Annual Report

2010/2011

Waitemata District Health Board

Te Wai Awhina

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CHAIR/CEO STATEMENT

The 2010/11 year has been very exciting, rewarding, and successful for our DHB. We have seen significant progress in our strategic developments and facilities, we continue to launch new and innovative services, and we are raising our health target performance in every area.

The focus of 2010/11 has been to realise the DHB's potential so that it is one of the best-performing DHBs in the country and for the community that we serve. The investments we're making in our facilities, services, and people keep us moving forward and able to meet the demands of a growing population in the district.

Strengthened clinical leadership at all levels in the organisation has resulted in a significant improvement in our health target performance, particularly for shorter stays in the emergency department and access to elective surgery. The increased participation of clinical staff in our decision-making has also resulted in improved quality and increased productivity for our patients; of note is the very positive feedback we are receiving from patients regarding the elective surgery procedures undertaken at Waitakere Hospital.

To ensure we offer our population the highest possible standard of care, we have expanded our services and facilities. Our most notable developments for 2010/11 include:

- **New dialysis centre –** The North Shore Dialysis Centre, opened in June 2011, provides for the first time local in-centre access to renal dialysis for people with kidney failure, as part of a comprehensive renal service for the DHB that includes a satellite dialysis unit and clinics at Waitakere Hospital.
- **24/7 emergency care –** In March we opened the first phase of the new emergency department at North Shore Hospital (Lakeview), and in June Waitakere Hospital introduced 24/7 emergency care services for adults, which now ensures that all residents in west Auckland (children and adults) have full access to round-the-clock emergency care.
- **Breast screening –** Mobile breast screening units using fully digital technology are now available across Waitemata, including our more remote rural areas, supporting our efforts to make breast screening more accessible to women; we are the first DHB in the country to offer this particular service. Our breast screening coverage is among the highest in the country.
- **New theatres –** The opening of additional theatres at Waitakere Hospital and the introduction of innovative new approaches to surgery has decreased waiting times and reduced costs, allowing procedures previously outsourced to private facilities to be done in-house.
- **School and community dental clinics –** Three dental clinics were opened during the year in west Auckland and on the North Shore as part of an ongoing programme of improving access to quality dental services for children. A transportable dental unit, initially based in West Auckland, was completed at the end of June 2011, a Waitemata and New Zealand first.

Though we are very proud of our list of achievements, we also recognise that we must continually focus on lifting the standard of care every patient receives. With this in mind we are focused more than ever on improving the quality of all our services. A concerted effort has been made to ensure every patient receives a consistently high level of care, and is treated with the utmost respect and dignity. This includes speeding up patient access through reducing waiting times, implementing innovative models of care within our own services and through working with other providers. A key focus is nurturing a culture of clinical excellence coupled with consistent, considerate, thoughtful, kind and empathetic service for our patients.

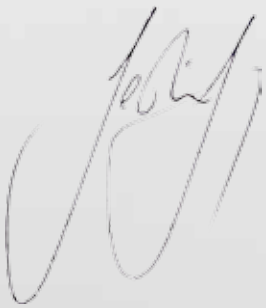
We continue to work with primary care to deliver better, sooner, more convenient care (a national priority). We are developing strong working relationships and have taken an alliance approach, a more collaborative approach, to both contracting and service integration. During the year the Greater Auckland Integrated Health Network (GAIHN) business case scope was revised to become more focused on the key health priorities and population needs. We are aiming to open at least one Integrated Family Health Centre and Whanau Ora Centre over the coming year, to deliver a wider range of services from community-based settings, closer to where people live, and to larger populations over extended hours. We are on the way to achieving this, with the first Whanau Ora Centre - Whanau House - opening in Henderson on 24 August 2011. We also worked with Auckland DHB during 2010/11 to create a single integrated planning and funding primary care team. This resulted in sharing of scarce resources, and a consolidation of systems and processes, thereby reducing duplication. By year end the number of Primary Health Organisations (PHOs) in the district moved from six to two, with similar benefits expected.

Financially the DHB lived within its means during 2010/11. The organisation embarked on a programme of savings to ensure we continued to achieve a break-even financial position while responding to our population's increasing health needs. Key achievements included the expansion of healthAlliance, our shared services agency, to include Northland and Auckland DHBs, increased value for money in service contracts, and improvements through service configurations, in-sourcing services and increased productivity. These resulted in cost growth savings in excess of $40m.

A further success has been the development of the Northern Region Health Plan by the four northern region DHBs. This plan replaces the District Strategic Plan we have prepared previously. The regional health plan was clinically led, and developed collaboratively to encompass DHB as well as PHO plans, and was well received by the Minister of Health. The regional plan responds to the key drivers facing the sector – managing growth in our community's demand for health services, ensuring a break-even financial position, improving quality and patient safety, reducing outcomes/disparities, and delivering better, sooner, more convenient services. The regional plan provides our medium-term strategic direction as well as the key actions required in the next year.

Our achievements and plans for future programmes and services reflect the high level of care and commitment we have for our people and for everyone we serve. None of our success is possible without the dedication of thousands of people working together with the same goals and sharing the same values. We keenly look to the future, continually striving to improve the services we provide.

On behalf of the Board and the Executive Leadership Team, we want to thank all our staff and partners who make this DHB an outstanding organisation and an important part of our community. We would also like to take this opportunity to thank the Board members who ended their term with the DHB in October 2010, and to welcome the new Board members who joined the DHB after the election.



Dr Lester Levy
Chair
Waitemata District Health Board

Dr Dale Bramley
CEO
Waitemata District Health Board

DISTRICT SNAPSHOT

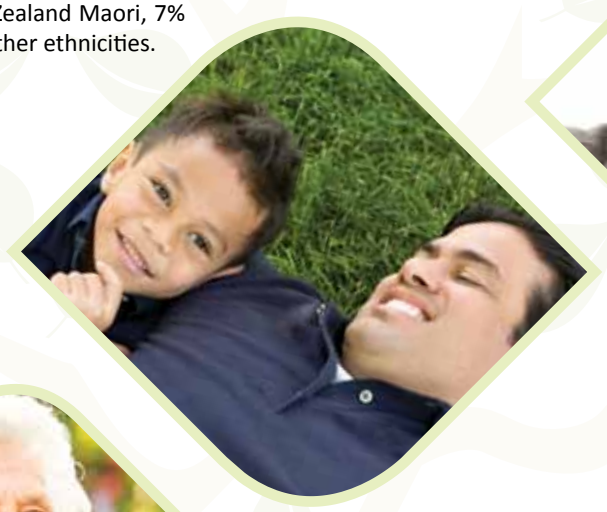
Waitemata District Health Board serves the largest DHB population in the country – more than 550,000 people. It is also the second-fastest growing of New Zealand's 20 DHBs.

We employ around 6,419 people in more than 30 different locations and manage a budget of more than $1.3 billion a year, serving residents of Rodney, the North Shore and Waitakere.

Waitemata DHB operates North Shore Hospital, on the shores of Lake Pupuke in Takapuna, and Waitakere Hospital in west Auckland.

Locally we provide emergency, medical, surgical, maternity, community health and mental health services. We also provide a range of services for the Auckland region, including child rehabilitation and respite at Takapuna's Wilson Centre, forensic psychiatric services at the Mason Clinic in Point Chevalier, oral health services for children and young people and Community Alcohol and Drug Services from multiple locations.

Our district is a diverse one, made up of 18% Asian (mostly Chinese, Indian and Korean), 10% New Zealand Maori, 7% Pacific peoples and 65% European and other ethnicities.



MISSION

To make a healthy difference

VALUES

Openness:
Ensuring transparency of process, structure and communication

Integrity:
Being truthful, sincere, fair and consistent in all dealings

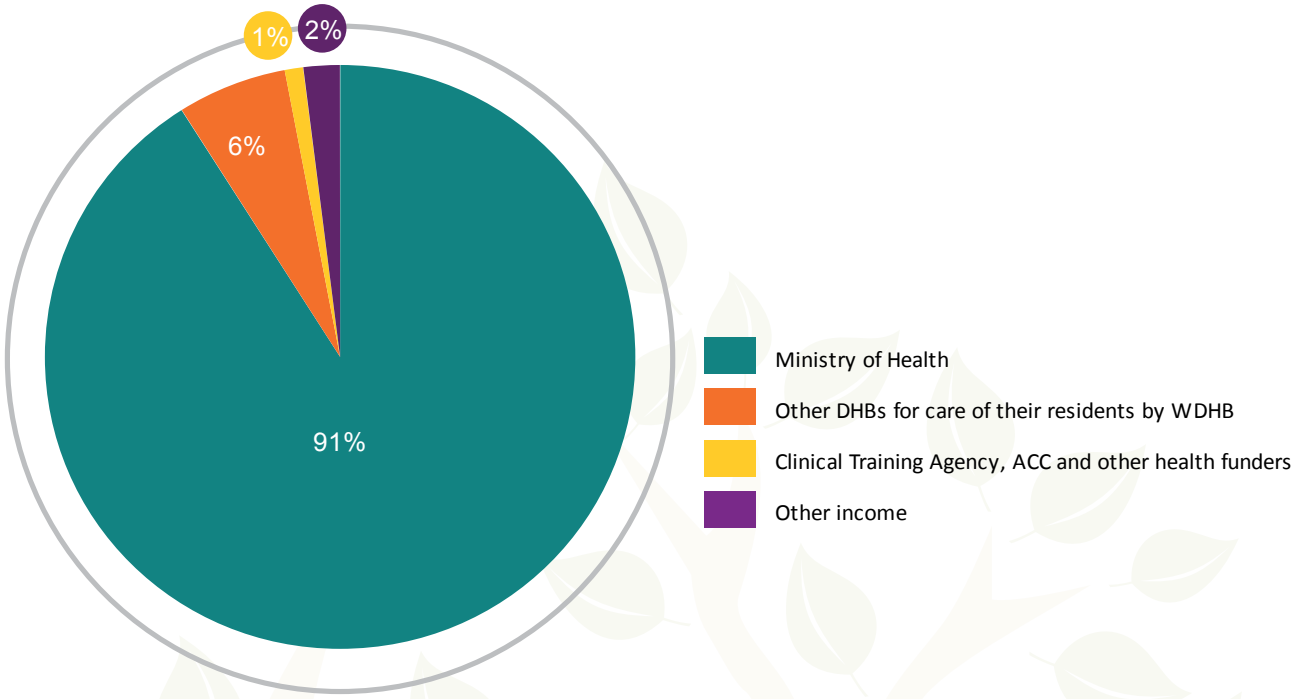
Compassion:
Being thoughtful of people's needs and supporting them in ways that protect their mana

Customer focus:
Spending time and energy to ensure that patients, clients and customers are well served

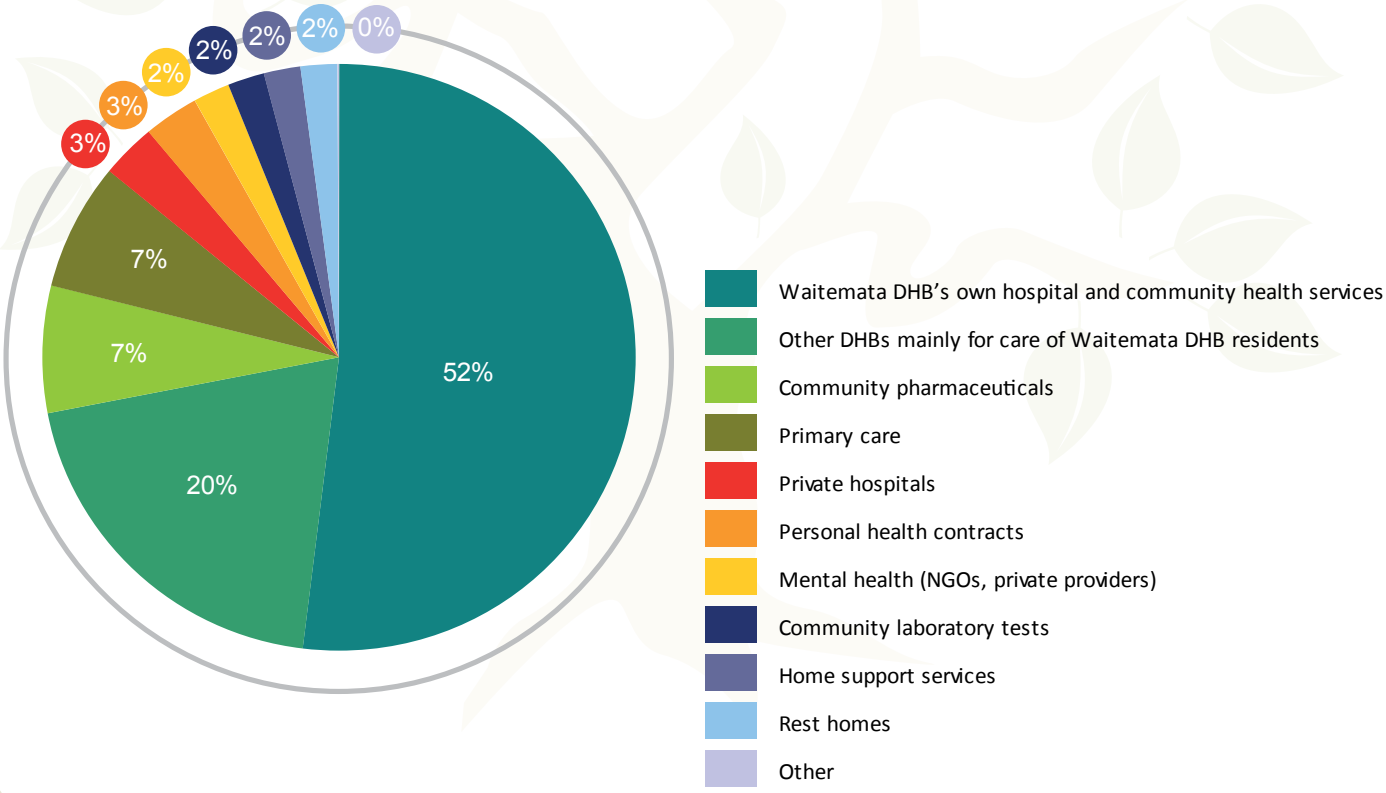
Respect:
Acknowledging a person's dignity

THE WAITEMATA DHB DISTRICT

Where did the money come from?



What was it spent on?



KEY FACTS AND FIGURES FROM THE PAST YEAR

(note figures in brackets are for previous year)

- 6,695 babies were born in our hospitals *(6,896)*. This is nearly 11% of the country's total births for the 2010/11 year of 62,660.
- Waitemata residents made 187,936 attendances at an outpatient clinic. This was 34.6% of the population (attendances/population). Comparatively, Northland residents made only 55,858 outpatient attendances, but this was 35.3% of their population and Counties Manukau residents made 154,086 attendances – 31.1% of their population.
- There were 109,633 attendances at an Emergency Department (ED) by Waitemata residents during 2010/11 – 20.2% of the population (attendances/population); 97,884 *(81,387)* of these attendances were to North Shore or Waitakere Hospital Emergency Care Centres (ECCs). During the same time period, Northland resident attendances to an ED totalled 41,343 or 26.1% of their population, compared with Counties Manukau, where the 89,661 attendances equalled 18.1% of their population.
- 487,970 *(414,726)* school dental treatments were given to children across the Auckland metro region - 31% for Waitemata DHB children.
- 74,614 *(80,094)* vaccinations were given to children aged five and under.
- We saw 26,685 *(24,841)* mental health clients.
- Specialist nurses carried out 5,229 *(4,956)* home visits.
- 11,348 hospitalised smokers were offered advice and help to quit smoking *(3,593)*.
- We carried out 158,127 *(149,892)* radiology procedures in our hospitals.
- 13,786 *(13,087)* elective surgical procedures were performed. This was nearly 10% of total national elective discharges for the 2010/11 year.
- 8,841 *(8,341)* acute surgical procedures were performed.
- 11,726 *(9,471)* people had free diabetes checks.
- 39,396 *(38,004)* women underwent screening with Breastscreen Waitemata Northland. This is more than 67% of the eligible population.
- There were 12,901 *(11,303)* mental health home visits.

HIGHLIGHTS AND ACHIEVEMENTS FOR THE 2010/11 YEAR

2010/2011

- Achievement of the elective surgery, immunisation and cancer waiting times health targets.

2010

July

- Waitakere Hospital emergency care opens 24 hours for children.
- A ten-bed acute stroke unit was opened at North Shore Hospital.

October

- An additional theatre at Waitakere Hospital opened, allowing procedures previously outsourced to private facilities to be done in-house, reducing waiting times and saving money.

December

- Waitemata opened up the first two community dental clinics, at Edmonton Primary School in Te Atatu, and Glenfield Intermediate on the North Shore.
- Awhina Health Campus director appointed.
- Waitemata DHB chosen to host the country's first bowel-screening pilot. The pilot will allow the screening of 130,000 50- to 74-year-old Waitemata residents for what is New Zealand's second most common cancer.

2011

January

- Waitemata DHB appoints a new sustainability officer to work on making the organisation sustainable on a range of levels.

February

- Largest community dental clinic opened at Henderson Intermediate School.
- Waitemata DHB's Pain Management Unit (PMU) opened – chronic pain management entails a combination of medical, psychological, and activity-based treatments individualised for each person.
- Waitemata DHB responded to help those in need after the earthquake in Christchurch – providing dialysis services for renal patients and residential care placements. Clinical staff volunteered their assistance and fundraising activities occurred across the district.

March

- Wainamu extension adds 10 acute medical beds to Waitakere Hospital.
- The first stage of Lakeview (new Emergency Department and Assessment and Diagnostic Unit [ADU]) opens. Once fully completed at the end of October, the new development will include a fully functional ADU and expanded radiology service. November will see the completion of the first floor. This will include an $8.5m state-of-the-art cardiology service with two cardiac catheterisation labs, a coronary care unit and cardiac ward.

April

- BreastScreen Waitemata Northland can now boast the first fully digital screening service in Australasia, following the opening of the service's new digital mobile unit for the Rodney region.
- Contracts allowing GPs to perform minor skin surgery in primary care settings – rather than in hospitals – put in place.

June

- Waitakere Hospital emergency care opens 24 hours for adults.
- Official opening of Waitemata's new renal unit.
- Waitemata's first (and a New Zealand first) Transportable Dental Unit (TDU) completed and initially based at St Leonards Primary and Kelston Intermediate schools in west Auckland.

July

- North Shore Hospital's new Ward 2 began accepting its first renal dialysis patients.

FEEDBACK

Emergency care

"I came in via the Emergency Department on Friday night (which, I understand, is not the best time to visit) and was attended to promptly, efficiently and speedily. Once the emergency team were satisfied with their diagnosis I was transferred to Ward 6 where the nursing staff members for the four days were of a similar calibre."

Specialised Services for Older Adults (SSOA)

"My uncle spent nearly two weeks in Ward 15 following a minor stroke he suffered. Following admission he was also referred to the Aged Adult Mental Health Unit for assessment. The care he received, the cooperation and help we received from all the staff was more than fully satisfactory in every way. Staff went beyond the 'basic call of duty' in a number of instances.

"…above were in the family meeting and we could only describe as excellent their advice and help as we discussed the options there were for [name] on discharge and continuing support."

Elective surgery

"On April X, 2011 I had hip replacement surgery at Waitakere Hospital performed by [name] and his wonderful surgical team.

"I would like you to know how delighted I am that I was able to have this surgery performed at Waitakere Hospital, where I found the level of professional care and management to be of the highest quality and everything I could have wished for. I have been in hospital on many occasions and the three days I spent in Titirangi Ward were a very good experience. I have not one complaint and thank everyone I came into contact with from the time I was booked in on the Wednesday morning to the time I was discharged on Friday afternoon."

Immunisation

"My daughter was due to start school in a week and I realised that she was way overdue for her 15 month MMR and 4-year-old vaccinations. I rang WDHB and they arranged for a nurse to come and vaccinate her in our own home. The nurse arrived on time and was fantastic and very friendly. She explained everything about the vaccination process clearly before getting consent. My daughter was given badges and a balloon to help ease the discomfort of the vaccinations. I was extremely happy with the service provided."

Quit Smoking

"I attended smoking cessation clinics throughout 2010 at North Shore Hospital. These were one-to-one sessions. I was referred to this clinic by a respiratory specialist at North Shore Hospital after smoking 35 cigarettes a day for 35 years. Prior to attending the smoking cessation clinics I had attempted to give up smoking numerous times through 'cold turkey', using nicotine patches, electronic cigarettes, hypnosis and Quitline without any significant success. After initial reluctance in attending the smoking cessation clinics, and with assistance, I was guided and supported through options of stopping smoking and staying smoke-free. I have now been smoke-free for eight months. In the eight months I have been smoke-free my health has continued to improve, visits to my GP have decreased to almost nil and I have had no further hospital admissions to date. I highly recommend this clinic and fully support its continuation. It would be great to see its expansion throughout New Zealand."

Cancer waiting times

"The staff were marvellous and I have been well looked after with no delays. The service is great and I appreciated starting Radiation treatment just two weeks after I was given the go-ahead that I had recovered enough from my surgery. I have managed to arrange for family and drivers to bring me in so I am now looking forward to finishing treatment today."

Cardiovascular disease and diabetes

"I owe my second chance in life to the dedicated team of North Shore Hospital surgical cardiologists, along with the specialist cardiologists, the surgical team, and the nurses of Coronary Care Unit and Cardiac Ward 3. The treatment I received was thorough, careful, and meticulous. I had been told North Shore Hospital has an exceptional cardiac team, now I know it for myself."

Devolution to primary care

"Ever so much better than waiting for hours of ritualistic prep (one routine fits all ops). Sub-contracting for minor ops to skilled local GPs – I'd give it a 10 out of 10."

Facilities modernisation

"I remember the last time the hospital underwent renovations to the [emergency] department, it seemed huge then. Things have gone fairly smoothly, staff have been wonderful and it's a real plus for the North Shore."

Leading indicators

To deliver excellent service, our hospital not only needs to have a firm grasp of its current performance, it needs this information in real time, so that it can react and adapt when required to meet changes in patient demand. There is a lot of information that is collected in a healthcare system, but rarely are these focused on leading indicators, ie, those that help amplify the ability to sense and predict changes in future need. We are committed to finding the right information so we can develop a more responsive healthcare system.

Waitemata DHB current board members

Dr Lester Levy (Chairman)

Dr Levy, also chairman of the Auckland District Health Board, has extensive management and governance experience in both the public and private health sectors having been chief executive and chairman of a number of health organisations, including South Auckland Health (now Counties Manukau District Health Board), the New Zealand Blood Service and the MercyAscot group of hospitals. He is a graduate of Medicine, an MBA and a Fellow of the New Zealand Institute of Management and has previously been awarded the prestigious King's Fund International Fellowship. He is currently chief executive of the New Zealand Leadership Institute and professor (adjunct) of leadership at the University of Auckland Business School, chairman of Tonkin & Taylor (the international engineering consultancy) and deputy chairman of Health Benefits Limited (charged by the Government to save $700M from combined district health board expenditure through shared services over the next five years).

Professor Max Abbott (Deputy chair)

Professor Abbott is AUT University's pro-vice-chancellor (North Shore) and Dean of the Faculty of Health and Environmental Sciences. Max is also a professor of psychology and public health, he co-directs the National Institute for Public Health and Mental Health Research and is a board member of Health Workforce New Zealand. He was previously a clinical and community psychologist, national director of the Mental Health Foundation and president of the World Federation for Mental Health.

Warren Flaunty

Warren is a pharmacist and has owned his own pharmacy in Massey, and now Westgate, for over 40 years. For many years a Waitakere City councillor, in 2010 Warren was elected to the Henderson-Massey, Rodney and Upper Harbour local boards of the new Auckland Council. He is a trustee of the Waitakere Licensing Trust, the West Auckland Hospice and the Trusts Community Foundation Ltd. He is a justice of the peace and was awarded a Queen's Service Medal in 2004 for services to the community.

Gwen Tepania-Palmer (Ngati Kahu/Ngati Paoa)

Gwen, who is also an appointed member of Auckland DHB's Board, is a graduate of pyschopaedic nursing (Manawatu) and of comprehensive nursing (A.T.I. North Shore). She holds an MBA (Massey) and a Certificate in Company Direction (Institute of Directors New Zealand). Gwen has an extensive background in the New Zealand health sector. She has held several ministerial appointments including the National Health Committee and is chair of the Ngatihine Health Trust, Northland.

Pat Booth

Pat Booth (OBE) is consulting editor and contributing columnist to Fairfax Suburban Newspapers in the Auckland region and the group's editor emeritus. He is the author of 16 books, including prize-winning investigative works and novels. An elected member of the Waitemata DHB Board since 2004, he was previously a member of Northland DHB, the Far North District Council and Waitakere City Council.

Wendy Lai

Wendy is a consulting partner, responsible for the strategy and operations service in Deloitte (NZ). She has been involved with the healthcare sector since the early 1990s, working primarily for secondary and tertiary care providers. In addition to the Waitemata District Health Board, she currently serves as a board member for Deloitte (NZ) and the Museum of New Zealand Te Papa Tongarewa.

Sandra Coney

Sandra was appointed a companion to the Queen's Service Order (QSO) for services to women's health in 2010. Her 40–year record as a consumer advocate in the health sector led to the Committee of Inquiry into the treatment of cervical cancer (the Cartwright Inquiry) and major reforms in patients' rights for all New Zealanders. She was a consumer representative in the development of the New Zealand Health Strategy, which directs all DHBs, and chair of the Pharmac Consumer Advisory Committee until mid-2010. Sandra's background also includes work on the national cervical and breast-screening programmes and on consumer participation. She is an elected member of the Auckland Council, representing Waitakere.

Rob Cooper

Rob is of Ngapuhi, Ngati Hine descent. He is the chief executive of the Ngati Hine Health Trust – a large-scale, Maori-owned provider of health and disability support services, community and specialist nursing services, dental services, social and educational services, and restorative justice and youth programmes. Rob sits on the National Health Board and is an appointed member of both the Auckland and Waitemata District Health Boards. In 2009 Rob was appointed to the Government's Whanau Ora Taskforce to advise on improving Government-funded services to Maori and in 2010 was appointed chairman of the Whanau Ora governance group, which is responsible for implementing the Whanau Ora policy. Rob also serves as a director of several health research organisations, including the James Henare Maori Research Centre.

James Le Fevre

James is an Emergency Department doctor. Born in Auckland, he was raised in Birkenhead, attended Northcote College and graduated from the School of Medicine at the University of Auckland. He has worked in multiple hospitals across New Zealand and Australia including the Emergency Care Centre at North Shore Hospital.

Christine Rankin

Christine is a former chief executive of Work and Income (WINZ) having had a 24-year career in the public service. She is currently in partnership with her eldest son Matt in their own business, the Transformational Leadership Company, teaching leadership and management to New Zealand business. She is an author, commentator and advocate against the child abuse epidemic in New Zealand. Christine is a board member with the Families Commission and a board member on the Upper Harbour Community board and a former councillor of the Auckland Regional Council.

Allison Roe

Allison Roe is a prominent New Zealand athlete and is well known for setting world records and for winning the New York and Boston marathons in 1981. Allison has since enjoyed a successful business career balancing home life as a wife and mother with the demands of her own business ventures. Her special interest in, and research around, healthy lifestyles is recognised in New Zealand and overseas. Her governance experience includes the North Shore Hospital Foundation and the Health Sponsorship Council.

Waitemata DHB Board elections occurred in late October 2010, after which time there were some changes to the composition of the Board.

The following members were elected on to the Board:

- Sandra Coney
- James Le Fevre
- Christine Rankin
- Allison Roe

Rob Cooper was appointed to the Board from December 2010.

The following members were not re-elected:

- Mary-Anne Benson-Cooper
- Lynne Coleman
- Wynn Hoadley
- Brian Neeson

Statement of Waivers

The New Zealand Public Health and Disability Act 2000 s 42(4) provides as follows: for the purposes of s 151 (1)(j) of the Crown Entities Act 2004, the annual report of a DHB must disclose any interests to which a permission, waiver, or modification given under clause 36(4) or clause 37(1) of Schedule 3 or clause 38(4) or clause 39(1) of Schedule 4 relates, together with a statement of who gave the permission, waiver, or modification, and any conditions of amendments to, or revocation of, the permission, waiver, or modification.

The following waiver was given during the last year: meeting of the Waitemata DHB Board 27 April 2011 (public excluded agenda) –

Dr Lester Levy disclosed an interest in the item: Northern Region Shared Services Organisation – Shareholders' Agreement and Constitution – healthAlliance NZ Limited. His interest was as deputy chair of Health Benefits Limited, one of the proposed shareholders in the Northern Region Shared Services Organisation. The Board resolved under Schedule 3, clause 36(4) that Dr Levy could participate in deliberations on this item, the reason being to ensure that Health Benefits Limited's perspective on its role in the Northern Region Shared Services Organisation was fully articulated and understood by the Board. Dr Levy stood down as chair while this item was considered, and took no part in voting on the item, confining himself to explaining Health Benefits' perspective on its role in the new organisation.

Waitemata DHB attendance at board and committee meetings: July 2010 – June 2011

Board Member	Board 11 Mtgs	CPHAC 11 Mtgs	HAC 12 Mtgs	DiSAC 4 Mtgs	Audit & Finance 10 Mtgs	MaGAC 4 Mtgs	Quality & Risk 3 Mtgs
Dr Lester Levy	11	10	10	4	9	2	x
Max Abbott	9	11	11	3	5 *(from Feb 11)*	x	x
Mary-Anne Benson-Cooper *01 July 2010 – 5 December 2010*	5	4	4	2	x	x	1
Pat Booth	10	10	12	3	x	x	x
Sandra Coney *Elected from 6 December 2010*	5	4	5	2	x	x	x
Rob Cooper *Appointed from 6 December 2010* *Leave of Absence: Feb – July 2011*	1	2	2	x	x	1	x
Lynne Coleman *01 July 2010 – 5 December 2010*	4	4	4	x	x	x	3
Warren Flaunty	11	10	11	x	8	x	3
Wyn Hoadley *01 July 2010 – 5 December 2010*	3	4	4	x	4	x	2
Wendy Lai *From 1 January 2010*	11	9	11	x	8	x	x
James Le Fevre *Elected from December 2010*	6	6	7	x	x	x	x
Christine Rankin *Elected from 6 December 2010*	6	5	7	x	4	x	x
Allison Roe *Elected from 6 December 2010*	6	5	7	x	x	x	x
Brian Neeson *01 July 2010 – 5 December 2010*	5	5	5	x	5	x	x
Gwen Tepania-Palmer	10	10	10	x	x	4	1

Note: Attendance at committee meetings is shown only for members of the committees. Additionally, some Board members attend some meetings of committees of which they are not members.

x = not a member of committee

Trusts

Waitemata DHB is associated with the following trusts:

Wilson Home Trust

Waitemata DHB is trustee for the Wilson Home Trust for children with physical disabilities. Waitemata DHB provides services for children with physical disabilities from facilities at the Wilson Home, which it leases from the trust.

Three Harbours Health Foundation

Waitemata DHB is the appointer of trustees to this charitable trust. Funds from the trust are made available mainly for clinical research, provision of patients' comforts and amenities, staff training and education, and clinical equipment. Associated trusts, North Shore Hospital Foundation and West Auckland Health Services Foundation, operate under the umbrella of the Three Harbours Health Foundation.

Good employer obligations

Waitemata DHB is committed to meeting its legal and ethical obligations to be a good employer. The Good Employer Framework is used to guide the core objectives of the Waitemata DHB Human Resources Strategic Plan.

Waitemata DHB is a member of the EEO Trust and the organisation's Good Employer Policy makes clear that the DHB will provide:

- Good and safe working conditions.
- An equal employment opportunities programme.
- Recognition of the employment requirements of women.
- Recognition of the employment requirements of men.
- Recognition of the employment requirements of persons with disabilities.
- The impartial selection of suitably qualified persons for employment.
- Recognition of the aims, aspirations and employment requirements of Maori people.
- Recognition of the aims, aspirations, cultural differences and employment requirements of Pacific Island peoples and peoples from other ethnic or minority groups.
- Opportunities for the enhancement of the abilities of individual employees.

Waitemata DHB's Good Employer Policy upholds the requirements of the Employment Relations Act 2000, the Race Relations Act 1971, the Human Rights Act 1993, the Health and Safety in Employment Act 1998, the State Sector Act 1998 and the Crown Entities Act 2004.

These commitments are demonstrated and supported by Human Resources at a regional, organisational and service level through various activities, key initiatives and programmes including:

- Participation in national Multi Employer Collective Agreements (MECA) which provide national consistency in pay and conditions of employment.
- Job-sizing processes that are designed to provide fair and consistent salaries that comply with collective employment agreement requirements and which take account of pay rates for comparable jobs in the private sector.
- A staff satisfaction survey to identify and implement ways to improve morale and job satisfaction.
- A staff information intranet site to give guidance on issues such as fraud awareness and our commitment to a smoke-free environment.
- Provision of occupational health and safety services for staff, including the ability to self-refer for any work-related health issue for which an employee may wish to receive medical care or advice.

- Access to an independent and confidential Employee Assistance Programme to which employees may self-refer and have ready access.
- Information and access to services to support employees facing issues related to family violence outside the workplace.
- Well publicised and supported bullying and harassment prevention programme, which means that staff have a clear process and are provided with support when raising issues of behavioural concern in the workplace.
- Provision of clinical skill development opportunities to enhance patient safety, with an emphasis on emergency management and 'moving and handling'.
- Tertiary level accreditation with ACC, which means that Waitemata DHB staff can be confident of a safer workplace, and timely in-house management of workplace incidents.
- Access to a comprehensive range of education and learning opportunities designed to meet professional, clinical and career aspirations and needs.
- A dedicated culturally and linguistically diverse learning programme to focus specifically on diversity and inclusion to enhance good working relationships.
- Commitment to providing flexible working practices where appropriate.
- Workforce development strategies designed to build a workforce that reflects the diverse nature of the Waitemata DHB population, with an increasing focus on the needs of our current aging workforce.
- Professional placements and other scholarship and career development opportunities provided by the DHB to recognise the aims, aspirations, cultural differences and employment requirements of our diverse population.
- Waitemata DHB's disability strategy coordinator role, which advises the DHB on ways of removing barriers to employing people with disabilities.

Insurance

Waitemata DHB arranged Professional Indemnity, Directors and Officers Liability and Statutory Liability insurance through a collective insurance scheme organised by District Health Boards New Zealand (DHBNZ). The purpose of taking out this insurance was to ensure that no board member or employee incurred monetary loss as a result of his or her acts or omissions, provided they acted in good faith and in performance of the DHB's functions.

Overview

The Statement of Service Performance (SSP) presents a snapshot of the services provided for our population, across the continuum of care. The SSP has been grouped into four output classes (refer table below), which have been updated for 2011/12. The four output classes assist DHBs to convey their performance story in relation to the health services provided to their population, recognising the funding received, Government priorities, national decision-making and Board priorities. Each output class section includes measures that help to evaluate the DHB's performance over time. These include the Minister of Health's six Health Targets.

Output Class	Description
Public health services	Public healthcare aims to improve population health through prevention, detection and informed communities through health promotion and education.
Primary and community services	Services provided in the community by general practitioners, pharmacists, district nurses, Plunket and many others.
Hospital services	Specialist services available mainly in hospital-based settings – mostly these services are provided by Waitemata DHB, although some more complex care is provided elsewhere, mainly through Auckland DHB.
Support services	Support services are delivered to people with long-term disabilities, people with mental health conditions and people who have age-related disabilities. These services encompass home-based support services, residential care support services, day services and palliative care services.

The DHB's planning and funding role is responsible for planning, promoting and undertaking service contracting with organisations including our own hospital services (North Shore and Waitakere Hospitals). However, we do not deliver all services ourselves within our own hospitals. Our DHB also contracts services from other providers, including other DHBs which often provide more specialist services. One example is the provision of specialist cancer treatment, only offered at some hospitals. Some services are funded and contracted directly by the Ministry of Health, for example breast and cervical screening as well as the provision of disability support services for people aged less than 65 years. Our DHB is responsible for monitoring and evaluating service delivery, including audits, for the full range of funded services. Therefore, some of the measures chosen in each section reflect and seek to illustrate the performance of the broader health and disability services provided to Waitemata residents, not just those provided by the DHB.

Waitemata DHB's performance has improved considerably in the last few years, particularly with regard to the national health targets. In general we set stretch targets to drive the organisation to improve our performance. On reviewing 2010/11 performance we have identified a number of measures where we have significantly increased our performance, however the target set in the Statement of Intent has not quite been achieved. Therefore we have used a grading system to rate performance for each measure. This helps to identify those measures where performance was very close to target versus those where under-performance was more significant. The criteria used to allocate these grades is as follows:

Criteria	Rating
> 20% away from target	Not Achieved
9-20% away from target	Partly Achieved
0.01-9% away from target	Substantially Achieved
On target or better	Achieved

Where a measure is made up of multiple components, each with its own target, an average has been applied to determine performance.

The following table presents the overall framework – illustrating the relationship between national and Board priorities, impacts sought and measures used to assess performance, which are included in the SSP.

Vision	To make a healthy difference						
National priorities	**Better, sooner, more convenient health care**	**Services closer to home**	**Improving service and reducing waiting times**	**Focus on supporting frontline services**	**Strengthened clinical leadership**	**Regional co-operation and unified systems**	**Improved financial performance**

Waitemata DHB board's priority actions	Devolution to primary care	Immunisation	Cardiovascular disease and diabetes	Smoking cessation	Emergency care	Elective surgery	Specialised services for older adults	Facilities modernisation	Real-time performance indicators	Living within our means

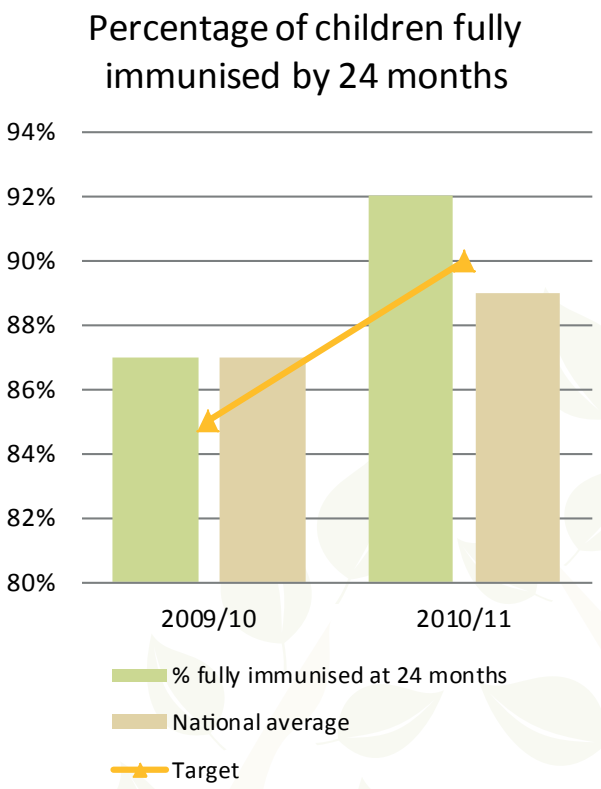
Key impacts					
Primary care • More services available to people closer to their homes	**Healthier children and families** • Housing: Better health for whanau/ families in high-need areas. • More mothers and babies experiencing the benefits of breastfeeding. • Improved education and wellbeing for children and whanau in high-need areas. • Safer children and whanau.	**Immunisation** • Reduce death and disability associated with childhood diseases that can be prevented through immunisation. • Reduced likelihood of women developing breast cancer.	**Long-term conditions – Diabetes and CVD** • Diabetes and CVD: Reduce the impact of diabetes and cardiovascular disease and/or delay their onset. • Better outcomes for people with long-term conditions.	**Long-term conditions – cancer** • Cancer: For curable cancers, increased likelihood of survival. For incurable cancers, reduced severity of symptoms.
Smoking cessation • Healthier population with lower prevalence of smoking-related conditions and lower rates of smoking-related admissions to hospital.	**Mental health** • Improved outcomes for people with enduring and/ or severe mental health illness.	**Emergency care** • Improved patient journey through WDHB emergency departments.	**Elective surgery** • People's functional independence is restored/ maintained.	**Quality and affordability** • Better value to Waitemata DHB, its people and its service users through an increase in quality and safety capability, performance and execution.

Impacts				
Output classes	**Public health services**	**Primary and community services**	**Hospital services**	**Support services**

Outputs				
Output measures	• Number of houses insulated and assessments completed. • Percentage of infants breastfed at six weeks, three months and six months. • Number of families joining HIPPY programme by site. • Percentage of children fully immunised by 24 months. • Percentage of HPV immunisation (third dose) for girls at Year 8. • Number of people participating in the Pacific smoking cessation programmes. • Breast-screening coverage of Waitemata DHB women aged 45-69 years.	• Percentage of people with diabetes attending free annual checks. • Percentage of people with diabetes with good blood glucose management. • Percentage of the eligible population who have had their CVD risk assessed in the last five years. • Number of people on POAC programme. • Percentage of smokers attending primary care who are provided with advice and help to quit. • Percentage of Maori and Pacific population enrolled in Waitemata DHB PHOs • Percentage of target population enrolled with Care Plus.	• Patients admitted, discharged or transferred from an emergency department within six hours. • The total number of elective surgical discharges. • Surgical intervention rate (SIR) for selected elective procedures (based on nationally expected rates per 10,000). • Percentage of hospitalised smokers provided with advice and support to quit. • Percentage of people who receive radiation treatment within four weeks of decision to treat. • Percentage of people who receive chemotherapy treatment within six weeks of decision to treat. • AUT Family Violence Audit score. • Clients with severe mental illnesses who are seen over a year. • Percentage of long-term clients who have relapse prevention plans in place • Percent of patients surveyed who are 'satisfied' or 'very satisfied'. • Acute readmission rates within 28 days of discharge. • DNA rates. • Average length of stay for acute admissions.	• Percentage of new clients assessed by NASC within six weeks. • Percentage of clients 65+ with high needs supported at home. • Residential care placements and utilisation rates. • Average age at first placement in residential care. • Bed day occupancy of hospice beds.

Cost of Service Statement – for year ending 30 June 2011

New output class names (effective from 1 July 2011)	Intensive assessment and treatment		Rehabilitation and support		Early detection and management		Prevention Services		Total	
Output class names	**Hospital services**		**Support services**		**Primary and community services**		**Public health services**		**Total**	
In $000s	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**
Total revenue	**744,493**	**735,465**	**176,397**	**175,625**	**383,333**	**375,308**	**16,000**	**26,221**	**1,320,222**	**1,312,618**
Expenditure										
Personnel	347,253	352,237	25,035	24,254	70,335	69,662	5,012	5,171	447,635	451,324
Outsourced services	31,718	34,802	2,938	2,797	7,569	7,344	498	503	42,723	45,446
Clinical supplies	60,817	60,312	4,030	3,734	11,695	11,138	856	852	77,397	76,036
Infrastructure and non-clinical supplies	77,300	79,073	5,886	5,919	16,207	16,620	1,135	1,210	100,527	102,823
Payment to providers	228,343	209,041	138,213	138,921	273,374	270,543	8,458	18,484	648,389	636,989
Total Expenditure	**745,431**	**735,465**	**176,101**	**175,624**	**379,179**	**375,308**	**15,959**	**26,221**	**1,316,671**	**1,312,618**
Net surplus/ (deficit)	**(939)**	**0**	**295**	**0**	**4,154**	**0**	**41**	**0**	**3,551**	**0**



Target: 90%

Achieved

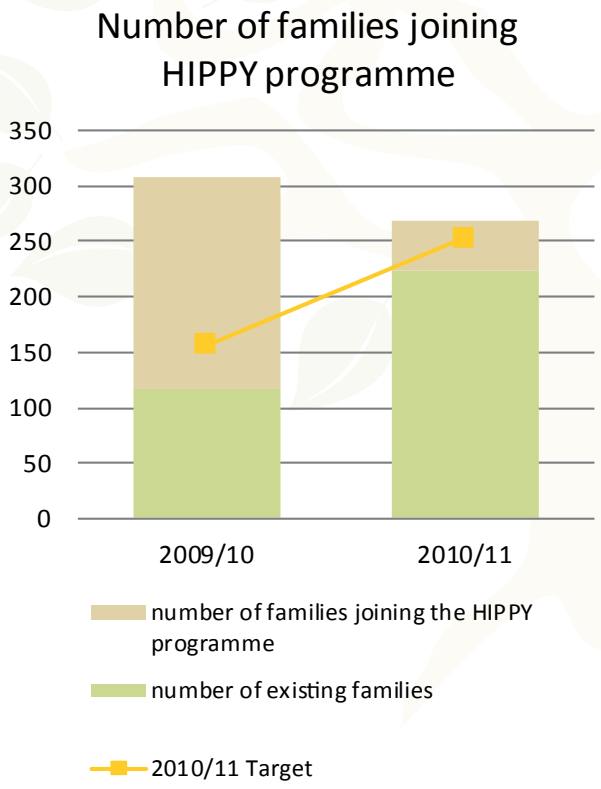
Result: 92%

Concerted efforts in primary care, outreach immunisation programmes and through the DHB to reach children not fully immunised have resulted in immunisation coverage of two-year-olds in Waitemata DHB exceeding the national health target.

Immunisation rates for Maori and Pacific have also improved markedly over the year:

	Q4 2009/10	Q4 2010/11
Maori	82%	88%
Pacific	89%	97%

The DHB is working with practices with high Maori enrolment to improve Maori coverage further.



Target: 30

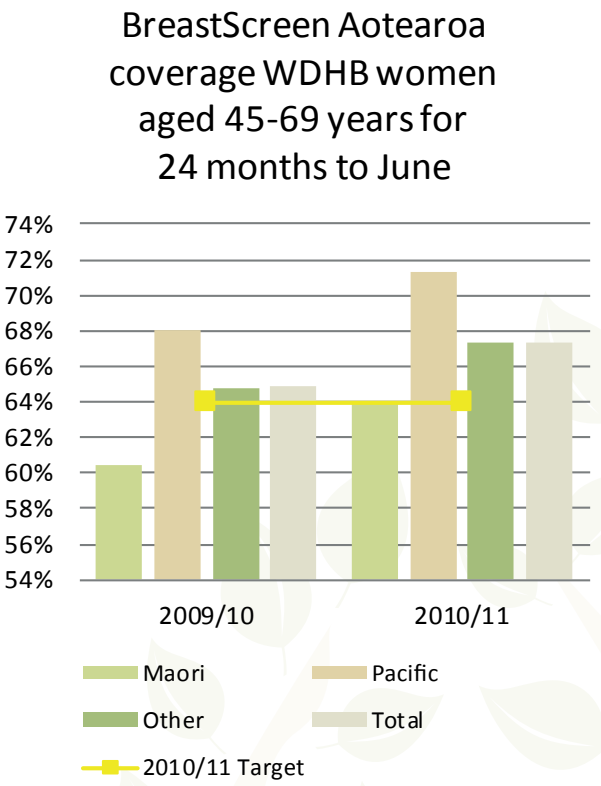
Achieved

Result: 45

A total of 45 new families enrolled in the Waitemata DHB-funded HIPPY (home interaction programme for parents and youngsters) programme during 2010/11. By site, these new enrolments were:

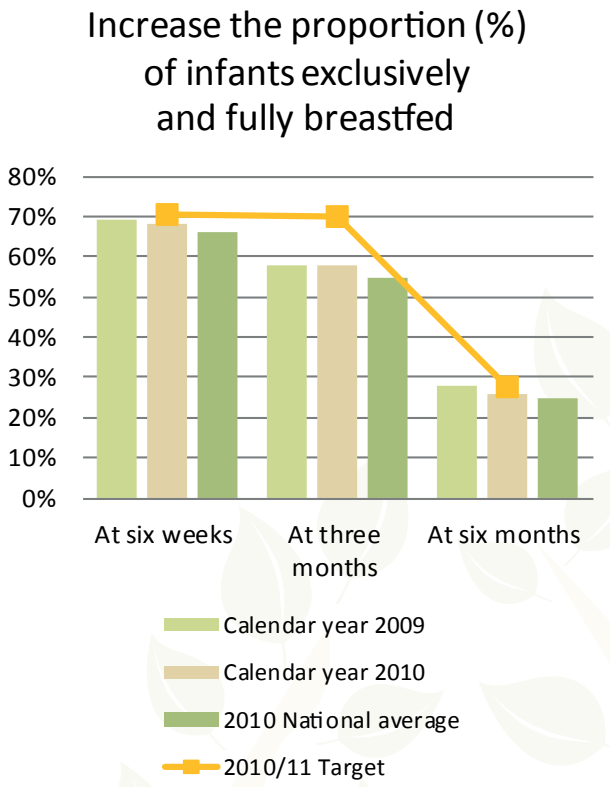
- South Kaipara – 2
- Ranui – 6
- Royal Heights – 2
- Henderson South – 17
- Wellsford – 18

Note: numbers of families enrolled initially increased significantly due to the opening of three new sites in 2010. However, numbers have begun to decline since the decision was made to exit the contract at the end of 2011.



Target:		Achieved
Maori	Pacific	Total
64%	64%	64%
Results:		
Maori	Pacific	Total
63.9%	71.3%	67.3%

Improvements in breast screening have been accomplished in every category, with only Maori being slightly below target. Initiatives to improve uptake include mobile units, targeted screening with transport and cultural support and evening calling to reach women who work during the day.



Target: Substantially Achieved

6wks	3mths	6mths
70.5%	58.1%	27.6%

Results:

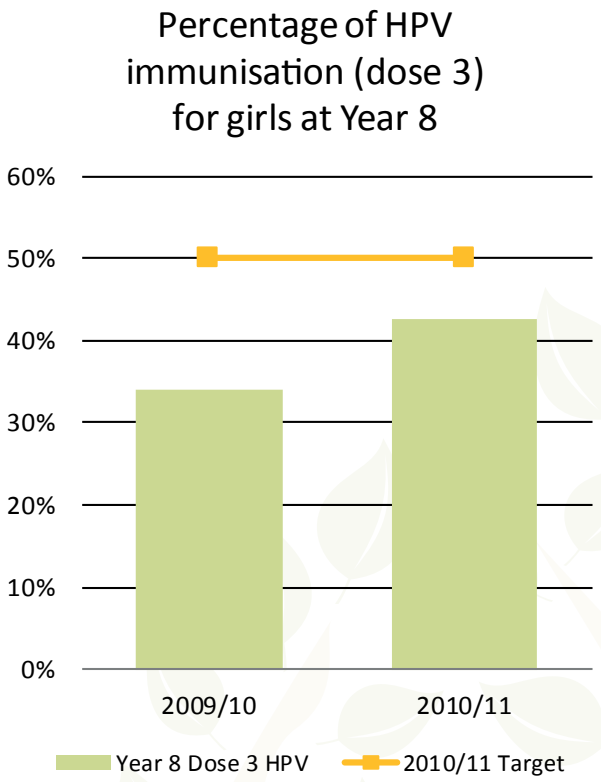
6wks	3mths	6mths
68%	58%	26%

Although rates have not improved, the numbers of babies has increased significantly, by around 9% (36,069 in 2009 to 39,237 in 2010). We are also consistently above the national average.

The DHB has been utilising HEHA Breastfeeding funding for a number of initiatives aimed at improving breastfeeding rates. The following initiatives were completed by June 2011:

- Monthly antenatal breastfeeding classes for Maori, Pacific and Chinese populations.
- Regular peer counsellor programme groups in Helensville and through West Fono (Pacific). Also, training of some muslim peer counsellors has recently been completed.
- Establishment in October 2010 of lactation consultant clinics (16 hours per week) for women with babies up to 6 weeks of age at North Shore and Waitakere Hospitals.
- Targeted support to Lead Maternity Carers (LMCs) with high Chinese caseloads to improve their breastfeeding support skills.
- A pilot of breastfeeding education sessions for staff of non-government organisations (NGOs) that work with young families.

Multiple new initiatives are planned for 2011-12.



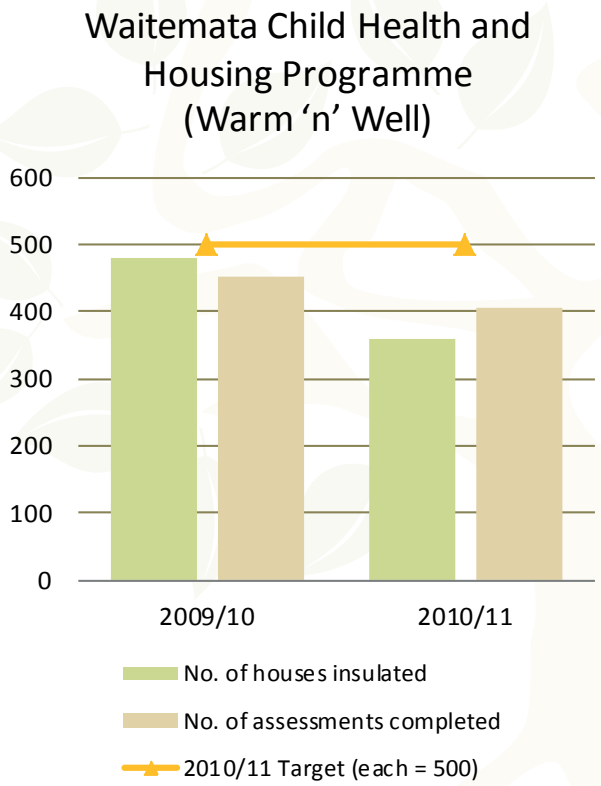
Target: 50%

Partly Achieved

Result: 43%

There was a 3% drop off between the number of girls who received the first dose and the third dose of the vaccine. The number of girls who declined the vaccine in the school programme was 46.5%.

The programme worked hard to ensure that as many girls as possible returned their consent form, with only 7.7% not returning their form to either consent or decline the vaccine. If girls were absent on the day the nurses were vaccinating at school they were able to go to their GP for a catch-up vaccine and then have the next vaccine in the school programme.



Target: 500

Not Achieved

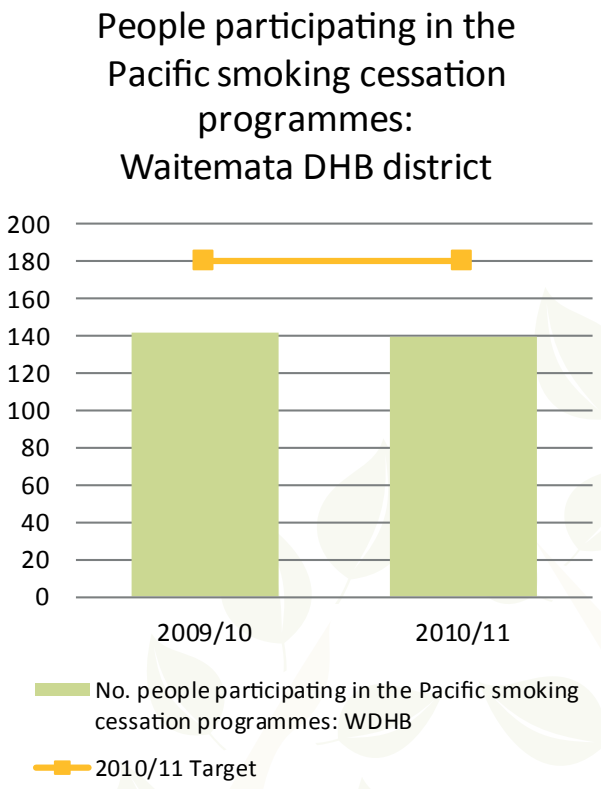
Results: 358 houses insulated
407 assessments completed

(Warm 'n' Well) commenced April 2008. The programme identifies eligible families and

- Carries out health assessments for families and provides health education
- Refers eligible families to a house insulation provider
- Links families with health or social services that may be able to help with identified needs.

Families continue to express a high level of satisfaction with the nurse home visits and the Warm 'n' Well service generally. Feedback from programme participants indicates home insulation is positively impacting on the health of householders, particularly for those with a history of respiratory illness. The housing insulation component of this programme is part-funded by ASB Trust. ASB Trust has confirmed it will no longer be providing funding for Warm 'n' Well. The Eco Charitable Trust is funding the South Auckland Health Foundation to fundraise for ongoing insulation funding for the three Auckland DHBs to continue their housing programmes. To ensure that providers remained engaged while funding was being finalised, some volumes were carried over into the 2011/12 year, meaning that targets were not reached within 2010/11. Targets were subsequently reached early in 2011/12.

Note: funding has not been confirmed beyond 2011/12.



Target: 180

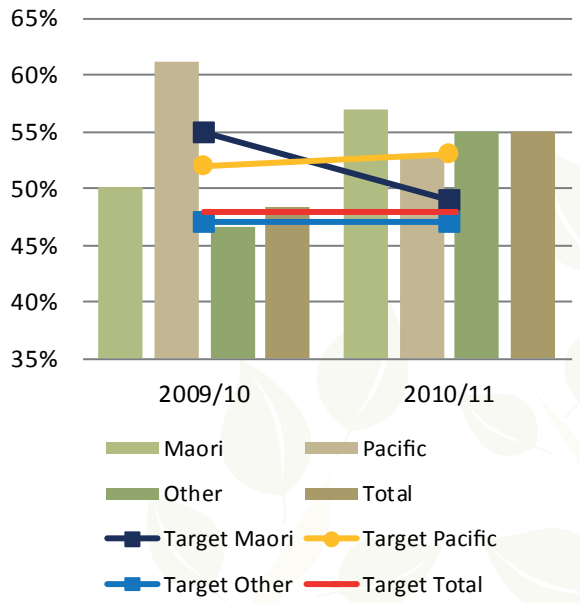
Not Achieved

Result: 140

The Pacific Quit Smoke Service is provided by the Auckland Regional Public Health Service. Staff include three quit smoke coaches who are bilingual Samoan/English and Tongan/English speakers. The service is delivered face-to-face in the home or other places that the clients prefer, through telephone support and text messaging. They are provided with NRT for free and support is provided for three months.

Low referral rates due to limited awareness of the service contributed to the partial performance for 2010/11. The service goes out and recruits most of its clients. The plan is to focus on increasing referrals from hospitals and primary care during 2011/12, through engaging with patients in hospital, improving the information sent out to PHO practices in the district to encourage referrals to the service and through active involvement with the Enua Ola healthy lifestyle programme.

Percentage of people with diabetes attending free annual check: Get Checked

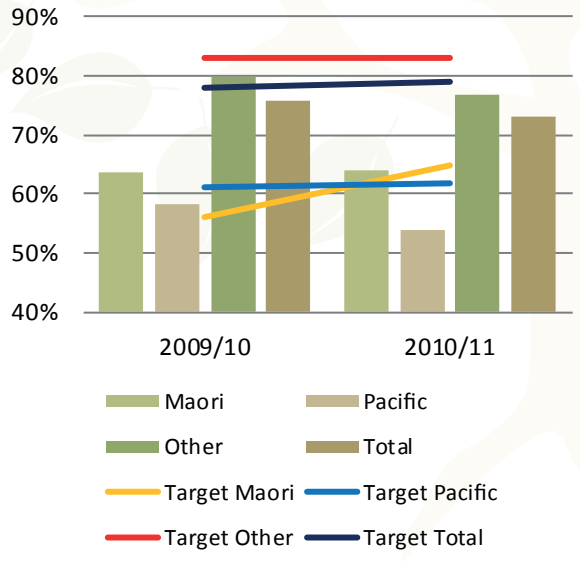


Target:			Achieved
Maori	Pacific	Other	Total
49%	53%	47%	48%
Results:			
Maori	Pacific	Other	Total
57%	53%	55%	55%

The DHB is achieving or exceeding targets in every ethnic group. This reflects the efforts of primary care to improve the numbers of people receiving their free annual check.

Note: the Ministry of Health recalculated the eligible population estimates part way through the financial year. This lowered Waitemata DHB estimates by around 3,000 people, effectively improving 'Get Checked' rates.

Percentage of people receiving Get Checked assessment with satisfactory or better diabetes management

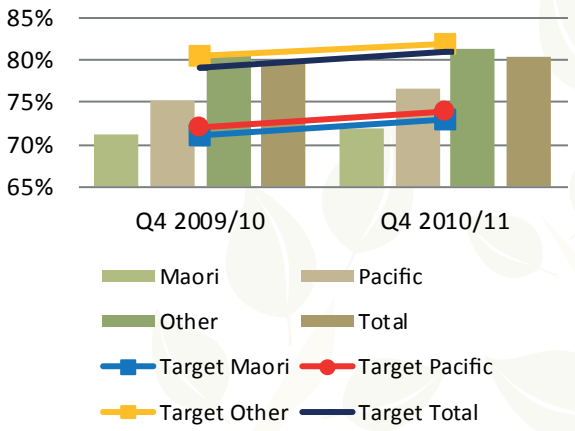


Target:			Substantially Achieved
Maori	Pacific	Other	Total
65%	62%	83%	79%
Results:			
Maori	Pacific	Other	Total
64%	54%	77%	73%

In the 2010-11 year, general practices within Waitemata DHB have reviewed 17% more people when compared with 2009-10. Many of these people have not had a previous Diabetes Get Checked review. General practice, as part of the Diabetes Get Checked review, will have put care plans in place for these people and this should positively impact patients by their next review.

Both the DHB and PHOs continue to support the management of diabetes through a range of services and contract arrangements, including self-management education programmes for Maori and Pacific people with diabetes. These programmes have been extended to include whanau and family and will be delivered in the 2011-12 year. The DHB will continue to monitor all diabetes-related service delivery to ensure optimal service delivery.

Percentage of people in the eligible population who have had laboratory blood tests (lipids and glucose or HBA1c) for assessing absolute CVD risk in the last five years as at quarter 4



Target: Substantially Achieved

Maori	Pacific	Other	Total
73%	74%	82%	81%

Results:

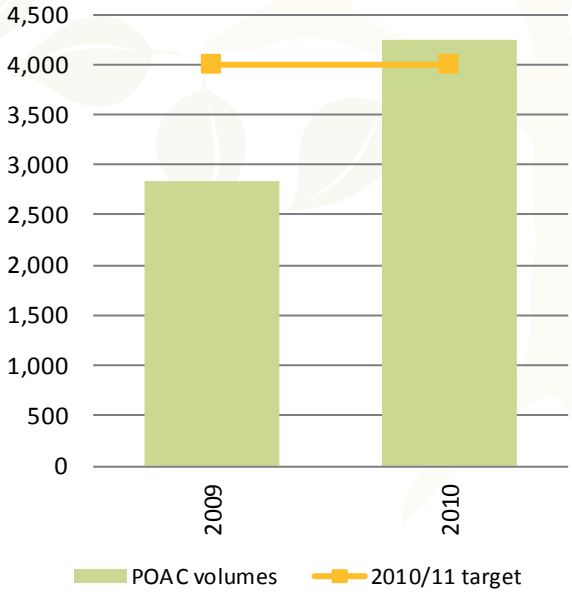
Maori	Pacific	Other	Total
72%	76.7%	81.3%	80.4%

Results for previous quarters:

	Maori	Pacific	Other	Total
Q1	71.6%	75.6%	81.1%	80.1%
Q2	72.65%	76.8%	81.9%	80.9%
Q3	73.3%	77.9%	82.5%	81.5%

Performance was only just short of target for the year overall, although rates for Pacific exceeded target. Changes to PHO structure and contracting arrangements towards the end of the year have impacted on performance. However, both the DHB and PHOs are committed to meeting the targets and general practices continue to assess patients' risks. To continue to raise the profile of this target the DHB provides the PHOs with weekly health target reports.

Number of referrals to Primary Options for Acute Care by calendar year



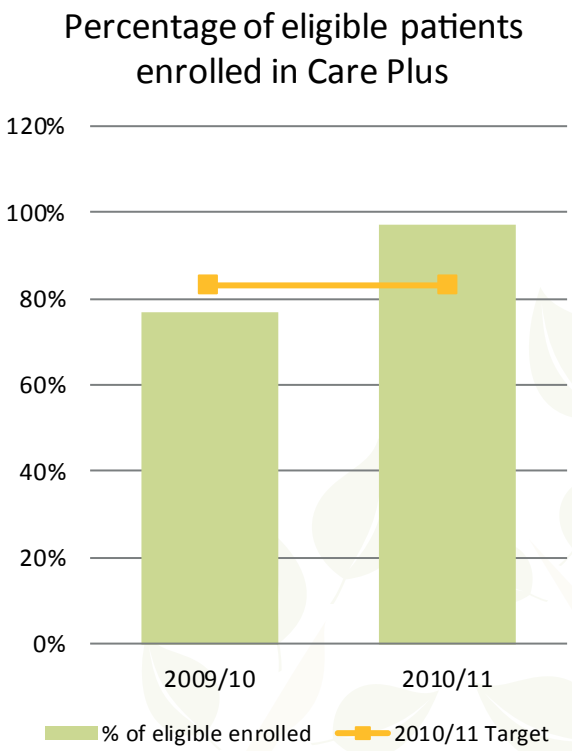
Target: 4,000 Achieved

Result: 4,252

Primary Options for Acute Care (POAC) is a service allowing doctors to access investigations, care, or treatment for their patient, as an alternative to an acute hospital admission.

This is a solution offered by primary care to assist in managing the acute demand for hospital beds.

There was a big promotion of the service during the 2010/11 year, along with some changes made to access and services available, resulting in a large increase in volumes.



Target: 83%

Achieved

Result: 97%

Care Plus is a primary healthcare initiative targeting people with high health need due to chronic conditions, acute medical or mental health needs, or terminal illness. Care Plus aims to improve chronic care management, reduce inequalities, improve primary healthcare teamwork and reduce the cost of services for high-need primary health users. Care Plus enrolments have increased due to a change in threshold within the payment system that occurred during the year.

Percentage of smokers attending primary care provided with advice and help to quit

Target: 80%

Not Applicable

Result: 25.73%

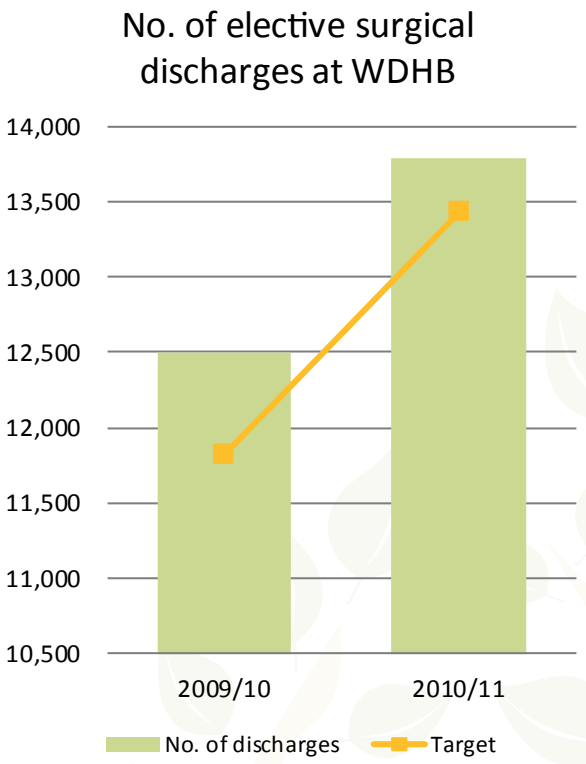
Percentage of Maori and Pacific Waitemata domiciled population enrolled in Waitemata PHOs

Target: 75%

Not Applicable

Result: 68%

Note: This data does not include Procare PHO data. This data is now not available to Waitemata DHB due to the merger of Procare Network North with Procare Networks Ltd. This organisation spans metropolitan Auckland with practices in all three DHB catchments. Work is under way to split the enrolled population data between the domiciles. Therefore, these results are not an accurate reflection of 2010/11 performance.



Elective Surgical Discharges

Achieved

Original target: 12,849 discharges

Revised target: 13,434 discharges

Result: 13,786

Improving capacity at both hospitals, but particularly Waitakere Hospital, and multiple initiatives to streamline and improve surgical throughput have positively impacted on performance for this health target.

Note: the Ministry of Health revised the target figure during the 2010/11 year.

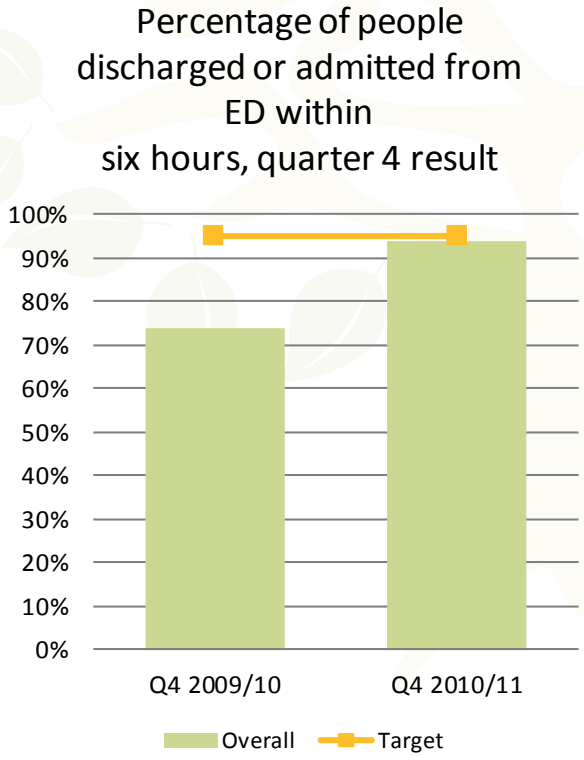
Surgical intervention rates (SIRs) – rates per 10,000

Targets:		Results (2010):	
All procedures	292	All procedures	264.37
Joints (hips/knees)	21	Joints (hips/knees)	18.9
Cataracts	27	Cataracts	28.11
CABG	6.3	CABG	6.18
Cardiac PR	12.5	Cardiac PR	14.0

Substantially Achieved

Additional elective capacity commenced at Waitakere Hospital from November 2010, which will impact on surgical intervention rates over the coming year.

Note: 2010/11 figures not yet available.



Target: 95%

Substantially Achieved

Result: 94%

Overall, the quarter four result was only 1% below target, with significant improvements made over the financial year. The new Lakeview ED/ADU unit was partially opened during 2010/11. New models of care were developed as part of the build. Promotion and awareness of the health target, combined with improved patient flow and the appointment of an ADU physician and a clinical director for General Medicine and ADU have led to huge improvements in performance against this indicator. Weekly monitoring of health targets shows that the organisation is now exceeding the 95% threshold.

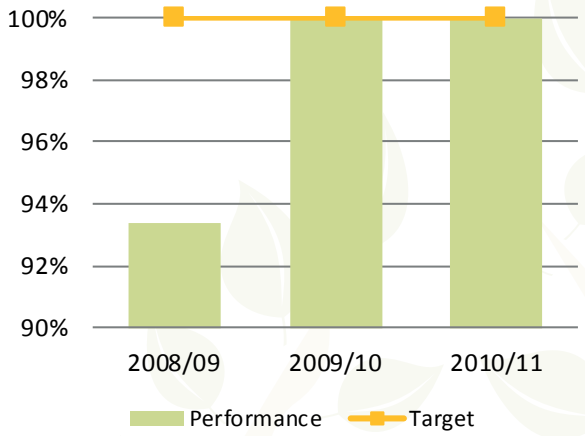
Results for previous quarters:

Q1 73%

Q2 82%

Q3 80%

Percentage of Waitemata people receiving chemotherapy treatment within six weeks of first specialist assessment (excluding those waiting by choice or because of co-morbidities)

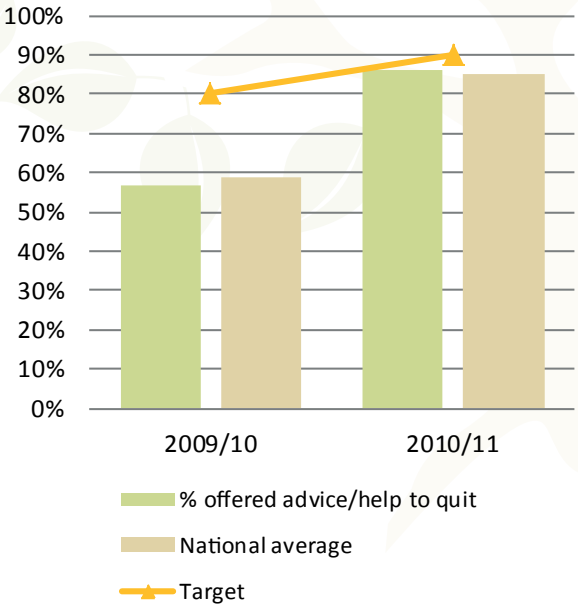


Target: 100% Achieved

Result: 100%

Performance of 100% has been consistently achieved every quarter over 2010/11. The target moved to treatment within four weeks for 2011/12. Auckland DHB, which provides these services on behalf of Waitemata DHB, is working to ensure this target can be met through monitoring of waiting times and management and streamlining of processes and systems.

Percentage of hospitalised smokers offered advice/help to quit



Target: 90% Substantially Achieved

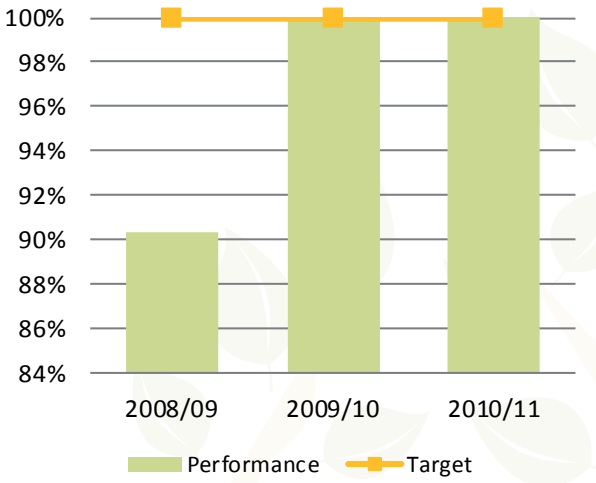
Result: 86%

Waitemata has made huge advances towards the achievement of this indicator over the 2010/11 year. Recent weeks have seen the achievement of over 90% against the target.

Multiple initiatives have been instituted over the year, including:

- Promoting the use of nicotine replacement therapy (NRT).
- Refining processes for capturing smoking status and recording interventions.
- Ensuring senior management leadership and accountability for achieving the target.

Percentage of Waitemata people receiving radiation oncology treatment within criteria (excluding those waiting by choice or because of co-morbidities)



Target: 100%

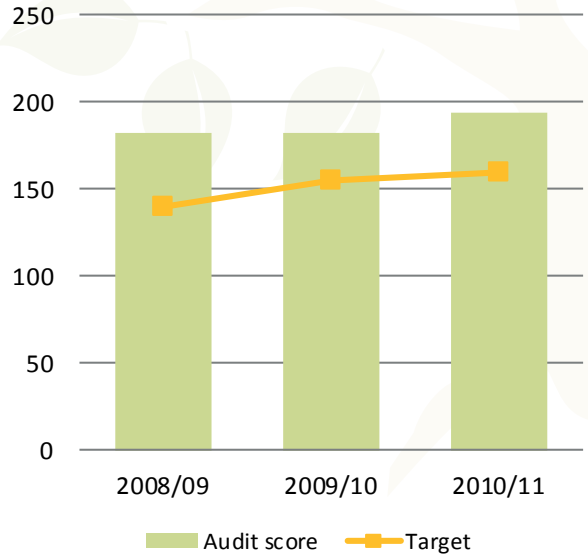
Achieved

Result: 100%

Performance of 100% has been achieved every quarter over the whole financial year and reflects the concerted efforts by Auckland DHB (the regional provider of these services) to monitor and improve waiting times for patients through upgrading equipment and introducing new technology, streamlining processes, developing a public/private model of care, focusing on meeting targets and reducing waiting times, and good forward planning to ensure capacity is available to meet need.

Note: the criteria changed from percentage of Waitemata people receiving chemotherapy treatment within six weeks of first specialist assessment to four weeks in December 2010.

Overall score: AUT University hospital responsiveness to family violence, child and partner abuse audit



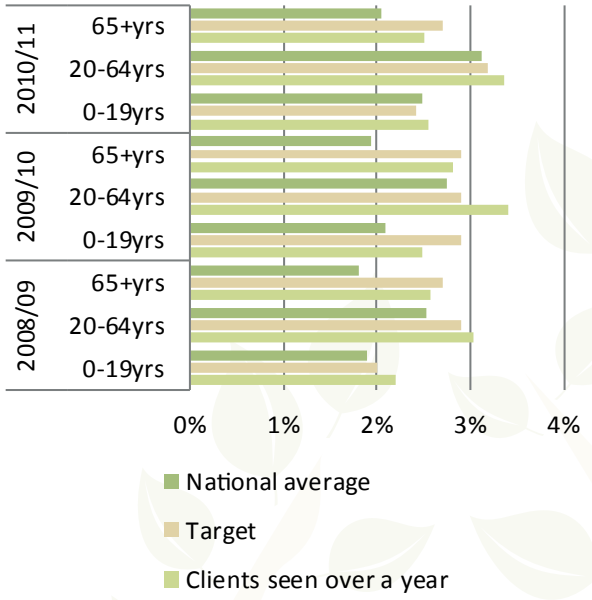
Target: 150-170/200

Achieved

Result: 194/200

Waitemata DHB achieved the highest programme implementation scores in 2010/11 over all DHBs for both partner abuse and child abuse and neglect components. This result reflects significant leadership and organisational support.

Clients with severe mental illness who are seen over a year



Targets: Achieved

0-19 yrs – 2.41%

20-64yrs – 3.19%

65+yrs – 2.71%

Results:

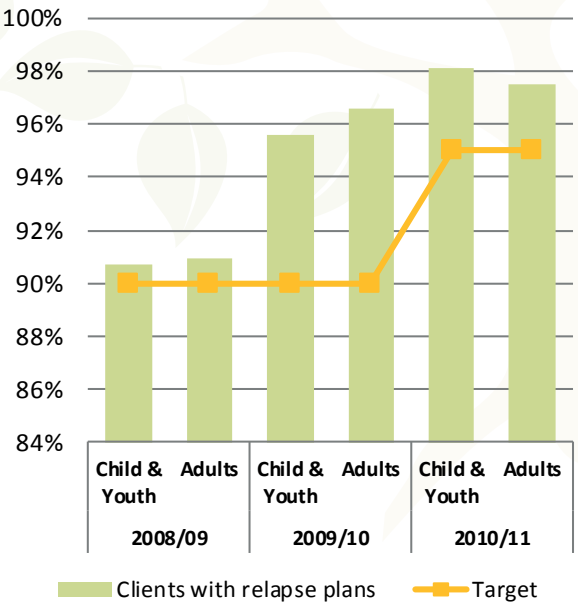
0-19 yrs – 2.55%

20-64yrs – 3.35%

65+yrs – 2.50%

Only access rates for those aged 65 or older fell slightly below target. The DHB will be developing an action plan to address this performance through the Specialised Services For Older Adults governance group. Waitemata DHB remains consistently above the national average for this measure.

Percentage of long-term clients who have relapse prevention plans in place



Targets: Achieved

Child & Youth – 95%

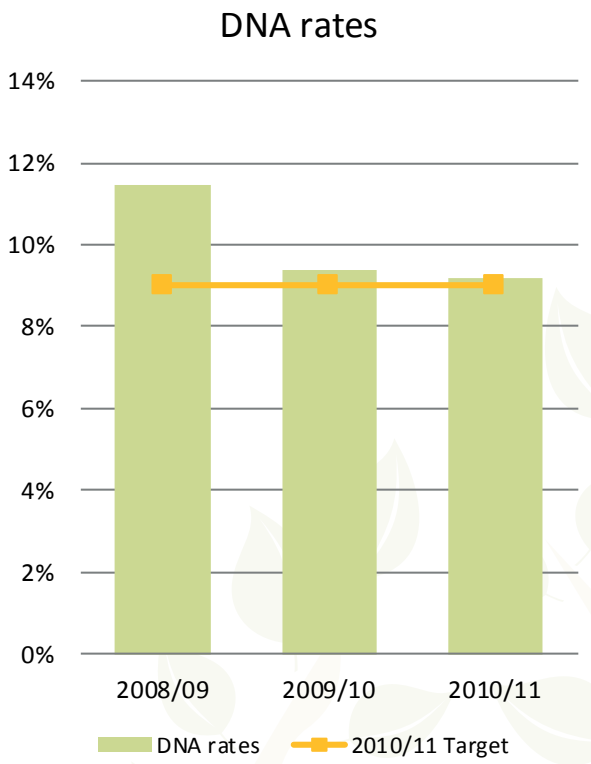
Adults – 95%

Results:

Child & Youth – 98.1%

Adults – 97.5%

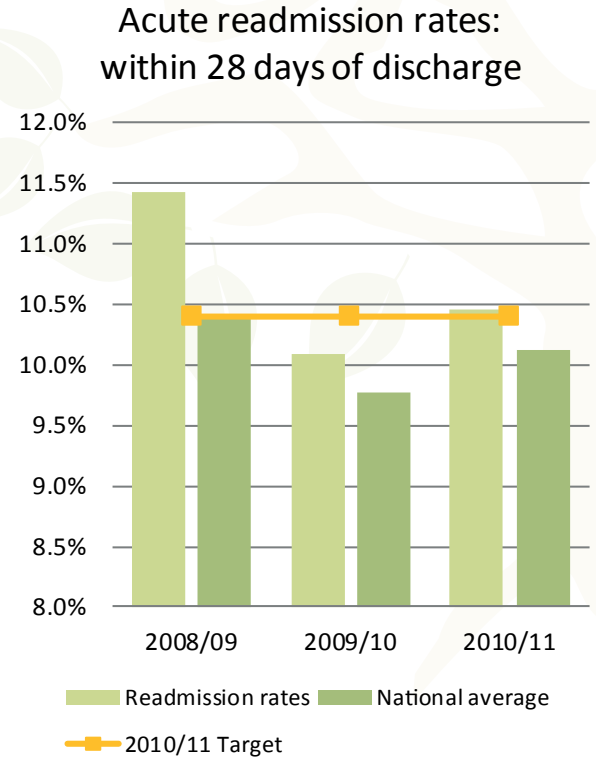
Waitemata DHB has exceeded targets in all categories.



Target: 9% (aim:↓) Achieved

Result: 9%

Did not attend (DNA) rates (for outpatient appointments) have been steadily declining over recent years. Plans will be implemented in 2011/12 to focus specifically on Maori and Pacific DNA rates as these are substantially higher than rates for other ethnic groups.

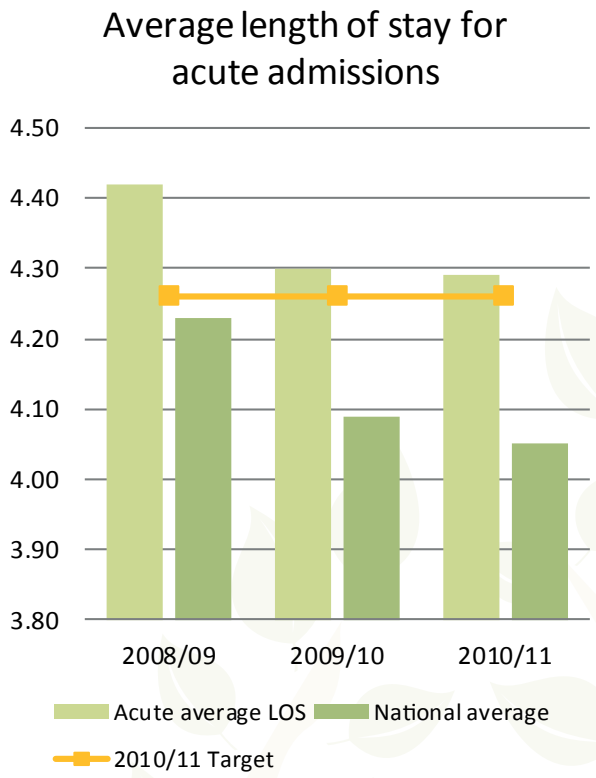


Target: 10.40% (aim:↓) Substantially Achieved

Result: 10.46%
(for year ending 31 March 2011)

Performance in quarter four 2010/11 fell only just short of the 10.40% target, at 10.46%.

Readmissions will be the focus of a specific project in 2011/12 – a computerised predictive risk model tool will be used to identify patients at risk of readmission on a daily basis so that they can be followed up post-discharge.

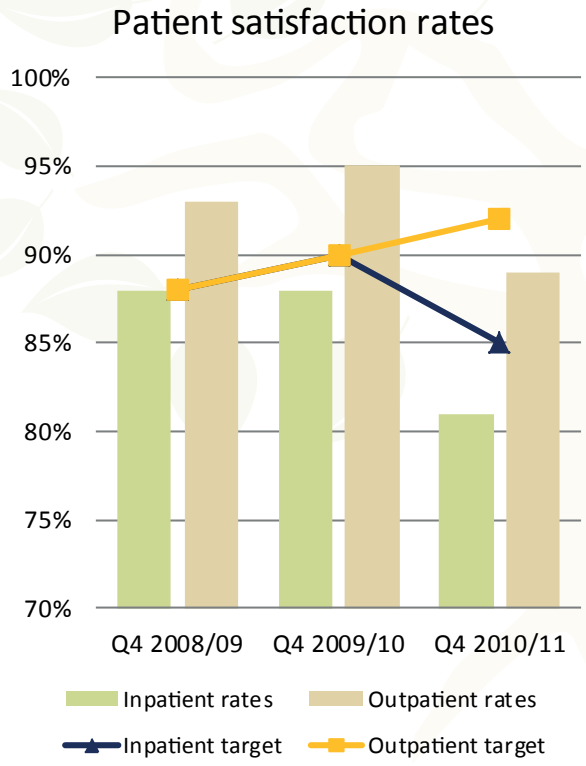


Target: 4.26 days (aim:↓) Substantially Achieved

Result: 4.29 days

Performance in quarter four 2010/11 fell only just short of the 4.26 days target, at 4.29 days. A project team is focusing on average length of stay, targeting key areas such as acute myocardial infarction, chronic obstructive pulmonary disease and strokes. Initiatives aimed at reducing the average length of stay include:

- Use of transitional beds in the community for short-term inpatients pending suitability for hospital-based rehabilitation.
- Improved management of acute cardiac catheterisation patients to reduce pre-procedure length of stay
- Implementation of Enhanced Recovery After Surgery (ERAS) programme.



Targets: Substantially Achieved

Inpatient – 85%

Outpatient – 92%

Results:

Inpatient –81%

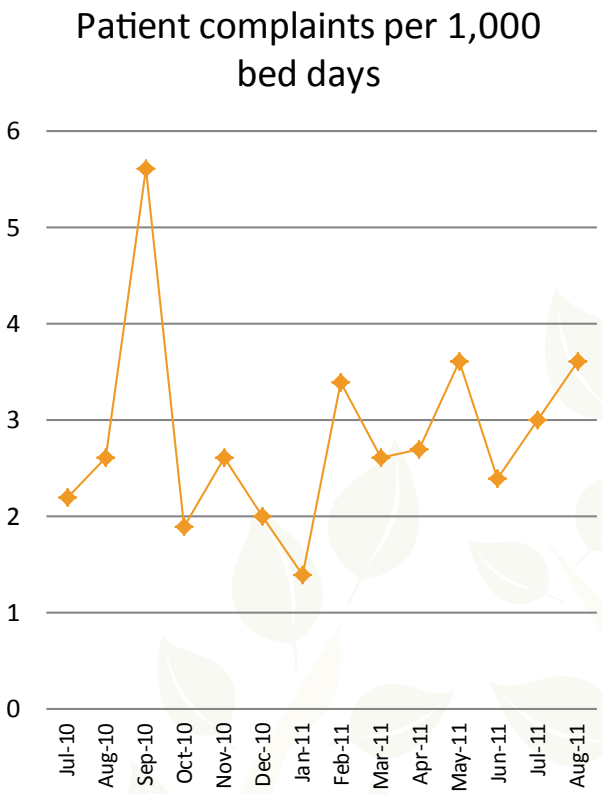
Outpatient – 89%

Patient satisfaction rates reached 81% for inpatients and 89% for outpatients in quarter 4 2010/11.

Results for previous quarters:

	2008/09		2009/10		2010/11	
	IP	OP	IP	OP	IP	OP
Q1	83%	89%	82%	91%	80%	87%
Q2	84%	88%	88%	89%	85%	90%
Q3	86%	91%	84%	91%	86%	89%

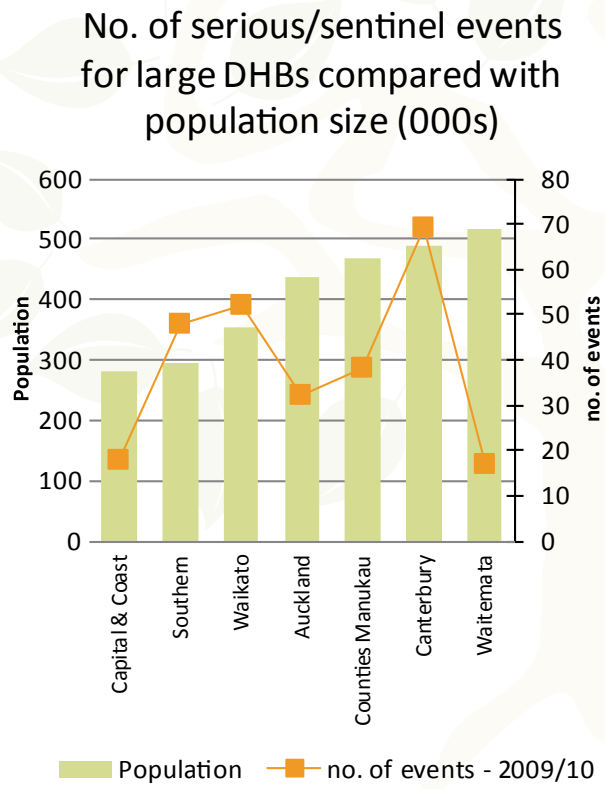
IP = inpatient
OP = outpatient

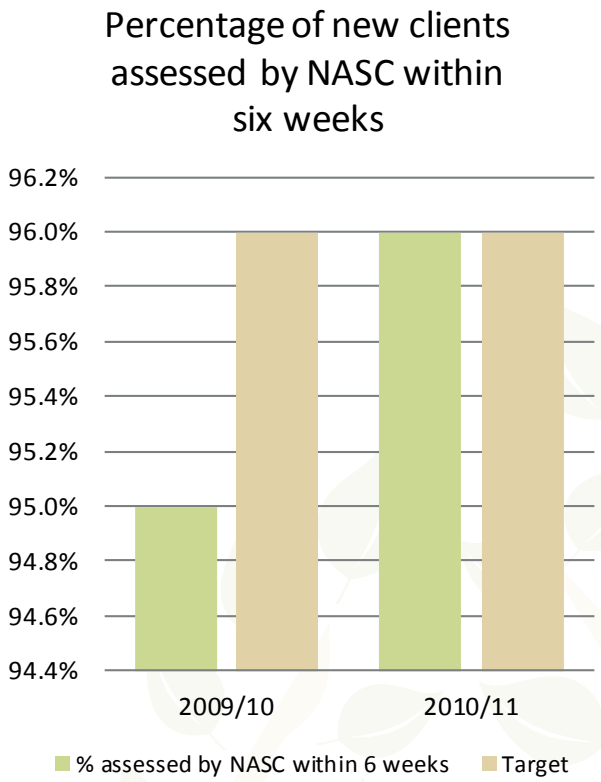


Waitemata DHB always strives to do better. All health systems/DHBs are confronted with issues of quality and safety. However, Waitemata DHB has a strong record of low levels of serious or sentinel events when compared with DHBs of similar size.

During 2010/11, Waitemata DHB had a small number of high-profile complaints about the quality and safety of our services. We take these issues seriously, and recognise the impact on the staff and families involved. We are constantly and relentlessly reviewing and refocusing our efforts to increase the quality and safety of the services we provide and decrease adverse events.

The priorities for 2011/12 specifically focus on those activities that will ensure patients are given a consistently high level of care that is considerate, thoughtful and kind at all times.



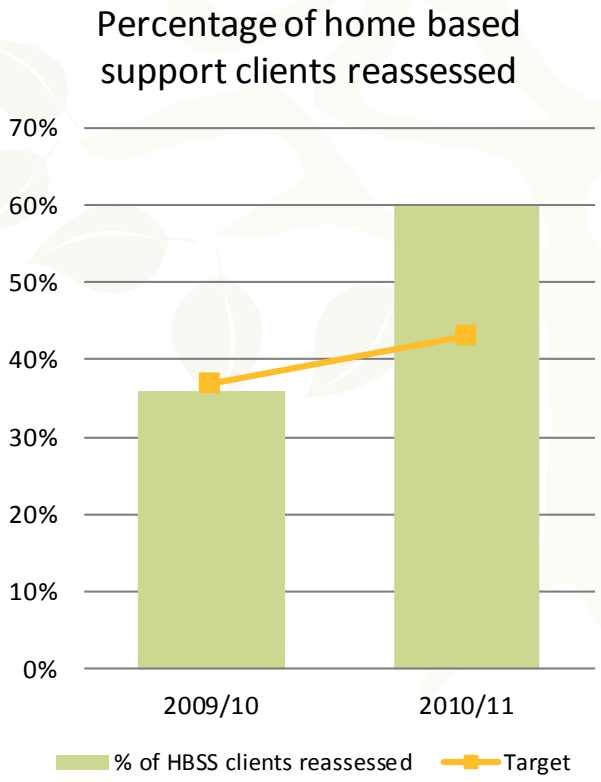


Target: 96%

Achieved

Result: 96%

Assessments within six weeks of referral to Needs Assessment and Service Coordination (NASC) mean that people are able to obtain the services they need faster in order to maintain optimal independence.

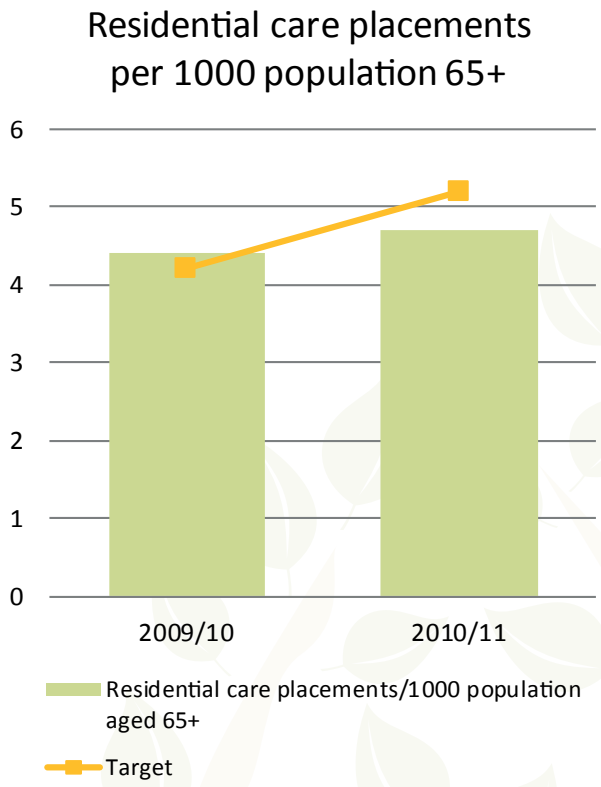


Target: 43%

Achieved

Result: 60%

To ensure that older people are receiving the relevant support required to remain living in the community, their level of need, and the services they receive, need to be reassessed by Home-Based Support Services (HBSS) at regular intervals.



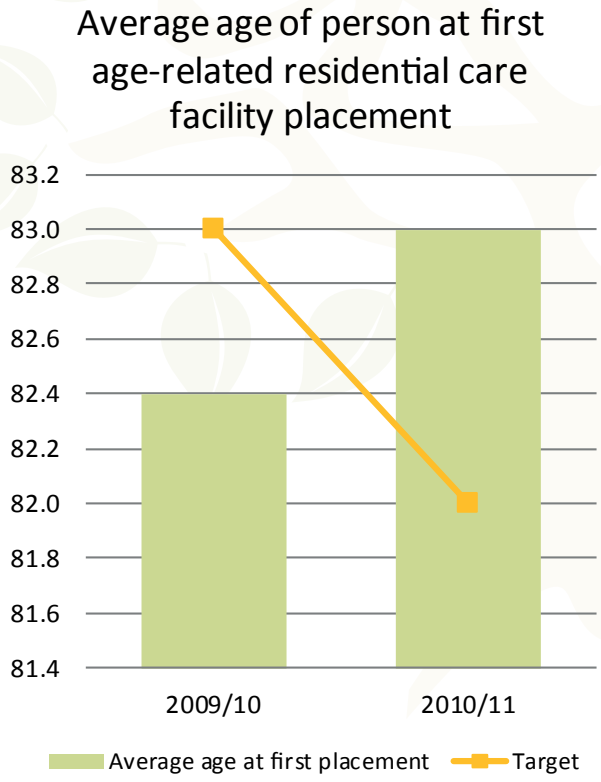
Target: 5.2

Achieved

Result: 4.7

As the over-65-year-old population increases, it is expected that the need for residential care will also increase. To minimise this increase in residential care, we have been ensuring older people are receiving the most relevant services needed to remain living in their homes for longer.

The Grant Thornton Review (2010) of Aged Residential Care predicted an increase in bed utilisation in line with rising dependency levels. Waitemata DHB has started to see this with growth in private hospital level services over the past year, while entry into rest home level care remains steady, rather than increasing.



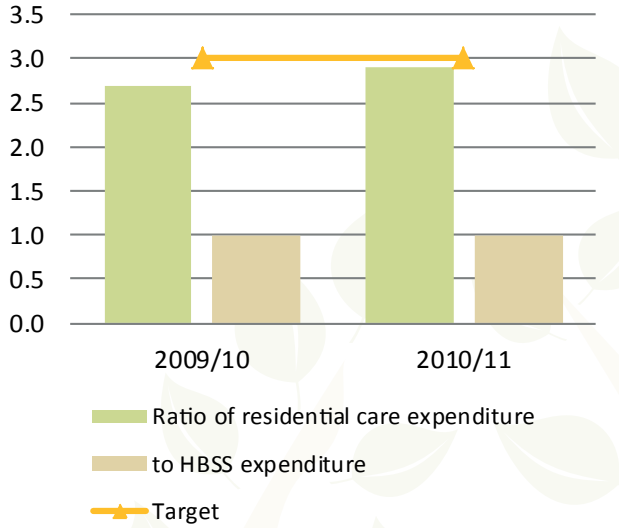
Target: 82

Achieved

Result: 83

As the older person is supported to remain living at home longer, the average age of placement in residential care will increase.

Ratio of residential care expenditure to HBSS expenditure, averaged for three quarters to end March 2011



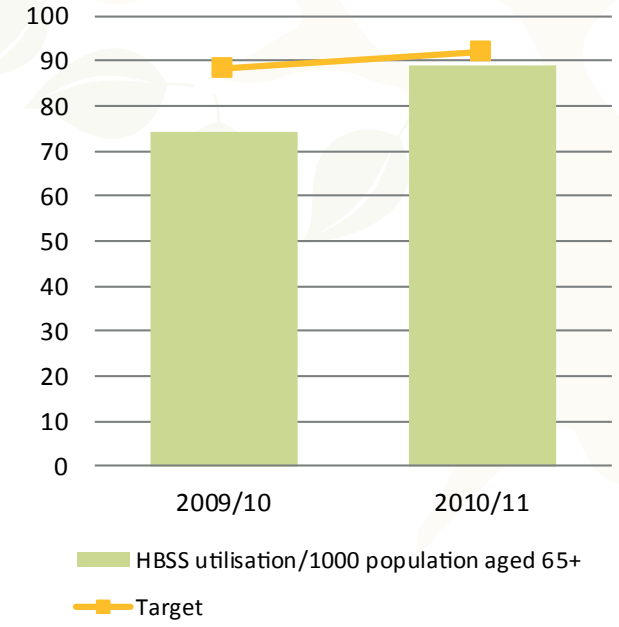
Target: 3.0:1

Achieved

Result: 2.9:1

Significant work to ensure that the Home-Based Support Services (HBSS) expenditure increase is minimised has been successful and we have seen an increase in the ratio of residential expenditure to HBSS expenditure. The ratio has been kept within the 3:1 target.

Home Based Support Services utilisation per 1000 population aged 65+

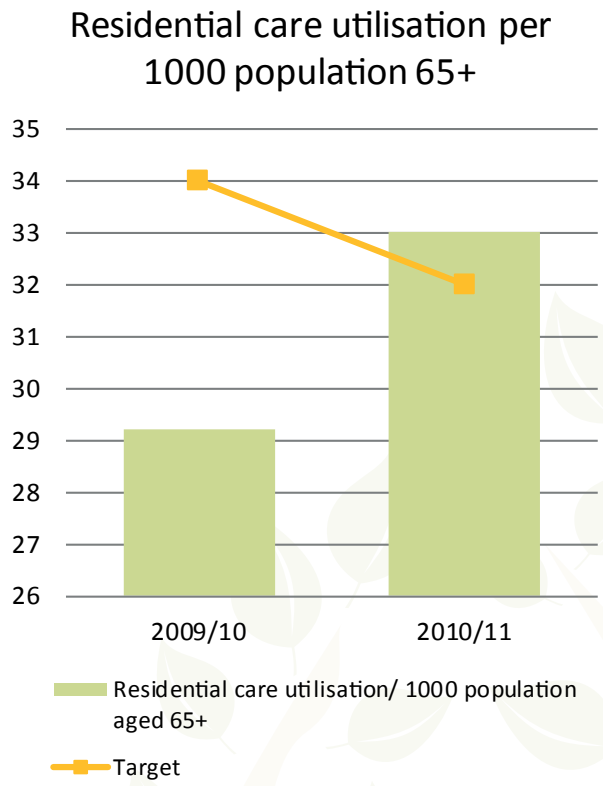


Target: 92

Substantially Achieved

Result: 89

Home-based support services (HBSS) reaching the 65+ population ensure that older people are more independent and can remain living in the community for longer. Although not quite meeting target, there has been substantial improvement in utilisation between 2009/10 and 2010/11. During 2010/11 a taskforce was established to develop guidelines around the structure of HBSS, which has led to the service being targeted more appropriately.



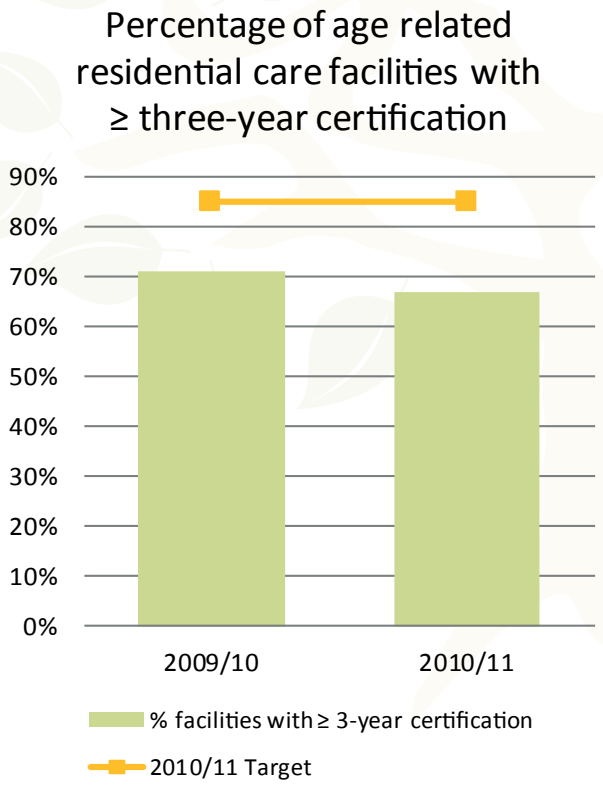
Target: 32

Substantially Achieved

Result: 33

As the over-65-year-old population increases, it is expected that the need for residential care will also increase. To minimise this increase in residential care, we have been ensuring that older people are receiving the most relevant services needed to remain living in their homes for longer.

There has been a dip in residential care utilisation and a corresponding increase in private hospital utilisation.

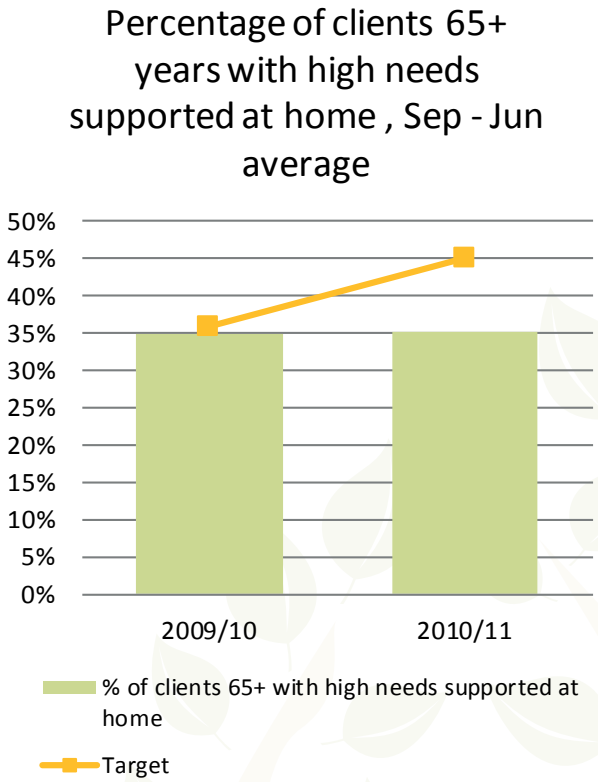


Target: 85%

Partly Achieved

Result: 67%

The decrease in performance is due to a high number of age-related residential care (ARRC) facilities undertaking a change of ownership. When a facility changes ownership it is required to undertake a provisional audit and can only gain a one-year certification. For Waitemata DHB, recent national data indicates that 12 facilities, or 19.7% of the DHB's facilities, have changed ownership over the last few years. The national data indicates that 12.3 % of facilities have changed ownership.



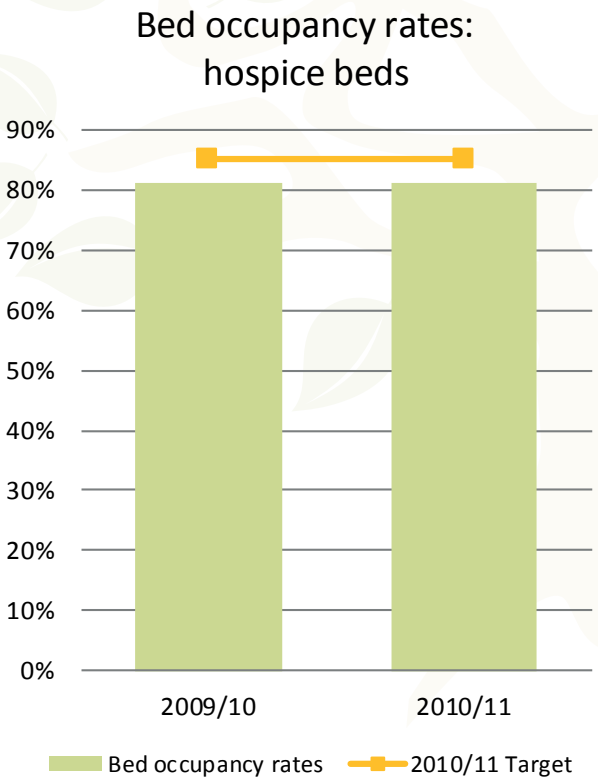
Target: 45%

Not Achieved

Result: 35%

Older people can remain living in the community for longer if the support available is relevant to their needs. This is particularly so for the older person who has high support needs where services are provided to assist them to remain in their home. Currently 35% of older people receiving HBSS have been assessed as having high needs.

Note that an issue was found with the data during the year. When the figures were recalculated, the target set was found to be too high against corrected figures.



Target: 85%

Substantially Achieved

Result: 81%

The bed occupancy rate has been calculated from data provided by the hospices in the district. However, as each hospice collects slightly different data, the calculation of the bed occupancy rate is an estimate of actual performance. More accurate reporting is expected from July 2011, when the hospices began collecting data consistently. Recent changes to referral processes have seen an increase in hospice bed occupancy.

WAITEMATA DISTRICT HEALTH BOARD 2010-11

Prepared under New Zealand equivalents to International Financial Reporting Standards

STATEMENT OF RESPONSIBILITY

The Board is responsible for the preparation of the Waitemata District Health Board and group's financial statements and the statement of service performance, and for the judgements made in them. The Board of the Waitemata District Health Board have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Waitemata District Health Board for the year ended 30 June 2011.

Signed on behalf of the Board:

Dr Lester Levy
Chairperson
26 October 2011

Max Abbott
Board Member
26 October 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

		Group		Parent		
		Actual	Actual	Actual	Budget	Actual
		2011	2010	2011	2011	2010
	Notes	$000	$000	$000	$000	$000
Income						
Patient care revenue	2	1,293,818	1,235,013	1,293,790	1,290,253	1,236,359
Interest Income		5,149	3,327	4,701	3,448	2,880
Other income	3	22,628	23,871	21,731	18,918	21,772
Total income	31	1,321,595	1,262,211	1,320,222	1,312,619	1,261,011
Expenditure						
Personnel costs	4	447,634	434,815	447,634	451,325	434,815
Depreciation and amortisation expense	13,14	23,784	22,814	23,784	22,879	22,814
Outsourced services		42,724	47,966	42,724	45,445	47,966
Clinical supplies		71,787	68,268	71,787	71,035	68,268
Infrastructure and non-clinical expenses		54,023	53,206	54,023	53,233	53,206
Other district health boards		304,310	278,181	304,310	270,858	278,181
Non-health board provider expenses		344,078	336,011	344,078	366,132	336,011
Capital charge	5	14,222	14,544	14,222	14,496	14,544
Interest expense		10,356	10,633	10,305	11,646	10,582
Other expenses	6	4,372	3,697	3,803	5,570	3,315
Total expenditure	31	1,317,290	1,270,135	1,316,670	1,312,619	1,269,702
Share of associate surplus / (deficit)	12	0	0	0	0	0
Surplus / (deficit)		**4,305**	**(7,924)**	**3,552**	**0**	**(8,691)**
Other comprehensive income						
Impairment of land and buildings	19	(6,400)	0	(6,400)	0	0
Revaluation of land and buildings	19	(4,116)	(12,200)	(4,116)	0	(12,200)
Total other comprehensive income (expense)		(10,516)	(12,200)	(10,516)	0	(12,200)
Total comprehensive income / (expense)		**(6,211)**	**(20,124)**	**(6,964)**	**0**	**(20,891)**

Explanations of major variances against budget are provided in note 31.

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

		Group		Parent		
		Actual	Actual	Actual	Budget	Actual
		2011	2010	2011	2011	2010
	Notes	$000	$000	$000	$000	$000
Balance at 1 July		166,299	184,046	161,036	177,516	179,550
Comprehensive income / (expense)						
Surplus / (deficit) for the year		4,305	(7,924)	3,552	0	(8,691)
Other comprehensive income		(10,516)	(12,200)	(10,516)	0	(12,200)
Total comprehensive income		**(6,211)**	**(20,124)**	**(6,964)**	**0**	**(20,891)**
Owner transactions						
Capital contributions from the Crown		5,621	2,377	5,621	4,377	2,377
Repayment of capital to the Crown		0	0		0	0
Balance at 30 June	**19**	**165,709**	**166,299**	**159,693**	**181,893**	**161,036**

Explanations of major variances against budget are provided in note 31.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Notes	Group Actual 2011 $000	Group Actual 2010 $000	Parent Actual 2011 $000	Parent Budget 2011 $000	Parent Actual 2010 $000
Assets						
Current assets						
Cash and cash equivalents	7	53,634	35,560	52,516	7,870	33,900
Debtors and other receivables	8	27,838	24,581	27,811	36,630	24,249
Investments	9	1,981	898	0	0	0
Inventories	10	4,961	5,568	4,961	6,000	5,568
Prepayments		61	137	61	2,000	137
Non-current assets held for sale	11	8,551	0	8,551	0	0
Total current assets		97,026	66,744	93,900	52,500	63,854
Non-current assets						
Investments	9	3,288	2,441	0	0	0
Property, plant and equipment	13	434,596	414,160	434,596	478,992	414,160
Intangible assets	14	4,266	7,805	4,266	6,020	7,805
Total non-current assets		442,150	424,406	438,862	485,012	421,965
Total assets		**539,176**	**491,150**	**532,762**	**537,512**	**485,819**
Liabilities						
Current liabilities						
Creditors and other payables	15	103,891	82,881	103,493	80,463	82,813
Borrowings	16	34,237	0	34,237	0	0
Employee entitlements	17	62,467	58,097	62,467	56,380	58,097
Provisions	18	562	635	562	400	635
Total current liabilities		201,157	141,613	200,759	137,243	141,545
Non-current liabilities						
Borrowings	16	153,958	165,796	153,958	200,376	165,796
Employee entitlements	17	18,352	17,442	18,352	18,000	17,442
Total non-current liabilities		172,310	183,238	172,310	218,376	183,238
Total liabilities		**373,467**	**324,851**	**373,069**	**355,619**	**324,783**
Net assets		**165,709**	**166,299**	**159,693**	**181,893**	**161,036**
Equity						
Crown equity	19	97,824	92,203	97,824	100,093	92,203
Accumulated surpluses / (deficits)	19	(68,500)	(72,052)	(68,500)	(71,285)	(72,052)
Revaluation reserves	19	130,369	140,885	130,369	153,085	140,885
Trust funds	19	6,016	5,263	0	0	0
Total equity		**165,709**	**166,299**	**159,693**	**181,893**	**161,036**

Explanations of major variances against budget are provided in note 31.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Group Actual 2011 $000	Group Actual 2010 $000	Parent Actual 2011 $000	Parent Budget 2011 $000	Parent Actual 2010 $000
Cash flows from operating activities						
Receipts from patient care:						
MoH		1,393,868	1,342,031	1,393,868	1,278,169	1,342,031
Other		33,194	30,563	30,720	31,003	28,058
Interest received		5,184	2,655	4,905	3,447	2,242
Payments to suppliers		(913,493)	(880,370)	(911,968)	(810,102)	(878,613)
Payments to employees		(437,478)	(433,667)	(437,478)	(451,325)	(433,667)
Capital charge		(12,130)	(13,345)	(12,130)	(14,496)	(13,345)
Interest payments		(10,083)	(9,843)	(10,083)	(13,817)	(9,843)
Goods and services tax (net)		(6,127)	794	(6,127)	(4,000)	794
Net cash flow from operating activities	20	52,935	38,818	51,707	18,879	37,657
Cash flows from investing activities						
Receipt from sale of property, plant and equipment		52	0	52	0	0
Purchase of property, plant and equipment		(59,604)	(31,748)	(59,604)	(57,923)	(31,748)
Purchase of intangible assets		(1,160)	(1,707)	(1,160)	(3,030)	(1,707)
Acquisition of investments		(1,770)	462	0	0	0
Net cash flow from investing activities		(62,482)	(32,993)	(60,712)	(60,953)	(33,455)
Cash flows from financing activities						
Capital contributions from the Crown		5,621	2,377	5,621	4,377	2,377
Proceeds from borrowings		22,000	0	22,000	28,080	0
Repayment of borrowings		0	0	0	0	0
Net cash flow from financing activities		27,621	2,377	27,621	32,457	2,377
Net (decrease) / increase in cash and cash equivalents		**18,074**	**8,202**	**18,616**	**(9,617)**	**6,579**
Cash and cash equivalents at the start of the year		35,560	27,358	33,900	17,487	27,321
Cash and cash equivalents at the end of the year	7	**53,634**	**35,560**	**52,516**	**7,870**	**33,900**

The GST (net) component of cash flows from operating activities reflects the GST paid to and received from the IRD. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

Explanations of major variances against budget are provided in note 31.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

REPORTING ENTITY

The Waitemata District Health Board (the DHB) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. The DHB's ultimate parent is the New Zealand Crown.

The consolidated financial statements of WDHB for the year ended 30 June 2011 comprise WDHB and its subsidiaries (together referred to as "Group") and WDHB's interest in associates and jointly controlled entities. The WDHB group consists of the parent, Waitemata District Health Board and Three Harbours Health Foundation (100% owned.), joint ventures are healthAlliance NZ Limited (50%) and associate companies are Auckland Regional RMO Services Ltd (33%) and Northern DHB Support Agency (34%).

The DHB's subsidiary, associates and joint venture are incorporated and domiciled in New Zealand.

The DHB's primary objective is to deliver health, disability, and mental health services to the community within its district. Accordingly, the DHB has designated itself and the group as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The DHB has reported in note 30 on the patient trust monies which it administers.

The financial statements for the DHB are for the year ended 30 June 2011, and were approved by the Board on 26 October 2011.

BASIS OF PREPARATION

Statement of compliance
The financial statements of the DHB have been prepared in accordance with the requirements of the New Zealand Public Health and Disability Act 2000 and the Crown Entities Act 2004, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement base
The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of land, and buildings.

Functional and presentation currency
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of the DHB, its subsidiary, associates and joint ventures is New Zealand dollars (NZ$).

Changes in accounting policies
There have been no changes in accounting policies during the financial year.

Early adopted amendments to standards
The following amendments to standards have been early adopted:

- NZ IFRS 7 *Financial Instruments: Disclosures* – The effect of early adopting these amendments is the following information is no longer disclosed:
    - the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
    - the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount in the statement of financial position.

- NZ IAS 24 *Related Party Disclosures (Revised 2009)* – The effect of early adopting the revised NZ IAS 24 is:
  - more information is required to be disclosed about transactions between the DHB and entities controlled, jointly controlled, or significantly influenced by the Crown;
  - commitments with related parties require disclosure; and information is required to be disclosed about any related party transactions with Ministers of the Crown.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted
NZ IFRS standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the DHB, are:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2014. The DHB has not yet assessed the effect of the new standard and expects it will not be early adopted.

- FRS-44 *New Zealand Additional Disclosures* and *Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)* – These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ended 30 June 2012. The DHB has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

Subsidiaries are entities in which WDHB has the capacity to determine the financing and operating policies and from which it is has entitlement to significant ownership benefits. The financial statements include WDHB and its subsidiaries, the acquisition of which are accounted for using the purchase method. The effects of all significant intercompany transactions between entities are eliminated on consolidation. In WDHB's financial statements, investments in subsidiaries are recognised at cost less any impairment losses.

The DHB is required under the Crown Entities Act 2004 to prepare consolidated financial statements in relation to the group for each financial year. Consolidated financial statements for the group have been prepared using the acquisition method. Information relating to Three Harbours Health Foundation is disclosed in note 29.

The DHB does not consolidate its subsidiary Milford Secure Properties as it is deemed to be dormant and is not material.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Waitemata DHB is party to two joint ventures arrangements. One is a jointly controlled operation; Awhina Health Campus. The DHB recognises in its financial statements the assets it controls, the revenue that it earns, the liabilities and expenses that it incurs from this joint operation.

The other joint venture is healthAlliance NZ Limited, which is a jointly controlled entity. The interest in this joint venture is not accounted for as it is not material to Waitemata District Health Board.

Associate

An associate is an entity over which the DHB has significant influence and that is neither a subsidiary nor an interest in a joint venture. The interests in Northern DHB Support Agency and Auckland Regional RMO Services Limited are not accounted for as they are not material to Waitemata District Health Board.

Revenue
Revenue is measured at the fair value of consideration received or receivable.

MOH revenue
The DHB is primarily funded through revenue received from the MoH, which is restricted in its use for the purpose of the DHB meeting its objectives.
Revenue from the MoH is recognised as revenue when earned.

ACC contracted revenue
ACC contract revenue is recognised as revenue when eligible services are provided and any contract conditions have been fulfilled.

Revenue from other DHBs
Inter district patient inflow revenue occurs when a patient treated within the Waitemata DHB region is domiciled outside of Waitemata. The MoH credits Waitemata DHB with a monthly amount based on estimated patient treatment for non Waitemata residents within Waitemata. An annual wash up occurs at year end to reflect the actual non Waitemata patients treated at Waitemata DHB.

Interest income
Interest income is recognised using the effective interest method.

Rental income
Lease income under an operating lease is recognised as revenue on a straight-line basis over the lease term.

Provision of services
Revenue derived through the provision of services to third parties is recognised in proportion to the stage of completion at the balance date.

Donations and bequests
Donations and bequests to the DHB are recognised as revenue when control over the asset is obtained. Those donations and bequests for specific purposes are transferred from accumulated surpluses/(deficits) to the trust funds component of equity. When expenditure is subsequently incurred in respect of these funds, it is recognised in the surplus or deficit and an equivalent amount is transferred from the trust component of equity to accumulated surpluses/(deficits).

Capital charge
The capital charge is recognised as an expense in the financial year to which the charge relates.

Interest expense
The DHB has elected to defer the adoption of the revised NZ IAS 23 *Borrowing Costs (Revised 2007)* in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Therefore, all borrowing costs are recognised as an expense in the financial year in which they are incurred.

Leases
Finance leases
A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the DHB will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases
An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Foreign currency transactions
Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ$ (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Debtors and other receivables
Debtors and other receivables are recorded at their face value, less any provision for impairment.

A receivable is impaired when there is objective evidence that the DHB will not be able to collect amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Investments
Bank deposits
Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

A bank deposit is impaired when there is objective evidence that the DHB will not be able to collect amounts due. Significant financial difficulties of the bank, probability that the bank will enter into receivership or liquidation, and default in payments are considered indicators that the deposit is impaired.

Inventories
Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential. The loss of service potential of inventories held for distribution is determined on the basis of obsolescence. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

The amount of any write-down for the loss of service potential is recognised in surplus or deficit in the period of the write-down.

Non-current assets held for sale
Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.
Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.
Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant, and equipment
Property, plant, and equipment consist of the following asset classes:
- land;
- buildings;
- clinical equipment;
- IT equipment; and
- other equipment and motor vehicles.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluations
Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value, and at least every three years.

The carrying values of land and buildings are assessed annually by independent valuers to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the asset class will be revalued.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Additions
The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that service potential associated with the item will flow to the DHB and the cost of the item can be measured reliably.

Work in progress is recognised at cost, less impairment, and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to accumulated surpluses.

Subsequent costs
Costs incurred subsequent to initial acquisition are capitalised only when it is probable that service potential associated with the item will flow to the DHB and the cost of the item can be measured reliably.
The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation
Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings (including components) 6 to 60 years (1.67%-16.67%)
Clinical equipment 3 to 20 years (5%-33%)
Other equipment and motor vehicles 3 to 15 years (6.67%-33%)
IT Equipment 5 to 15 years (6.67%-20%)

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year end.

Intangible assets
Software acquisition and development
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with the development and maintenance of the DHB's website are recognised as an expense when incurred.

Amortisation
The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

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

Acquired software 3 to 5 years (20% - 33%)
Internally developed software (20% - 33%)

Impairment of property, plant, and equipment and intangible assets
Property, plant, and equipment and intangible assets are reviewed for indicators of impairment as at each balance date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the DHB would, if deprived of the asset, replace its remaining service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive income to the extent the impairment loss does not exceed the amount in the revaluation reserve in equity for that same class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Creditors and other payables
Creditors and other payables are generally settled within 30 days so are recorded at their face value.

Borrowings
Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the DHB has an unconditional right to defer settlement of the liability for at least 12 months after the balance date. Borrowings where the DHB has an unconditional right to defer settlement of the liability for at least 12 months after balance date are classified as current liabilities if the DHB expects to settle the liability within 12 months of the balance date.

Employee entitlements
Short-term employee entitlements
Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay.
These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, continuing medical education leave, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

Long-term entitlements
Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as sabbatical leave, long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the
- likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements
Sick leave, continuing medical education leave, annual leave, and vested long service leave and sabbatical leave are classified as a current liability. Non-vested long service leave, sabbatical leave, and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes
Defined contribution schemes
Employer contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

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

Provisions are not recognised for future operating losses.

Restructuring
A provision for restructuring is recognised when the DHB has approved a detailed formal plan for the restructuring which has either been announced publicly to those affected, or for which implementation has already commenced.

ACC Partnership Programme
The DHB belongs to the ACC Partnership Programme whereby it accepts the management and financial responsibility for employee work-related illnesses and accidents. Under the program, it is liable for all its claims costs for a period of two years up to a specified maximum amount. At the end of the two-year period, the DHB pays a premium to ACC for the value of residual claims, and from that point the liability for on-going claims passes to ACC.

The liability for the ACC Partnership Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of employee injuries and claims up to balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely to possible, the estimated future cash outflows.

Equity
Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Crown equity;
- accumulated surpluses;
- revaluation reserves; and
- trust funds.

Revaluation reserves
These reserves are related to the revaluation of land and buildings to fair value.

Trust funds
This reserve records the unspent amount of donations and bequests provided to Three Harbours Health Foundation.

Goods and services tax
All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax
The DHB is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

Budget figures
The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Cost allocation
The DHB has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. Depreciation is charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

Critical accounting estimates and assumptions
In preparing these financial statements, the Board has made estimates and assumptions concerning the future.

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

Land and buildings revaluations
Note 13 provides information about the estimates and assumptions applied in the measurement of revalued land and buildings.

Estimating useful lives and residual values of property, plant, and equipment
The useful lives and residual values of property, plant, and equipment are reviewed at each balance date. Assessing the appropriateness of useful life and residual value estimates requires the DHB to consider a number of factors such as the physical condition of the asset, advances in medical technology, expected period of use of the asset by the DHB, and expected disposal proceeds (if any) from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. The DHB minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales.

The DHB has not made significant changes to past assumptions concerning useful lives and residual values.

Critical judgements in applying accounting policies
Management has exercised the following critical judgements in applying accounting policies:

Leases classification
Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the DHB.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

The DHB has exercised its judgement on the appropriate classification of leases, and has determined a number of lease arrangements are finance leases.

2 PATIENT CARE REVENUE

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Health and disability services (MoH contracted revenue)	1,201,312	1,148,202	1,201,312	1,148,202
ACC contract revenue	8,759	8,697	8,759	8,697
Inter district patient inflows	76,764	73,589	76,764	73,589
Revenue from other district health boards	2,386	534	2,358	1,880
Other patient sourced revenue	4,597	3,991	4,597	3,991
Total patient care revenue	**1,293,818**	**1,235,013**	**1,293,790**	**1,236,359**

3 OTHER INCOME

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Gain on sale of property, plant and equipment	52	0	52	0
Clinical Training Agency	7,963	8,322	7,963	8,322
Donations and bequests received	237	420	71	277
Rental income	514	0	514	0
Professional, training and research	3,564	4,523	2,833	2,567
Other income	10,298	10,606	10,298	10,606
Total other income	**22,628**	**23,871**	**21,731**	**21,772**

4 PERSONNEL COSTS

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Salaries and wages	433,500	431,269	433,500	431,269
Contributions to defined contribution schemes	8,854	7,624	8,854	7,624
Increase/(decrease) in liability for employee entitlements	5,280	(4,078)	5,280	(4,078)
Total personnel costs	**447,634**	**434,815**	**447,634**	**434,815**

Contributions to defined contribution schemes include KiwiSaver, State Sector Retirement Savings Scheme and the Government Superannuation Fund.

5 CAPITAL CHARGE

The DHB pays a monthly capital charge to the Crown. The charge is based on the greater of its actual or budgeted closing equity balance for the month. The capital charge rate for the year ended 30 June 2011 was 8% (2010: 8%).

6 OTHER EXPENSES

		Group		Parent	
		Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Audit fees for WDHB financial statement audit		177	174	177	174
Audit fees (for subsidiaries financial statements)		7	9	7	9
Prior year under provision for audit fees		8	0	7	0
Operating lease expense		1,250	1,240	1,250	1,240
Impairment of debtors		1,726	1,159	1,726	1,159
Board members fees	Note 24	384	367	384	367
Restructuring expense		31	335	31	335
Koha		6	6	6	6
Other expenses		783	407	215	25
Total other expenses		**4,372**	**3,697**	**3,803**	**3,315**

7 CASH AND CASH EQUIVALENTS

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Cash at bank and on hand	529	410	516	400
Call deposits	53,105	35,150	52,000	33,500
Term deposits with maturities less than 3 months	0	0	0	0
Total cash and cash equivalents for the purposes of the statement of cash flows	**53,634**	**35,560**	**52,516**	**33,900**

The carrying value of cash at bank and term deposits with maturities less than three months approximates their fair value.

Cash and cash equivalents include funds of $1.18m (2010: $1.66m) donated or bequeathed for a specific purpose. The use of the funds must comply with the specific terms of the sources from which the funds were derived. The revenue and expenditure in respect of these funds is recognised in the surplus or deficit and is transferred from/to trust funds in equity.

8 DEBTORS AND OTHER RECEIVABLES

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Ministry of Health	10,627	4,716	10,627	4,716
Other receivables	5,830	3,829	5,803	3,497
Other accrued revenue	13,050	17,670	13,050	17,670
Less: Provision for impairment	(1,669)	(1,634)	(1,669)	(1,634)
Total debtors and other receivables	**27,838**	**24,581**	**27,811**	**24,249**

Fair value
The carrying value of debtors and other receivables approximates their fair value.

8 DEBTORS AND OTHER RECEIVABLES (CONTINUED)

Impairment
The ageing profile of trade receivables at year end is detailed below:

	Group 2011			Group 2010		
	Gross	Impairment	Net	Gross	Impairment	Net
	$000	$000	$000	$000	$000	$000
Not past due	13,224	0	13,224	6,097	(700)	5,397
Past due 1-30 days	813	0	813	1,028	0	1,028
Past due 31-60 days	826	(560)	266	445	0	445
Past due 61-90 days	404	(281)	123	265	(239)	26
Past due > 90 days	1,190	(828)	362	710	(695)	15
Total	**16,457**	**(1,669)**	**14,788**	**8,545**	**(1,634)**	**6,911**

All receivables greater than 30 days in age are considered to be past due.

The provision for impairment has been calculated based on a review of significant debtor balances and a collective assessment of all debtors (other than those determined to be individually impaired) for impairment. The collective impairment assessment is based on an analysis of past collection history and write-offs. Individually impaired receivables are assessed as impaired due to the significant financial difficulties being experienced by the debtor and management concluding that the likelihood of the overdue amounts being recovered is remote.

Movements in the provision for impairment of receivables are as follows:

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Balance at 1 July	1,634	903	1,634	903
Additional provisions made	1,726	1,159	1,726	1,159
Receivables written off	(1,691)	(428)	(1,691)	(428)
Balance at 30 June	**1,669**	**1,634**	**1,669**	**1,634**

9 INVESTMENTS

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Current portion				
Term deposits with maturities greater than 3 months and remaining duration less than 12 months	1,981	898	0	0
Total current portion	1,981	898	0	0
Non-current portion				
Term deposits with maturities greater than 3 months and remaining duration greater than 12 months	3,288	2,441	0	0
Total non-current portion	3,288	2,441	0	0
Total investments	**5,269**	**3,339**	**0**	**0**

The carrying value of the current portion of investments approximates their fair value.

9 INVESTMENTS (CONTINUED)

The fair value of term deposits with a remaining duration greater than 12 months is $3.288m (2010: $2.441m). The fair value has been calculated based on quoted market prices at the balance sheet date without deduction for transaction costs.

There is no impairment provision for investments.

10 INVENTORIES

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Pharmaceuticals	518	480	518	480
Surgical and medical supplies	4,443	4,676	4,443	4,676
Other supplies	0	412	0	412
Total inventories	**4,961**	**5,568**	**4,961**	**5,568**

The amount of inventories recognised as an expense during the year was $1.409m (2010: $1.465m), which is included in the clinical supplies line item of the statement of comprehensive income.

The write-down of inventories held for distribution amounted to $206k (2010: $0). There have been no reversals of write-downs. No inventories are pledged as security for liabilities (2010: $nil). However, some inventories are subject to retention of title clauses.

11 NON-CURRENT ASSETS HELD FOR SALE

The DHB owns IT equipment and software which have been classified as held for sale following the Boards approval to sell these assets to the shared service provider healthAlliance NZ Limited. The sale is expected to be completed by October 2011.

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Non-current assets held for sale include:				
IT Hardware	5,216	0	5,216	0
Software	3,335	0	3,335	0
Total non-current assets held for sale	**8,551**	**0**	**8,551**	**0**

12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Interest held at 30 June 2011	Balance date
Investments in joint ventures		
HealthAlliance NZ Limited	50%	30 June
Investments in associates		
Northern DHB Support Agency	33.3%	30 June
Auckland Regional RMO Service Limited	34%	30 June

Summary of financial information of joint ventures

	Assets $000	Liabilities $000	Equity $000	Revenues $000	Surplus $000
2011					
HealthAlliance NZ Limited	14,446	14,446	0	42,252	0
Total	**14,446**	**14,446**	**0**	**42,252**	**0**
2010					
healthAlliance NZ Limited	8,738	8,738	0	32,210	0
Total	**8,738**	**8,738**	**0**	**32,210**	**0**

Summary of financial information of associates

	Assets $000	Liabilities $000	Equity $000	Revenues $000	Surplus $000
2011					
Northern DHB Support Agency	5,929	5,295	634	9,875	5
Auckland Regional RMO Service Limited	2,238	2,236	2	2,880	0
Total	**8,167**	**7,531**	**636**	**12,755**	**5**
2010					
Northern DHB Support Agency	8,098	7,469	629	9,293	96
Auckland Regional RMO Service Limited	2,085	2,083	2	2,862	0
Total	**10,183**	**9,552**	**631**	**12,155**	**96**

Share of surplus / (deficit) of associate entities.

	Actual 2011 $000	Actual 2010 $000
Share of surplus / (deficit) before tax:	1	32
Les: Tax expense	0	0
Share of surplus/ (deficit)	**1**	**32**

The Group's share of the surplus /(deficit) above has not been accounted for on the grounds of materiality.

13 PROPERTY, PLANT, AND EQUIPMENT

	Land	Buildings	Clinical equipment	Other equipment	IT Equipment	Work in progress	Total
	$000	$000	$000	$000	$000		$000
Cost or valuation							
Balance at 1 July 2009	121,619	241,216	71,707	32,407	30,602	5,690	503,241
Additions from WIP	0	3,390	4,320	630	1,767	(10,107)	0
Revaluation increase/(decrease)	(12,200)	0	0	0	0		(12,200)
Additions to WIP	0	0	0	0	0	30,435	30,435
Disposals	0	0	(65)	(163)	0		(228)
Balance at 30 June 2010	109,419	244,606	75,962	32,874	32,369	26,018	521,248
Balance at 1 July 2010	109,419	244,606	75,962	32,874	32,369	26,018	521,248
Additions from WIP	0	51,791	7,630	531	1,845	(61,797)	0
Revaluation increase/(decrease)	0	(32,263)	0	0	0	0	(32,263)
Additions to WIP	0	0	0	0	0	57,568	57,568
Disposals	0	0	0	(1,153)	(27,422)	0	(28,575)
Balance at 30 June 2011	109,419	264,134	83,592	32,252	6,792	21,789	517,978
Accumulated depreciation and impairment losses							
Balance at 1 July 2009	0	0	44,196	18,872	23,772	0	86,840
Depreciation expense	0	10,282	5,417	2,021	2,660	0	20,380
Impairment losses	0	0	0	0	0	0	0
Elimination on disposal/transfer	0	0	(25)	(107)	0	0	(132)
Elimination on revaluation	0	0	0	0	0	0	0
Balance at 30 June 2010	0	10,282	49,588	20,786	26,432	0	107,088
Balance at 1 July 2010	0	10,282	49,588	20,786	26,432	0	107,088
Depreciation expense	0	11,465	5,575	1,909	2,434	0	21,383
Impairment losses	0	6,400	0	0	0	0	6,400
Elimination on disposal/transfer	0	0	0	(1,142)	(22,200)	0	(23,342)
Elimination on revaluation	0	(28,147)	0	0	0	0	(28,147)
Balance at 30 June 2011	0	0	55,163	21,553	6,666	0	83,382
Carrying amounts							
At 1 July 2009	121,619	241,216	27,511	13,535	6,830	5,690	416,401
At 30 June and 1 July 2010	109,419	234,324	26,374	12,088	5,937	26,018	414,160
At 30 June 2011	**109,419**	**264,134**	**28,429**	**10,699**	**126**	**21,789**	**434,596**

The total amount of property, plant, and equipment in the course of construction is $21.789m (2010: $26.018m).
The net carrying amount of assets held under finance leases is $406k (2010: $0) for clinical equipment.

Valuation
The total fair value of land and buildings valued by M E Gamby of Telfer Young as at 30 June 2011 amounted to $373.553m.

Land
Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value for land where there is a designation against the land or the use of the land is restricted. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Restrictions on the DHB's ability to sell land would normally not impair the value of the land because it has operational use of the land for the foreseeable future and will receive substantially the full benefits of outright ownership.

The most recent valuation of land was performed by a registered independent valuer, E Gamby of Telfer Young and the valuation is effective as at 30 June 2011.

Buildings
Specialised hospital buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for optimisation due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line deprecation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The most recent valuation of buildings was performed by a registered independent valuer, E Gamby of Telfer Young and the valuation is effective as at 30 June 2011.

Impairment
The review and revaluation of buildings resulted in the impairment loss of $6.400m per note 13 for a leaky building at the Mason Clinic. Condition assessments and remediation plans have been prepared for all buildings. A tender has been let for urgent temporary and minor repairs. Unspent capital and operational funds have been reprioritised into a provision to cover repair costs, with the full programme of work expected to take two to three years. Litigation advice has been taken and legal action is planned. Decanting space options for housing patients are also being worked through.

Restrictions on title
The DHB does not have full title to the Crown land it occupies but transfer is arranged if and when land is sold.
Some of the DHB's land is subject to Waitangi Tribunal claims. The disposal of certain properties may be subject to the provisions of section 40 of the Public Works Act 1981.

Titles to land transferred from the Crown to the DHB are subject to a memorial in terms of the Treaty of Waitangi Act 1975 (as amended by the Treaty of Waitangi (State Enterprises) Act 1988). The effect on the value of assets resulting from potential Waitangi Tribunal claims cannot be quantified and is therefore not reflected in the value of the land.

14 INTANGIBLE ASSETS

Movements for each class of intangible assets are as follows:

	Acquired software $000	Internally developed software $000	Total $000
Cost			
Balance at 1 July 2009	29,183	0	29,183
Additions to WIP	1,707	3,228	4,935
Disposals	00	0	0
Balance at 30 June 2010 / 1 July 2010	30,890	3,228	34,118
Additions from WIP	1,351	(641)	710
Additions to WIP	927	561	1,488
Transfer to assets held for sale	(32,050)	0	(32,050)
Balance at 30 June 2011	1,118	3,148	4,266
Accumulated amortisation and impairment losses			
Balance at 1 July 2009	23,879	0	23,879
Amortisation expense	2,434	0	2,434
Transfer to assets held for sale	0	0	0
Balance at 30 June 2010 / 1 July 2010	26,313	0	26,313
Amortisation expense	2,401	0	2,401
Transfer to assets held for sale	(28,714)	0	(28,714)
Balance at 30 June 2011	0	0	0
Carrying amounts			
At 1 July 2009	5,304	0	5,304
At 30 June 2010 / 1 July 2010	4,577	3,228	7,805
At 30 June 2011	1,118	3,148	4,266

There are no restrictions over the title of the DHB's intangible assets; nor are any intangible assets pledged as security for liabilities.

15 CREDITORS AND OTHER PAYABLES

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Creditors and accrued expenses	92,789	75,102	92,448	75,034
GST payable	6,781	5,737	6,724	5,737
Capital charge payable	3,245	1,153	3,245	1,153
Income in advance	1,076	889	1,076	889
Total creditors and other payables	**103,891**	**82,881**	**103,493**	**82,813**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

16 BORROWINGS

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Current portion				
Finance leases	83	0	83	0
Crown Health Financing Agency loans	34,154	0	34,154	0
Total current portion	34,237	0	34,237	0
Non-current portion				
Finance leases	316	0	316	0
Crown Health Financing Agency loans	153,642	165,796	153,642	165,796
Total non-current portion	153,958	165,796	153,958	165,796
Total borrowings	**188,195**	**165,796**	**188,195**	**165,796**
Borrowing facility limits				
Crown Health Financing Agency loan facility limit	225,920	165,796	225,920	165,796
Overdraft facility	40,000	40,000	40,000	40,000
Total borrowing facility limits	**265,920**	**205,796**	**265,920**	**205,796**

Crown Health Financing Agency loans
The Crown Health Financing Agency (CHFA) loans are secured by a negative pledge.
Without the CHFA's prior written consent, the DHB cannot perform the following actions:

- create any security over its assets except in certain defined circumstances;
- lend money to another person or entity (except in the ordinary course of business and then only on commercial terms) or give a guarantee;
- make a substantial change in the nature or scope of its business as presently conducted;
- dispose of any of its assets except disposals in the ordinary course of business or disposal for full fair value; or
- provide or accept services other than for proper value and on reasonable commercial terms.

The DHB must also meet the following covenants:

- interest-bearing debt divided by interest-bearing debt plus equity is less than 65 per cent.
- a cash flow covenant, under which the accumulated annual cash flow must be greater than zero.

The covenants have been complied with at all times during the year.

The fair value of CHFA borrowings is $201.445m (2010: $177.519m). Fair value has been determined by the Government bond rate plus 15 basis points.

Overdraft facility
The DHB has an overdraft facility with Westpac Bank. The facility is secured by a negative pledge. Without Westpac's prior written approval, the DHB cannot perform the following actions:

- create any security over its assets except in certain defined circumstances;
- lend money to another person or entity (except in the ordinary course of business and then only on commercial terms) or give a guarantee;
- make a substantial change in the nature or scope of its business as presently conducted; or
- dispose of any of its assets except disposals in the ordinary course of business or disposal for full fair value.

Finance leases
Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.
The net carrying amount of assets held under finance lease is disclosed in note 13.

16 BORROWINGS (CONTINUED)

The fair value of finance leases is $399k (2010: $0). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date ranging from 2.5% to 5.1% (2010: n/a).

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Minimum lease payments payable:				
No later than one year	108	0	108	0
Later than one year and not later than five years	412	0	412	0
Later than five years	0	0	0	0
Total minimum lease payments	520	0	520	0
Future finance charges	(121)	0	(121)	0
Present value of minimum lease payments	399	0	399	0
Present value of minimum lease payments		0		0
No later than one year	83	0	83	0
Later than one year and not later than five years	316	0	316	0
Later than five years	0	0	0	0
Total present value of minimum lease payments	399	0	399	0

Description of finance leasing arrangements
The DHB has entered into a finance lease for clinical equipment. There are no restrictions placed on the DHB by any of the finance leasing arrangements.

17 EMPLOYEE ENTITLEMENTS

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Current portion				
Accrued salaries and wages	13,181	12,613	13,181	12,613
Annual leave	41,459	38,752	41,459	38,752
Sick leave	807	655	807	655
Sabbatical leave	300	300	300	300
Continuing medical education leave	4,985	4,666	4,985	4,666
Long service leave	179	85	179	85
Retirement gratuities	1,556	1,026	1,556	1,026
Total current portion	62,467	58,097	62,467	58,097
Non-current portion				
Continuing medical education leave	3,920	3,872	3,920	3,872
Long service leave	4,584	4,283	4,584	4,283
Retirement gratuities	7,747	7,691	7,747	7,691
Other employee entitlements	2,101	1,596	2,101	1,596
Total non-current portion	18,352	17,442	18,352	17,442
Total employee entitlements	**80,819**	**75,539**	**80,819**	**75,539**

17 EMPLOYEE ENTITLEMENTS (CONTINUED)

The present value of sabbatical leave, long service leave, and retirement gratuities obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. An inflation factor of 2% (2010: 1.75%) was used.

18 PROVISIONS

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Current portion				
ACC Partnership Programme	562	635	562	635
Total current portion	562	635	562	635
Total provisions	**562**	**635**	**562**	**635**

Movements for each class of provision are as follows:

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Balance at 1 July 2010	635	392	635	392
Additional provisions made	(73)	243	(73)	243
Amounts used	0	0	0	0
Balance at 30 June 2011	**562**	**635**	**562**	**635**

ACC Partnership Programme

Liability valuation

An external independent actuarial valuer, AON, has calculated the liability as at 30 June 2011. The actuary has attested he is satisfied as to the nature, sufficiency, and accuracy of the data used to determine the outstanding claims liability. There are no qualifications contained in the actuary's report.

Risk margin

A risk margin of 11% (2010: 11%) has been assessed to allow for the inherent uncertainty in the central estimate of the claims liability.

The risk margin has been determined after consideration of past claims history, costs, and trends. The risk margin is intended to achieve a 75% probability of the liability being adequate to cover the cost of injuries and illnesses that have occurred up to balance date.

Key assumptions:

The key assumptions used in determining the outstanding claims liability are:

- an average assumed rate of inflation of 4% (2010: 4%);
- a weighted average discount factor of 3.8% (2010: 4.5%) has been applied.

18 PROVISIONS (CONTINUED)

Insurance risk
The DHB operates the Full Self Cover Plan. Under this plan, it assumes full financial and injury management responsibility for work-related injuries and illnesses for a selected management period and continuing financial liability for the life of the claim to a pre-selected limit.

The DHB is responsible for managing claims for a period of up to 24 months following the lodgement date. At the end of 24 months, if an injured employee is still receiving entitlements, the financial and management responsibility of the claim will be transferred to ACC for a price calculated on an actuarial valuation basis.

19 EQUITY

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Crown equity				
Balance at 1 July	92,203	89,826	92,203	89,826
Capital contributions from the Crown	5,621	2,377	5,621	2,377
Repayment of capital to the Crown	0	0	0	0
Balance at 30 June	97,824	92,203	97,824	92,203
Accumulated surpluses/(deficits)				
Balance at 1 July	(72,052)	(63,361)	(72,052)	(63,361)
Surplus/(deficit) for the year	4,305	(7,924)	3,552	(8,691)
Revaluation reserves transfer on disposal	0	0	0	0
Transfer from/(to) trust funds	(753)	(767)	0	0
Balance at 30 June	(68,500)	(72,052)	(68,500)	(72,052)
Revaluation reserves				
Balance at 1 July	140,885	153,085	140,885	153,085
Impairment loss	(6,400)	0	(6,400)	0
Revaluations	(4,116)	(12,200)	(4,116)	(12,200)
Balance at 30 June	130,369	140,885	130,369	140,885
Revaluation reserves consist of:				
Land	103,933	103,933	103,933	103,933
Buildings	26,436	36,952	26,436	36,952
Total revaluation reserves	130,369	140,885	130,369	140,885
Trust funds				
Balance at 1 July	5,263	4,496	0	0
Balance at 30 June	6,016	5,263	0	0
Total equity	**165,709**	**166,299**	**159,693**	**161,036**

Included in the DHBs accumulated surpluses/deficits are $8.5m (2010: $ 5.6m) of unspent mental health ring fenced funding representing the excess of funding received over relevant mental health expenses since this funding was established.

20 RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Net surplus/(deficit)	4,305	(7,924)	3,552	(8,691)
Add/(less) non-cash items				
Depreciations and amortisation expense	23,784	22,814	23,784	22,814
Total non-cash items	23,784	22,814	23,784	22,814
Add/(less) items classified as investing or financing activities				
Unrealised (gain)/ loss investments	(124)	0	0	0
(Gains)/losses on disposal of property, plant and equipment	(52)	0	(52)	0
Total items classified as investing or financing activities	(176)	0	(52)	0
Add/(less) movements in statement of financial position items				
Debtors and other receivables	(2,024)	17,307	(2,289)	16,903
Inventories	607	177	607	177
Creditors and other payables	22,142	1,373	21,808	1,383
Provisions	(73)	243	(73)	243
Employee entitlements	4,370	4,828	4,370	4,828
Net movements in working capital items	25,022	23,928	24,423	23,534
Net cash flow from operating activities	**52,935**	**38,818**	**51,707**	**37,657**

21 CAPITAL COMMITMENTS AND OPERATING LEASES

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Capital commitments				
Property, plant and equipment	40,963	45,831	40,963	45,831
Intangible assets	440	669	440	669
Total capital commitments	**41,403**	**46,500**	**41,403**	**46,500**

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

21 CAPITAL COMMITMENTS AND OPERATING LEASES (CONTINUED)

Non-cancellable operating lease commitments as lessee
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Not later than one year	5,722	4,888	5,722	4,888
Later than one year and not later than five years	15,588	8,710	15,588	8,710
Later than five years	2,491	1,125	2,491	1,125
Total non-cancellable operating leases	**23,801**	**14,723**	**23,801**	**14,723**

The DHB leases a number of buildings under operating leases, the largest of which are as follows:

- A mental health and administration building is leased with an expiry date of 04 May 2019, with a right of renewal for a further five year period with an annual rent increase of 2%.
- A mental health unit in West Auckland is leased with an expiry date of 29 March 2016, with a right of renewal for a further two periods of five years each, and a review to market rent every three years.

Other non-cancellable contractual operating commitments
The future aggregate payments to be paid under other non-cancellable contractual operating commitments are as follows:

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Not later than one year	59,649	60,874	59,649	60,874
Later than one year and not later than five years	75,819	124,062	75,819	124,062
Later than five years	19	61	19	61
Total other non-cancellable operating leases	**135,487**	**184,997**	**135,487**	**184,997**

The majority of these commitments relate to the purchase of health services to be provided by other health service providers.

22 CONTINGENCIES

Contingent liabilities
Lawsuits against the DHB
Waitemata DHB and its associates have been notified of one potential legal claim at 30th June 2011 which creates a contingent liability totalling approximately $200k (2010: five claims totalling $175k).

At balance date, Unitec Institute of Technology have granted $217k towards the refurbishment of Awhina Health Campus with further investment scheduled to occur on completion of the upgraded facility and commencement of the intended operational joint venture. This initial $217k is recognised as a contingent liability dependent on completion of the refurbishment project.

Contingent assets
The DHB has no contingent assets (2010: $nil).

23 RELATED PARTY TRANSACTIONS

All related party transactions have been entered into on an arm's length basis.

The DHB is a wholly-owned entity of the Crown.

Significant transactions with government-related entities
The DHB has received funding from the Crown and ACC of $1,210.07m (2010: $1,156.90m) to provide health services in the Waitemata area for the year ended 30 June 2011.

Revenue earned from other DHBs for the care of patients outside the DHB's district amounted to $79.15m (2010: $74.12m) for the year ended 30 June 2011. Expenditure to other DHBs for their care of patients from the DHB's district amounted to $304.31m (2010: $278.18m) for the year ended 30 June 2011.

Collectively, but not individually significant, transactions with government-related entities
In conducting its activities, the DHB is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The DHB is exempt from paying income tax.

The DHB also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2011 totalled $1.93m (2010: $3.56m). These purchases included the purchase of electricity from Genesis Energy, air travel from Air New Zealand, and postal services from New Zealand Post.

No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties (2010: $nil).

Related party transactions with the DHB's subsidiary, associates and joint ventures

	Actual 2011 $000	Actual 2010 $000
Subsidiary – The Three Harbours Health Foundation		
Services provided to the DHB	402	0
Payable for services provided to the DHB	0	0
Services provided by the DHB	1,280	1,396
Receivable for services provided by the DHB	424	125
Associate – Auckland Regional RMO Service Limited		
Services provided to the DHB	2,447	2,270
Payable for services provided to the DHB	0	0
Services provided by the DHB	43	8
Receivable for services provided by the DHB	3	3
Associate – Northern DHB Support Agency Limited		
Services provided to the DHB	2,684	1,415
Payable for services provided to the DHB	0	57
Services provided by the DHB	1,414	1,467
Receivable for services provided by the DHB	80	244

	Actual 2011 $000	Actual 2010 $000
Joint Venture – healthAlliance NZ Limited		
Services provided to the DHB	17,790	17,430
Payable for services provided to the DHB	13	(67)
Services provided by the DHB	101	48
Receivable for services provided by the DHB	275	3
Joint Venture partner– Unitec Institute of Technology		
Services provided to the DHB	49	81
Payable for services provided to the DHB	0	0
Services provided by the DHB	639	667
Receivable for services provided by the DHB	180	238

Transactions with key management personnel
Key management personnel compensation

	Actual 2011 $000	Actual 2010 $000
Salaries and other short-term employee benefits	2,455	2,156
Post-employment benefits	0	0
Other long-term benefits	10	4
Termination benefits	23	48
Total key management personnel compensation	**2,488**	**2,208**

Key management personnel include the Chief Executive and the other eight members of the management team (2010: nine members).

Related party directorships involving key management personnel
Members of the Executive Leadership Team with related party directorship roles:

Name	Title	Director of:
Dave Davies	Chief Executive Officer	healthAlliance NZ Limited
		Northern DHB Support Agency
		Auckland Regional RMO Services Ltd
Dr Dale Bramley	Deputy Chief Executive Officer	Auckland Regional RMO Services Limited
		Northern DHB Support Agency
Rosalie Percival	Chief Financial Officer	healthAlliance NZ Limited

23 RELATED PARTY TRANSACTIONS (CONTINUED)

Related party transactions involving Board members

During the year, the DHB transacted with entities in which Waitemata Board members or Senior Management had governance, shareholder or other interests, as set out in the following table. Board members do not participate in decisions directly related to funding of related entities and the terms and conditions of those arrangements are no more favourable than the DHB would have adopted if there were no relationship.

			Transactions 2010/11 $000				
			Payments	Receipts	Outstanding at 30 June		
Board Member	**Relationship**	**Organisation**	**to**	**from**	**Payable**	**Receivable**	**Nature of Service**
Max Abbott	Pro-vice chancellor and Dean, Faculty of Health and Environmental Sciences	Auckland University of Technology	209	615	10	126	Workforce development in nursing, podiatry and other healthcare professions. Evaluation of public health programme.
	Patron	Raeburn House	5				Mental health promotion, networking and information.
	Board Member	Health Workforce New Zealand		480			Postgraduate nurse training
Pat Booth	Consulting Editor	Fairfax Suburban Papers in Auckland	7				Advertising
Lynne Coleman	General Practitioner and Member	ProCare North PHO	12,240		86		Total payment to ProCare North PHO for General Practitioner and related services.
	Shareholder	Shorecare Medical Services Ltd	1,015		32		Payments for after hours General Practitioner and related services.
	Director	Apollo Health Ltd	134				General Practitioner and related services.
	Member	Wilson Home Trust Management Committee	105				Rental payments for facilities at Wilson Home.
Sandra Coney	Elected Member and Chair Parks Committee	Auckland Council	180				Rates and resource consent fees.
Rob Cooper	Board Member	Auckland District Health Board	6,232	2,847	2,126	722	Various services, including HUB services for Child Health and Housing, Pacific smoking cessation and ambulance transfers.
	Advisory Board Member James Henare Research Centre	University of Auckland	17		20		Evaluation services

23 RELATED PARTY TRANSACTIONS (CONTINUED)

			Transactions 2010/11 $000				
			Payments	Receipts	Outstanding at 30 June		
Board Member	Relationship	Organisation	to	from	Payable	Receivable	Nature of Service
Warren Flaunty	Member Henderson, Massey, Rodney and Upper Harbour Local Boards	Auckland Council	180				Rates and resource consent fees.
	Trustee	West Auckland Hospice	1,768				Palliative assessment care.
	Shareholder	Metlifecare Limited	624				Funding of aged care services at Metlifecare facilities.
	Shareholder	EBOS Group Ltd	13,625	64	1,515	6	Healthcare consumables from EBOS and its subsidiary Health Support Limited.
	Shareholder	Pharmacy Brands Ltd	28,949				Total payments to four pharmacies under the Pharmacy Brands umbrella.
	Shareholder	Westgate Pharmacy Limited	2,532				Provision of community pharmacy services.
	Chair	Three Harbours Health Foundation	402	1,143		424	Health workforce development and reimbursement of clinical research costs.
	City Councillor	Waitakere City Council	39	3			Building and resource consent fees.
Wyn Hoadley	Board Member	North Shore Community Health Voice	39				Community engagement and health advocacy.
	Trustee	Three Harbours Health Foundation	402	1,143		424	Health workforce development and reimbursement of clinical research costs.
Wendy Lai	Partner	Deloitte	134				Consulting services, health and business management.
	Board Member	Rodney Health Link	40				Community engagement and health advocacy.
James Le Fevre	Registrar	Counties Manukau District Health Board	1,440	1,486	53	299	Recharges for shared personnel and facility costs.
	Trustee	Three Harbours Health Foundation	402	1,143		424	Health workforce development and reimbursement of clinical research costs.
Brian Neeson	Board Member	Waitakere Health Link	40	2			Community engagement and health advocacy.

23 RELATED PARTY TRANSACTIONS (CONTINUED)

			Transactions 2010/11 $000				
			Payments	Receipts	Outstanding at 30 June		
Board Member	**Relationship**	**Organisation**	**to**	**from**	**Payable**	**Receivable**	**Nature of Service**
Christine Rankin	Member Upper Harbour Local Board	Auckland Council	180				Rates and resource consent fees.
Allison Roe	Board Member	North Shore Hospital Foundation	402	1,143		424	Total receipts and payments to the Three Harbours Health Foundation, which includes the North Shore Hospital Foundation.
Gwen Tepania-Palmer	Committee Member	ACC EMRG Committee	2,080	9,299		820	Payment of ACC levies. Treatment and rehabilitation services provided to ACC clients.
	Board Member	Auckland District Health Board	6,232	2,847	2,126	722	Various services, including HUB services for Child Health and Housing, Pacific smoking cessation and ambulance transfers.

			Transactions 2010/11 $000				
			Payments	Receipts	Outstanding at 30 June		
Senior Management	**Relationship**	**Organisation**	**to**	**from**	**Payable**	**Receivable**	**Nature of Service**
Dave Davies	Executive Member	District Health Boards New Zealand	1				Staff development and course fees.
Dr Dale Bramley	Trustee	NZ Population Health Charitable Trust		22			Training endowments.
Te Aniwa Tutara	Chair	Te Whanau Tu Tonu o Oruamo Society	7				Sponsorship for hospital visiting programme.

24 BOARD MEMBER REMUNERATION

The total value of remuneration paid or payable to each Board member during the year was:

	Actual 2011 $000	Actual 2010 $000
Dr Lester Levy (Chair)	67	57
Prof Max Abbott (Deputy Chair)	39	37
Mary-Anne Benson Cooper (part year to 5th December)	13	31
Pat Booth	31	31
Lynne Coleman (part year to 5th December)	13	29
Sandra Coney (part year from 6th December)	17	0
Rob Cooper (part year from 6th December)	15	0
Warren Flaunty	33	33
Wyn Hoadley (part year to 5th December)	14	32
Robert Khan (part year only)	0	11
Wendy Lai	32	16
Mary Lythe (part year only)	0	11
James Le Fevre (part year from 6th December)	18	0
Brian Neeson (part year to 5th December)	15	33
Christine Rankin (part year from 6th December)	18	0
Allison Roe (part year from 6th December)	17	0
Gwen Tepania–Palmer	30	29
Total board member remuneration	**372**	**350**

Co-opted committee members
Payments made to committee members appointed by the Board who are not Board members during the financial year amounted to $12k (2010: $17k)

Norman Wong $0.25k, Lyvia Marsden (CPHAC) $2.00k, North Shore Community Health Voice (CPHAC) $0.75k, Rodney Health Link (CPHAC) $1.00k, Waitakere Health Link (CPHAC) $1.00k, Tina French (DiSAC) $1.00k, Russell Vickery (DiSAC) $0.75k, Karl Gatolai (DiSAC) $0.50k, Natalie Brunzel (DiSAC) $0.50k, Jan Moss (DiSAC) $1.00k, Michelle Cavanagh (DiSAC and MaGAC) $1.75k, Gary Brown (MaGAC) $0.50k, Evelyn Taumaunu (MaGAC) $0.75k and Catherine Haswell (MaGAC) $0.75k.

The DHB has provided a deed of indemnity to Directors and Board Members for certain activities undertaken in the performance of the DHB's functions. The DHB has effected Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

No Board members received compensation or other benefits in relation to cessation (2010: $nil).

25 EMPLOYEE REMUNERATION

The number of employees or former employees who received remuneration and other benefits of $100,000 or more within specified $10,000 bands were as follows:

Total remuneration paid:

	Actual 2011	Actual 2010		Actual 2011	Actual 2010
$100,000 – 109,999	132	123	$350,000 – 359,999	2	5
$110,000 – 119,999	64	69	$360,000 – 369,999	1	8
$120,000 – 129,999	53	62	$370,000 – 379,999	4	3
$130,000 – 139,999	26	23	$380,000 – 389,999	0	1
$140,000 – 149,999	30	30	$390,000 – 399,999	2	4
$150,000 – 159,999	21	20	$400,000 – 409,999	4	2
$160,000 – 169,999	23	25	$410,000 – 419,999	1	2
$170,000 – 179,999	24	20	$420,000 – 429,999	1	0
$180,000 – 189,999	14	23	$430,000 – 439,999	2	1
$190,000 – 199,999	24	20	$440,000 – 449,999	1	1
$200,000 – 209,999	19	13	$450,000 – 459,999	0	1
$210,000 – 219,999	20	19	$460,000 – 469,999	1	0
$220,000 – 229,999	19	10	$470,000 – 479,999	2	0
$230,000 – 239,999	14	15	$480,000 – 489,999	0	0
$240,000 – 249,999	16	17	$490,000 – 499,999	0	0
$250,000 – 259,999	16	14	$500,000 – 509,999	0	0
$260,000 – 269,999	14	11	$510,000 – 519,999	1	0
$270,000 – 279,999	10	16	$520,000 – 529,999	0	1
$280,000 – 289,999	13	11	$530,000 – 539,999	0	0
$290,000 – 299,999	4	9	$540,000 – 549,999	0	0
$300,000 – 309,999	8	8	$550,000 – 559,999	0	0
$310,000 – 319,999	6	3	$560,000 – 569,999	0	0
$320,000 – 329,999	6	7	$570,000 – 579,999	0	0
$330,000 – 339,999	5	4	$580,000 – 589,999	0	1
$340,000 – 349,999	4	7			
			Grand Total	**607**	**609**

During the year ended 30 June 2011, 79 (2010: 55) employees received compensation and other benefits in relation to cessation totalling $1.823m. (2010: $1.620m).

26 EVENTS AFTER THE BALANCE DATE

Change in shareholding of healthAlliance NZ Limited
On 1 March 2011 the finance, procurement and supply chain and information services activities of Northland and Auckland District Health Boards and regional internal audit function of the Northern DHB Support Agency were merged into healthAlliance NZ Limited. In August 2011 approval was received from the Minister of Health to alter the shareholder structure and consequently Waitemata DHB's shareholding in healthAlliance NZ Limited has changed from 50% to 20%.

Transfer of IT assets and software to healthAlliance NZ Limited
The Board of healthAlliance NZ Limited and Boards of the shareholding District Health Boards agreed to transfer the Information Technology assets (hardware and software) held by the District Health Boards to healthAlliance NZ Limited on 1 July 2011.

27 FINANCIAL INSTRUMENTS

27A FINANCIAL INSTRUMENT CATEGORIES

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

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
Loans and receivables				
Cash and cash equivalents	53,634	33,910	52,516	33,900
Debtors and other receivables	27,838	24,581	27,811	24,249
Investments	5,269	3,339	0	0
Total loans and receivables	86,741	61,830	80,327	58,149
Financial liabilities measures at amortised cost				
Creditors and other payables (excluding income in advance and GST)	96,034	76,255	95,693	76,187
Borrowings – CHFA loans	201,445	177,519	201,445	177,519
Finance leases	399	0	399	0
Total financial liabilities measured at amortised cost	297,878	253,774	297,537	253,706

27B FAIR VALUE HIERARCHY

There are no financial instruments measured at fair value in the statement of financial position.

27C FINANCIAL INSTRUMENT RISKS

The DHB's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The DHB has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The DHB has no financial instruments that give rise to price risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The DHB's exposure to fair value interest rate risk arises from bank deposits and bank loans that are at fixed rates of interest. The exposure to fair value interest rate risk is not actively managed by the DHB as investments and borrowings are generally held to maturity.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The DHB's exposure to cash flow interest rate risk is limited to on-call deposits. This exposure is not considered significant and is not actively managed.

Sensitivity analysis

As at 30 June 2011, if floating interest rates had been 100 basis points higher/lower, with all other variables held constant, the deficit for the year would have been $122k lower/higher (2010: $370k).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As at year end Waitemata DHB had no direct exposure to foreign currency risk (2010: nil).

27C FINANCIAL INSTRUMENT RISKS (CONTINUED)

Sensitivity analysis
As at 30 June 2011, if the NZ dollar had weakened/strengthened by 5% against the US dollar with all other variables held constant, the surplus for the year would have seen an insignificant impact.

The DHB has no outstanding foreign denominated payables at balance date (2010: $nil).

Credit risk
Credit risk is the risk that a third party will default on its obligation to the DHB, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested with registered banks.

In the normal course of business, exposure to credit risk arises from cash and term deposits with banks, debtors and other receivables. For each of these, the maximum credit risk exposure is best represented by the carrying amount in the statement of financial position.

Long term Investments are entered into with registered banks that have a Standard and Poor's credit rating of at least A-. The DHB has experienced no defaults of interest or principal payments for term deposits.

Concentrations of credit risk for debtors and other receivables are limited due to the large number and variety of customers. The MoH is the largest debtor (approximately 85%). It is assessed as a low-risk and high-quality entity due to being a government-funded purchaser of health and disability services.

No collateral or other credit enhancements are held for financial instruments that give rise to credit risk.

Credit quality of financial assets
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Group		Parent	
	Actual 2011 $000	Actual 2010 $000	Actual 2011 $000	Actual 2010 $000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash, cash equivalents and investments				
AAA	0	287	0	0
AA	56,902	38,612	52,516	33,900
A	776	0	0	0
Total cash, cash equivalents and investments	57,678	38,899	52,516	33,900
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Investments	1,225	0	0	0
Debtors and other receivables				
Existing counterparty with no defaults in the past	27,838	24,581	27,811	24,249
Existing counterparty with defaults in the past	0	0	0	0
Total debtors and other receivables	27,838	24,581	27,811	24,249

27C FINANCIAL INSTRUMENT RISKS (CONTINUED)

Liquidity risk

Management of liquidity risk

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

The DHB mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and maintaining an overdraft facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate of the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows.

Group	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000
2010						
Creditors and other payables	76,255	76,255	76,255	0	0	0
Finance leases	0	0	0	0	0	0
CHFA loans	165,796	165,796	0	0	0	165,796
Total	242,051	242,051	76,255	0	0	165,796
2011						
Creditors and other payables	96,034	96,034	96,034	0	0	0
Finance leases	399	399	83	83	233	0
CHFA loans	188,195	188,195	0	0	0	188,195
Total	284,628	284,628	96,117	83	233	188,195

Parent	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000
2010						
Creditors and other payables	76,187	76,187	76,187	0	0	0
Finance leases	0	0	0	0	0	0
CHFA loans	165,796	165,796	0	0	0	165,796
Total	241,983	241,983	76,187	0	0	165,796
2011						
Creditors and other payables	95,693	95,693	95,693	0	0	0
Finance leases	399	399	83	83	233	0
CHFA loans	188,195	188,195	0	0	0	188,195
Total	284,287	284,287	95,776	83	233	188,195

28 CAPITAL MANAGEMENT

The DHB's capital is its equity, which comprises Crown equity, accumulated surpluses, revaluation reserves, and trust funds. Equity is represented by net assets.

The DHB is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

The DHB manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure that the DHB effectively achieves its objectives and purposes, while remaining a going concern.

29 THREE HARBOURS HEALTH FOUNDATION

The DHB has consolidated its wholly-owned subsidiary Three Harbours Health Foundation (THHF). The DHB's investment in THHF is accounted for at cost of $0 (2010: $nil).

For the year ended 30 June 2011, THHF had total revenue of $2.653m (2010: $2.550m) and a net surplus of $753k (2010: $767k). THHF had assets of $6.539m (2010: $5.426m) and liabilities of $523k (2010: $163k) as at 30 June 2011.

30 PATIENT TRUST MONIES AND RESTRICTED FUNDS

	Actual 2011 $000	Actual 2010 $000
Balance at 1 July	70	61
Monies received	735	688
Payments made	723	679
Balance at 30 June	82	70

The DHB administers funds on behalf of certain patients, which are held in bank accounts that are separate from the DHB's normal banking facilities. Patient fund transactions and balances are not recognised in the DHB's financial statements.

31 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from the DHB's budgeted figures in the statement of intent are as follows:

Statement of comprehensive income
Total revenue for the year was $8.976m higher than budgeted, mainly due to MoH initiated service changes for various programmes including:

- Herceptin drugs and treatment
- Nicotine replacement therapy
- Child youth and family
- Primary mental health and
- Care NZ

Expenditure was $4.671m greater than budget for the year, due mostly to the service changes and specific programmes mentioned above. There were some significant variances between cost categories:

- Payments to other DHBs unfavourable by $33.452m for the year, resulting from post budget service changes which are offset by equivalent favourable variances in revenue or non-health board provider expenditure
- Favourable personnel costs reflect efficiency projects, some delays in repatriation of the renal service and staff vacancies; with offsetting additional costs for cover seen in outsourced locum and bureau nursing.

31 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET (CONTINUED)

Statement of changes in equity
The surplus was $4.305m greater than budgeted due to the statement of comprehensive income explanations provided above.

The revaluations and impairment of buildings $10.116m was not anticipated or budgeted

Statement of financial position
Cash and cash equivalents are greater than budget by $45.764m, mostly from operating activities. Additional revenue as described above, along with the timing of receipts and accrued creditors and payables

Debtors and receivables are $8.792m less than anticipated, due to timing of receipts and accrued revenue, contributing to the favourable cash position above.

Assets held for sale $8.551m was a decision made late in this financial year following the restructure of healthAlliance NZ Limited and had not previously been planned or budgeted to transfer assets.

Creditors and other payables were $23.428m higher than planned, due to higher than anticipated levels of accrued expense largely from IDF positions and demand driven payments.

Statement of cash flows
Receipts from patient care $117.89m appear far greater than budget, mostly due to net IDF receivables and payable positions being offset. The offsetting variance is reflected in payments to suppliers being similarly higher than budgeted.

Independent Auditor's Report

To the readers of Waitemata District Health Board and group's financial statements and statement of service performance for the year ended 30 June 2011

The Auditor-General is the auditor of Waitemata District Health Board (the Health Board) and group. The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Health Board and group on her behalf.

We have audited:

- the financial statements of the Health Board and group on pages 43 to 81, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Health Board and group on pages 19 to 41.

Opinion

In our opinion:

- the financial statements of the Health Board and group on pages 43 to 81:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Health Board and group's:
    - financial position as at 30 June 2011; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Health Board and group on pages 19 to 41:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Health Board and group's service performance for the year ended on 30 June 2011, including:
    - the performance achieved as compared with forecast targets specified in the statement of forecast service performance for the financial year; and
    - the revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses specified in the statement of forecast service performance for the financial year.

Our audit was completed on 26 October 2011. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Health Board and group's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Health Board and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Health Board and group's financial position, financial performance and cash flows; and

- fairly reflect the Health Board and group's service performance achievements.

The Board is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the New Zealand Public Health and Disability Act 2000 and the Crown Entities Act 2004.

Responsibilities of the Auditor

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

Independence

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

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

KMacKenzie

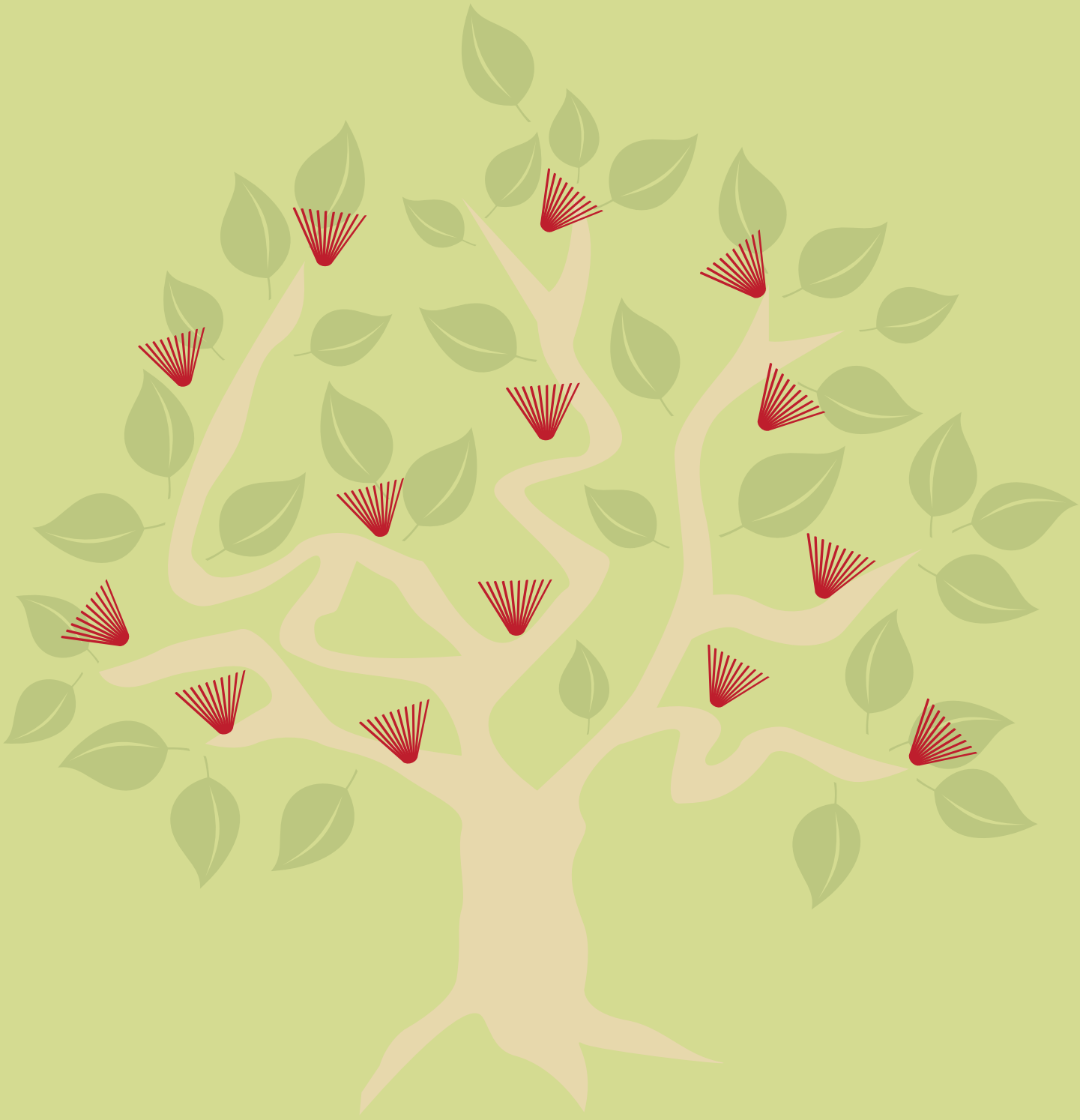
Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of Waitemata District Health Board (the Health Board) and group for the year ended 30 June 2011 included on the Health Board's website. The Board is responsible for the maintenance and integrity of the Health Board's website. We have not been engaged to report on the integrity of the Health Board's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 26 October 2011 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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



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