk of a further delay in the exit of Seaview (the greatest single risk identified in the CHFA study) or continued pressure on employee costs (the main area of ongoing risk identified in the CHFA study).

The West Coast DHB will be searching for opportunities to find a configuration of services and facilities that will maximise the efficiency of its operations, and aims to have completed this analysis prior to the review of the West Coast adjuster for the 2007/08 year..

Grey Hospital Reconfiguration

In addition to investigating the viability of the proposed “high dependency” area, the West Coast DHB will also investigate options for a wider reconfiguration of Greymouth Hospital, including an investigation into the financial variability a complete green-field reconstruction. This is the largest of the West Coast DHBs sites and the only option likely to yield significant savings on the scale required.

- If a large scale reconfiguration of Greymouth Hospital does prove to be financially viable, the West Coast DHB would aim to get a business case to the National Capital Committee in either the 2006-07 or 2007-08 financial years.
- Construction timeframes are unknown at this time (likely to be 2-3 years).
- As this proposal is only in the early stages of consideration, it has not been included in the West Coast DHBs financial forecasts or capital plans. It is too early to prejudge the outcomes of the investigation.
- Should a major reconfiguration of Greymouth Hospital prove not to be viable at this stage, one will be required in 10 to 15 years time. This eventual requirement has been included in the financial forecasts in this document.

Collaboration with other DHBs

The West Coast DHB is subjected to higher staffing costs per FTE (particularly per medical FTE) than other DHBs as there aren't opportunities for private practice and because we pay a premium to attract medical practitioners to our remote locations.

- There is potential for reduced costs if larger DHBs which don't face the same staffing issues support the West Coast DHB by recruiting staff on a contract that requires them to do a rotation on the West Coast (for example, one month in every six months). A roster of this nature in Canterbury DHB could resolve all of the West Coast DHBs clinical staffing issues in this respect.
- The West Coast DHB has asked Canterbury DHB to put together a proposal for the provision of surgical services for the West Coast DHB population. Other DHBs may also be asked to provide similar proposals.

Clinical Supplies and Case Mix

Recent benchmarking with other small DHBs has suggested that the West Coast DHB's clinical supplies costs could be managed through improved management of clinical decisions relating to clinical supplies and case mix.

- The West Coast DHBs will launch a project to investigate options for cost savings through the management of these clinical decisions. The WCDHB clinical board will be integral to this process.
- A new accounting system with improved catalogue management and procurement functionality will also be investigated.

Assumptions

1) The West Coast DHB has assumed that it will receive $2.7M (plus GST if applicable) of additional revenue in the form of a one off adjustment to our base revenue to reflect the unique circumstances that the West Coast DHB faces.

   The West Coast DHB has maintained cost growth within the Forecast Funding Track, such that, with the funding adjustment, this is the West Coast DHB's first ever break-even DSP.

As part of the agreement to adjust our base funding to reflect the unique circumstances faced by the West Coast DHB, the Ministry of Health has agreed to treat the West Coast DHB's adjusted funding level as if it were at equity with Population based funding.

The West Coast DHB is committed to managing cost growth within the Forecast Funding Track and so anticipates that it will maintain its break-even position into the future.

The West Coast Adjuster will be reviewed periodically in order to ensure that it remains appropriate for the West Coasts operating needs. This DSP assumes that changes in the West Coast Adjuster mirror changes in the West Coast DHBs operating costs, such that the DHB maintains breakeven financial performance.

2) Wage increases reflect known contractual increases. Where increases are unknown an increase of 3.0% is assumed.

3) Capital of $3.7M (including FF&E) will be required for a dementia unit to have patients transferred from Seaview. This will be funded via Internal Funding $0.2M; Capital Pool $3.5M. This capital cost has inflated since the original proposal was approved. The West Coast DHB is working with Ministry of Health officials to quantify and control this cost growth.

4) We plan to introduce a new clinical information system (as part of a collaborative project with Otago and Southland DHBs and possibly others). It is anticipated this will be initiated late in the 2004-05 financial year, running into the 2005-06 financial year. Capital cost $1.1M funded internally.

5) The Balance sheet after revaluation of properties, complies with RHMU debt to debt plus equity ratio guidelines.

6) West Coast DHB is currently exploring options for increased clinical collaboration with Canterbury DHB. We have specifically assumed that the future costs of providing services on the West Coast will be no dearer than the West Coast DHBs current operating costs. One of the keys to successful collaboration will be Canterbury DHBs ability to attract and retain medical staff on a basis that includes a rotation on the West Coast, at a price that is no greater than the West Coast DHBs current costs for the same specialist staff (after including travel and accommodation costs).

7) The West Coast DHB plans to initiate a postgraduate rural GP training program in the 2005-06 financial year. This is a major strategic initiative, which will see the West Coast develop as a centre of excellence for rural health. The West Coast DHB has assumed that this service will be fully funded by either the MoH or the CTA, however, funding availability is a risk. (Approximate cost $250K per annum).

8) The West Coast DHB plans to charge for level 4 and 5 (GP level) accident and emergency attendances at Grey Base Hospital in the first instance. Ministerial approval is required for this.

Business Cases

The business case for the Clinical Information System upgrade was submitted for the capital approval process in April 2005 and has been approved by the Ministry of Health.

Construction of Dementia Unit will commence early in the 2005-06 financial year, in line with the business case approved in the October 2003 capital round. An update of the dementia unit business case (outlining the extent and impact of changes to the proposal since the completion of the business case) will be submitted to the national capital committee for re-approval.

It has been suggested that the West Coast DHB increase the level of medical cover in the accident and emergency, critical care and paediatrics areas at night, whilst also reconfiguring them in order to establish a “high dependency” area for after hours medical supervision. The West Coast DHB will investigate the “high dependency” proposal as a matter of urgency.

Options for the redevelopment or reconstruction of Greymouth Hospital will be investigated simultaneously to the “high dependency” option. The estimated cost of a complete green-field reconstruction has been shown in 2014-15, but will occur significantly earlier if the proposal is financially viable.

The following items of major capital expenditure are included in out years in order to signal that they are on the DHB's planning horizon. The anticipated quantum mix of funding required for these items will be clarified as consultation and business case preparation progresses.

- 2006-07. Buller Hospital Reconfiguration $2.5M.
- 2006-07. Multi slice CT Scanner $1.0M.
- 2007-08 (Very Tentative). Reefton Hospital Reconfiguration $1.0M.
- 2014-15 (Very Tentative). Grey Hospital Reconfiguration $47.0 M. (after allowing for inflation).

Debt and Equity

This DSP signals that the West Coast DHB will (with some assistance in the form of a one-off funding adjustment from the Ministry of Health) achieve break-even in the 2005-06 year and continue to maintain its break-even result into the future.

- No deficit support will be required in the 2005-06 year or beyond.

There is one confirmed capital item signalled in the DSP for which both debt and equity are required by way of the national capital pool;

- 2005-06. Dementia Unit $3.5M. (Debt $2.5M, Equity $1.0M).

In addition, the following items of capital expenditure are included in out years in order to signal that they are on the DHB's planning horizon. The anticipated quantum and mix of funding required for these items is yet to be determined (both are signalled as being funded by equity in the financials so as to include them in the DSP, however, the final quantum and mix of funding will be clarified as business case preparation progresses and in consultation with the national capital pool.

- 2006-07. Buller Hospital Reconfiguration $2.5M.
- 2007-08 (Very Tentative). Reefton Hospital Reconfiguration $1.0M.
- 2014-15 (Very Tentative). Grey Hospital Reconfiguration $47.0 M. (after allowing for inflation).

Financial Forecasts

Forecast financial statements for the first three years of this district strategic plan. Out years beyond this will continue to see break-even performance, with the West Coast DHB actively managing cost increases and seeking efficiencies so as to live within available funding.

All financial statements in this document are prospective in nature. Actual financial performance will vary from the predictions in this document. It is important to note that the West Coast DHB only has funding certainty for the first two years in this plan.

Key Assumptions

The financial forecasts in this District Strategic Plan are based on many assumptions. However the following assumptions are those, which have a degree of risk associated with them;

- That the West Coast DHB has assumed that it will receive $2.7M (plus GST) of additional revenue in the form of an adjustment to our base revenue to reflect the unique circumstances that the West Coast DHB faces.
- Wage increases reflect known award increases. Where increases are unknown an increase of 3.0% is assumed.
- Capital of $3.7M (including FF&E) will be required for a dementia unit to have patients transferred from Seaview. This will be funded via Internal Funding $0.2M; Capital Pool $3.5M.

- We plan to introduce a new clinical information system (as part of a collaborative project with Otago and Southland DHBs and possibly others). This project was initiated in the 2004-05 financial year, with the project carrying on into the 2005-06 year. Capital Cost $1.1M, funded internally.
- It has been assumed that the Funder Arm will be able to contribute a portion of its surplus to funding the DHB provider arm deficits into the foreseeable future.
- The West Coast Adjuster will be reviewed periodically in order to ensure that it remains appropriate for the West Coasts operating needs. This DSP assumes that changes in the West Coast Adjuster mirror changes in the West Coast DHBs operating costs, such that the DHB maintains breakeven financial performance.

FORECAST STATEMENTS OF FINANCIAL PERFORMANCE

West Coast DHB Statement of Financial Performance	2005/06 $'000	2006/07 $'000	2007/08 $'000	2008/09 $'000	2009/10 $'000	2010/11 $'000	2011/12 $'000	2012/13 $'000	2013/14 $'000	2014/15 $'000
FUNDER ARM										
Revenue										
Own Population	(83,414)	(86,211)	(88,716)	(91,378)	(94,119)	(96,943)	(99,851)	(102,847)	(105,932)	(109,110)
IDF Revenue/Inflows	(1,135)	(1,169)	(1,204)	(1,240)	(1,277)	(1,316)	(1,355)	(1,396)	(1,438)	(1,481)
Total Revenue	(84,549)	(87,380)	(89,921)	(92,618)	(95,397)	(98,259)	(101,206)	(104,243)	(107,370)	(110,591)
Expenditure (Inclusive of IDFs)										
Personal Health										
Primary Care	4,623	4,762	4,905	5,052	5,203	5,359	5,520	5,686	5,856	6,032
Referred Services	7,830	8,065	8,307	8,556	8,813	9,077	9,349	9,630	9,919	10,216
Other	48,051	49,590	50,997	52,527	54,103	55,726	57,397	59,119	60,893	62,720
Total Personal Health	60,504	62,416	64,208	66,134	68,118	70,162	72,267	74,435	76,668	78,968
Total DSS (Health of Older People)	11,857	12,167	12,533	12,909	13,296	13,695	14,106	14,529	14,965	15,414
Total Mental Health	9,721	10,142	10,446	10,759	11,082	11,415	11,757	12,110	12,473	12,847
Total Maori Health	-	-	-	-	-	-	-	-	-	-
Total Public Health	159	164	169	174	179	184	190	196	201	207
Total Other	1,071	1,103	1,136	1,170	1,205	1,241	1,279	1,317	1,356	1,397
Total Expenditure	83,312	85,991	88,492	91,146	93,881	96,697	99,598	102,586	105,664	108,833
NET RESULT FUNDER ARM	(1,237)	(1,388)	(1,429)	(1,472)	(1,516)	(1,562)	(1,608)	(1,657)	(1,706)	(1,758)

West Coast DHB	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of Financial Performance	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
PROVIDER ARM										
Revenue										
External (eg: interest/MOH contracts)	(8,267)	(8,517)	(8,775)	(9,038)	(9,309)	(9,589)	(9,876)	(10,173)	(10,478)	(10,792)
Internal (DHB Fund to DHB Provider)	(51,876)	(53,731)	(55,271)	(56,929)	(58,637)	(60,396)	(62,208)	(64,074)	(65,996)	(67,976)
Interprovider Revenue (other DHBs)	-	-	-	-	-	-	-	-	-	-
Total Revenue	(60,143)	(62,248)	(64,046)	(65,967)	(67,946)	(69,985)	(72,084)	(74,247)	(76,474)	(78,769)
Expenditure										
Personnel Costs	35,878	37,448	38,572	39,729	40,921	42,149	43,413	44,716	46,057	47,439
Outsourced Services	5,100	5,253	5,411	5,573	5,741	5,913	6,090	6,273	6,461	6,655
Clinical Supplies	6,053	6,236	6,422	6,615	6,813	7,017	7,228	7,445	7,668	7,898
Infrastructure and Non-clinical Supplies	13,497	13,825	14,163	14,588	15,026	15,476	15,941	16,419	16,911	17,419
Total Expenditure	60,528	62,762	64,568	66,505	68,500	70,555	72,672	74,852	77,098	79,410
NET RESULT PROVIDER ARM	385	514	522	538	554	570	588	605	623	642
GOVERNANCE ARM										
Internal Revenue (DHB Fund to DHB Govern & Admin)	(1,071)	(1,103)	(1,136)	(1,170)	(1,205)	(1,241)	(1,279)	(1,317)	(1,356)	(1,397)
Other Income	-	-	-	-	-	-	-	-	-	-
Total Revenue	(1,071)	(1,103)	(1,136)	(1,170)	(1,205)	(1,241)	(1,279)	(1,317)	(1,356)	(1,397)
Expenditure	1,918	1,976	2,035	2,096	2,159	2,224	2,291	2,359	2,430	2,503
NET RESULT GOVERNANCE ARM	848	873	899	926	954	983	1,012	1,043	1,074	1,106
CONSOLIDATED										
Revenue	(92,816)	(95,897)	(98,696)	(101,656)	(104,706)	(107,847)	(111,083)	(114,415)	(117,848)	(121,383)
Expenditure	92,811	95,895	98,688	101,648	104,698	107,839	111,074	114,406	117,838	121,374
Net Result Consolidated	(5)	(1)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(10)

FORECAST STATEMENTS OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS

DHB CONSOLIDATION	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Statement of Financial Position	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current Assets	11,129	10,939	10,757	11,080	11,412	11,754	12,107	12,470	12,844	13,230
Non Current Assets	28,448	30,948	31,948	31,948	31,948	31,948	31,948	31,948	31,948	78,985
Total Assets	39,577	41,887	42,705	43,028	43,360	43,702	44,055	44,418	44,792	92,215
Current Liabilities	(8,755)	(8,564)	(8,375)	(8,689)	(9,013)	(9,347)	(9,691)	(10,045)	(10,410)	(10,786)
Non Current Liabilities	(15,932)	(15,932)	(15,932)	(15,932)	(15,932)	(15,932)	(15,932)	(15,932)	(15,932)	(15,932)
Total Liabilities	(24,687)	(24,496)	(24,307)	(24,621)	(24,945)	(25,279)	(25,623)	(25,977)	(26,342)	(26,718)
Equity	(14,890)	(17,391)	(18,399)	(18,407)	(18,415)	(18,424)	(18,432)	(18,441)	(18,450)	(65,497)
Total Liabilities + Equity	(39,577)	(41,887)	(42,706)	(43,028)	(43,360)	(43,702)	(44,055)	(44,418)	(44,792)	(92,215)
Statement of Movement in Equity										
Total equity at beginning of the period	(13,885)	(14,890)	(17,391)	(18,399)	(18,407)	(18,415)	(18,424)	(18,432)	(18,441)	(18,450)
Net Results for the period	(5)	(1)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(10)
Revaluation of Fixed Assets	-	-	-	-	-	-	-	-	-	-
Equity Injections	0	0	0	0	0	0	0	0	0	0
- Deficit Support	-	-	-	-	-	-	-	-	-	-
- Capital	(1,000)	(2,500)	(1,000)	-	-	-	-	-	-	(47,037)
Other	-	-	-	-	-	-	-	-	-	-
Total Equity at end of the period	(14,890)	(17,391)	(18,399)	(18,407)	(18,415)	(18,424)	(18,432)	(18,441)	(18,450)	(65,497)

DHB CONSOLIDATION	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Statement of Cash Flows	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash (Opening)	2,266	3,373	3,198	3,033	2,861	2,689	2,517	2,345	2,174	2,002
Net Cash flow from Operating	2,444	2,551	2,559	2,559	2,559	2,559	2,559	2,559	2,559	2,559
Net Cash flow from Investing	(4,836)	(5,226)	(3,724)	(2,731)	(2,731)	(2,731)	(2,731)	(2,731)	(2,731)	(2,731)
Net Cash flow from Financing	3,500	2,500	1,000	-	-	-	-	-	-	-
Cash (Closing)	3,373	3,198	3,033	2,861	2,689	2,517	2,345	2,174	2,002	1,830

FORECAST FINANCIAL STATEMENTS SUPPLIMENTARY INFORMATION

DHB CONSOLIDATION	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Supplimentary Information	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total Non Current Assets										
Opening Balance	25,092	28,448	30,948	31,948	31,948	31,948	31,948	31,948	31,948	31,948
Asset purchases and investments	6,084	5,231	3,731	2,813	2,731	2,731	2,731	2,731	2,731	49,768
Depreciation (enter as a negative)	(2,728)	(2,731)	(2,731)	(2,813)	(2,731)	(2,731)	(2,731)	(2,731)	(2,731)	(2,731)
Revaluations	-	-	-	-	-	-	-	-	-	-
Sale of assets and investments (enter as a negative)	-	-	-	-	-	-	-	-	-	-
Closing Balance	28,448	30,948	31,948	31,948	31,948	31,948	31,948	31,948	31,948	78,985
Term Loans										
Opening Balance	(11,195)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)
New Loans (enter as a negative)	(2,500)	-	-	-	-	-	-	-	-	-
Repaid Loans (enter as positive)	-	-	-	-	-	-	-	-	-	-
Closing Balance	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)	(13,695)
Expenses										
Total IDF Expenses/Outflows (Funds Arm)	11,369	11,710	12,061	12,422	12,793	13,176	13,570	13,976	14,394	14,824
Total InterProvider Expenses (InterDHB Eliminations)	(840)	(866)	(892)	(918)	(946)	(974)	(1,004)	(1,034)	(1,065)	(1,097)
Capital Charge (Consolidated)	1,600	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639
Depreciation (Consolidated)	2,728	2,731	2,731	2,813	2,731	2,731	2,731	2,731	2,731	2,731
Interest Costs Private Sector (Consolidated)	16	-	-	-	-	-	-	-	-	-
Interest Costs RHMU/CFA (Consolidated)	924	924	924	984	984	984	984	984	984	984

APPENDIX 1

12. The Consultation Process for this plan

In March 2005 the West Coast DHB published a booklet setting out some possible strategic directions and distributed this to key stakeholders and in venues where interested members of the public could access it (such as hospitals, general practices and clinics) through the West Coast district.

Members of the public were invited to send in their comments by mail (to a Freepost number) or email, and a short questionnaire was included for this purpose if this was convenient for the respondents. This proved to be popular.

Meetings for the general public were then held in Karamea, Westport, Reefton, Greymouth, Hokitika, Whataroa, Fox Glacier and Haast during March and April, and Hui were also held in Kawatiri (Westport), Mawhera (Greymouth), Hokitika and Reefton. Attendance at public meetings and Hui varied from very small (2 people) through to large (around 50 people), but in every case the discussion proved to be interesting and valuable.

Many of the issues that arose in consultation were operational in nature and fall outside the scope of this District Strategic Plan, or were highly local in character. These have all been followed up, or will be at an appropriate time, and comments or perspectives that were germane to the issues considered in the District Strategic Plan have been taken into account.

APPENDIX 2

APPENDIX 3