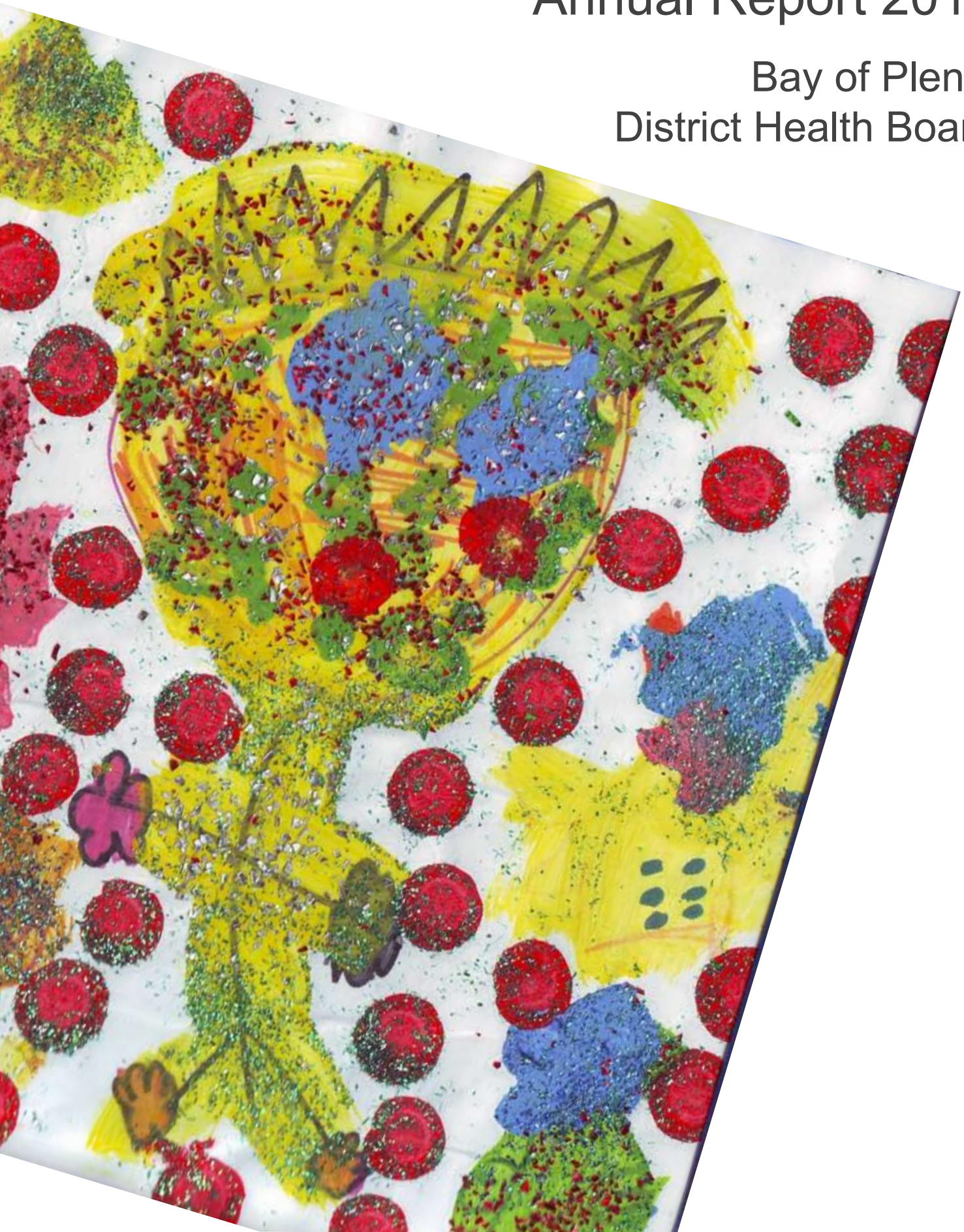




BAY OF PLENTY  
DISTRICT HEALTH BOARD  
HAUORA A TOI

# Annual Report 2010

Bay of Plenty  
District Health Board



# Contents

2	Chair's year in review	43	Statement of Comprehensive Income
3	CEO's year in review	44	Statement of Financial Position
6	Māori Health Runanga year in review	45	Statement of Changes in Equity
7	Governance Report	47	Statement of Cash Flows
32	Statement of Service Performance	48	Statement of Contingent Liabilities
40	Statement of Responsibility	49	Statement of Commitments
41	Statement of Auditor General	50	Notes to the Financial Statements

## Chair's year in review

The year of 2009/10 has been an interesting and successful year for the Bay of Plenty District Health Board. We are delighted to share with the community the news that we have received from Wellington permission to proceed with the building of a new hospital at Whakatane. We have been working toward this for over four years and site preparation will begin this year.

For the people of Whakatane there is now surety of health services, jobs for health professionals and others who make the health services possible. There is commitment from all staff in the health service to provide safe and professional health services to the people of the Whakatane district and East Coast communities.

One of the things we have been trying to achieve during the 2009/10 year is to increase our rate of immunisation of two year olds. This is such an important public health issue that it is one of the Minister of Health's targets. It is disappointing that our rates of immunisation are one of the lowest in New Zealand. We will be making every effort in the 2010/11 year to improve immunisation among our children. None of us I am sure, wishes to live through epidemics like the polio epidemics of the past.

In Tauranga, the District Health Board is in the process of completing the final building in the programme of rebuilding the Tauranga campus. This building will house a new enlarged medical day stay facility, enlarged intensive care and coronary care units; which will increase from the current 10 beds in total to 20 beds.

One of the real successes in the last year has been the embedding and growth of the clinical school on both the Tauranga and Whakatane Hospital sites. We are looking to participate in the 'rural immersion' programme for medical students in 2011/12 as well as continuing to increase the number of students across both campuses. We are growing the number of research programmes and the people involved, and both sites have received accreditation as teaching hospitals. The presence of students from different disciplines helps the DHB maintain skilled senior staff and the overall atmosphere of clinical excellence.

The CEO has documented some of the initiatives being undertaken by staff around the releasing time to care programmes. The Board is very proud of the staff and their commitment to excellence and continuous improvement; these programmes have made a huge difference to patients and their families.

As services continue to grow in the Bay of Plenty region, the Board is endeavoring to maintain excellence in health services. With the innovative initiatives of staff we have increased the direct patient care time from 39% to 57% and improved patient safety by reducing medication events by 86%. This is all part of the work being achieved by our staff on your behalf.

I am sure the 2010/11 year will be equally successful.



Mary Hackett  
Chair  
Bay of Plenty District Health Board

2009/10 was a good year for the Bay of Plenty District Health Board.

We were challenged and we met those challenges. We increased our service levels, and implemented a number of improvements in the way we delivered those healthcare services to our people while remaining on budget.

Our operating environment is complex. Among District Health Boards (DHBs) we have the second fastest population growth rate, we have the highest percentage increase of people aged 65 years and over, and we have the greatest numbers of people who identify as Māori.

We also have quite distinct population differences between western and eastern Bay of Plenty – with the eastern region having a relatively youthful population with a third aged under 30 years.

During 2009/10 we had increased demand on health services which required proactive management both clinically and financially by the staff. The health sector is dynamic and seasonal. A lot of procedures that used to require general anaesthetic and a trip to theatre are now completed as day surgery, and we fund more minor healthcare procedures in the primary sector.

In 2009/10 we introduced a number of improvements around patient care, better management of acute demand and the burden of long-term (chronic) conditions.

I am pleased to report that as a result of these improvements we increased the number of acute admissions by 1,300; we increased Outpatients Department first visits by 2,941 and follow-up visits by 2,329.

We also improved the way patients were notified of their clinical procedure or surgery dates and in particular the amount of notice we were able to give. This resulted in less people missing their appointments and 300 more people receiving their procedure or surgery.

We also looked at how we could release more time to care in the community and in the wards. Two projects targeted at this were the *Releasing Time to Care Community* and *Releasing Time to Care Ward* initiatives which enabled our staff to increase the time spent on direct patient care, thereby improving safety and efficiency. These initiatives have been successfully led by frontline staff and have sustained excellent results over time.

So far, a total of eight wards across both hospitals with a combined number of 200 beds have implemented the *Productive Ward* programme and approximately 400 staff have been trained. District Nursing Services have begun implementing the *Releasing Time to Care Community* programme.

A Diabetes Strategic Plan has been prepared and agreed by all stakeholders which will guide our future service delivery.

The He Ritenga cultural audit framework has proved itself a valuable tool in determining its success in providing culturally appropriate services to Māori. We led a train-the-trainer programme for the wider Midland DHBs and it's pleasing to see other DHBs now implementing He Ritenga.

Our Education team plays an important role in the continuing development of our staff. In 2009/10, 1,480 courses were organised and attended by 11,688 staff. Eighty five percent of the courses had clinical content.

We also worked collegially on a number of projects with our DHB colleagues in the Midland region (Taranaki, Waikato, Lakes and Tairāwhiti DHBs). The Regional Clinical Services Plan for the Midland Region is soon to be released, while the Midland Connected Health IT project is with the Ministry of Health awaiting formal sign-off, and the Chronic Condition Management project is the Midland DHBs working with our primary sector partners.

## CEO's year in review

We have also been part of the National Quality Initiatives Projects *Optimising the Patient's Journey, Infection and Prevention Control*, the *National Mortality Review System*, and *Safe Medicine Management*.

A number of capital projects were completed during 2009/10 including:

- The upgrading and extension of the Emergency Department (ED) at Tauranga Hospital which includes New Zealand's first world class resuscitation and monitoring equipment which allows the ED staff to remotely monitor patients anywhere within the hospital campus.
- The former RSA site at 889 Cameron Road has been designated as the DHB's Tauranga Education Centre providing additional space for the Clinical School.
- Work has continued both on the final internal fit out of the main clinical block including rebuilding the Imaging Department and fully digitising the Radiology environment including a shared PACS / RIS solution with Waikato DHB.
- The new \$25 million five storey Clinical Services building to incorporate an extended and upgraded Medical Day Stay Department and doubled ICU / CCU complex has commenced and is due to be completed by May 2011.
- Upgrade works to service infrastructure including power and steam reticulation have been completed in Whakatane as have upgrades to the air handling and cooling systems for the Whakatane Theatres.
- New accommodation for the Whakatane Clinical School and Māori Health Services have been positioned in Whakatane and will be in use in late 2010/early 2011.

2009/10 was a challenging but good year for us. 2010/11 will provide its own challenges which we fully intend to meet, and in doing so we will continue to provide increased access to the best healthcare we can for the people of the Bay of Plenty.



Phil Cammish  
CEO

Facts that tell our 2009/10 story:

2,772 babies were delivered  
36,783 acute patients treated and discharged  
8,425 mental health acute bed days  
3,436 mental health elderly bed days  
62,961 emergency department attendances  
841 patients seen under CPO mental health initiative in EBOPPHO  
22 people were successfully placed under the Friendly Landlord Pilot  
647,530 hours of home support services for over 65's

197,101 people enrolled with their PHO  
425,519 aged residential care bed days  
632 patients received palliative care services through our hospices  
9,687 elective discharges  
3,372 day case procedures  
4,872 diabetes annual review checks

48,793 people admitted to hospital (treatment which took longer than 3 hours)  
18,627 of those admitted, received their treatment as day cases  
4.8 days was the average length of stay for patients admitted to wards  
91,027 outpatient doctor visits  
9,632 elective surgery procedures  
5,719 acute operations

80,058 district nurse visits  
20,546 Public Health nursing visits  
3,204,216 pharmacy items  
1,055,227 laboratory tests ordered

1,939 preschoolers received their Before School Health (B4School) checks  
106,357 school age dental procedures

We have:

- Reduced the acute orthopaedic waiting times for inpatients at Tauranga and Whakatane hospitals.
- Redeveloped the Emergency Department at Tauranga Hospital resulting in a better working environment for both patients and staff.
- Completed a study in Rheumatic fever which highlighted the extent of the problem and identified a number of new services which have been introduced to combat the disease.
- Increased direct patient care time from 39% to 57% which equates to 2,102 hours extra per year of direct patient care.
- Improved patient safety by decreasing medication events by 85%.
- Introduced a monthly ward survey of 20 patients to give us information about how patients view their care.
- Reduced nursing staff turn over by approximately 2-3 staff per month since January 2009. This equates to approximately \$572,000 from savings in recruitment and training costs.

## Māori Health Runanga year in review

The Māori Health Runanga is the Iwi relationship board and works in partnership with the Bay of Plenty District Health Board. It is a working governance board with all 18 Iwi of our region represented. The Runanga meets monthly and works closely with the Māori Health Planning and Funding team.

The 2009/10 year has been a challenging but fruitful year for the Runanga. Nine Iwi health plans for phase one were completed and now the Ministry of Social Development has agreed to fund the next phase of the Iwi Health Plans. This is consistent with a more integrated agency response to working with our communities.

The Runanga has been actively involved in the development of the District Annual Plan for the District Health Board and signalled key issues for Māori health with a particular emphasis on improving access to primary care services and strong support for the new emerging Whanau Ora policy.

The Runanga led initiatives such as He Pou Oranga and Iwi Health Plans are consistent with the Whanau Ora concept and will provide a sound base to leverage this new policy within the health environment.

Runanga representatives continue to be active in the technical advisory groups this year and in particular the Community and Public Health Advisory Committee (CPHAC) and Disability Services Advisory Committee (DSAC), ensuring Māori concerns are raised, considered and form part of any planning around service need identification and development in the wider community.

The Midland DHB Iwi Relationship Boards have been meeting on a regional basis and have formalised their regional structure. The Bay of Plenty and Tairāwhiti co-chair this forum. This has been a valuable mechanism for Midland Iwi to provide input into the regional service planning including the Midland Clinical Service plans and the Primary Care EOI business cases across Midland.

He Ritenga cultural audit framework has proved itself a valuable tool for this DHB in determining its success in providing culturally appropriate services to Māori. The Bay of Plenty District Health Board led a train the trainer programme for the wider Midland DHBs and it is pleasing to see other DHBs seeking to now implement He Ritenga and follow Bay of Plenty's lead.

The Runanga will continue its work to ensure Māori voices and concerns are heard and included in decision-making.

My thanks to the Runanga members, board members and staff of the Bay of Plenty District Health Board, for your support this year.



Punohu McCausland  
Chairperson

## 1. Introduction

The Bay of Plenty District Health Board (DHB) was established pursuant to section 19 of the New Zealand Public Health and Disability Act 2000 (NZPHD Act).

The Bay of Plenty District Health Board is a Crown Entity and subject to the provisions of the Crown Entities Act 2004 (CEA). The CEA in conjunction with the NZPDH Act, sets out the objectives, roles, responsibilities and functions of Bay of Plenty District Health Board.

## 2. Objectives of the Board

- To improve, promote, and protect the health of people and communities.
- To promote the integration of health services, especially primary and secondary health services.
- To promote effective care or support for those in need of personal health services or disability support services.
- To promote the inclusion and participation in society and independence of people with disabilities.
- To reduce health disparities by improving health outcomes for Māori and other population groups.
- To reduce, with a view to eliminating, health outcome disparities between various population groups within New Zealand by developing and implementing, in consultation with the groups concerned, services and programmes designed to raise health outcomes.
- To exhibit a sense of social responsibility by having regard to the interests of the people to whom it provides, or for whom it arranges the provision of services.
- To foster community participation in health improvement, planning for the provision of services and for significant changes to the provision of services.
- To uphold the ethical and quality standards commonly expected of providers of services and of public sector organisations.
- To exhibit a sense of environmental responsibility by having regard to the environmental implications of its operations.
- To be a good employer.
- The Board will pursue and demonstrate its objectives in accordance with its District Strategic Plan, District Annual Plan, Statement of Intent, Code of Conduct and any directions or requirements given to the Board by the Minister of Health (the Minister) under sections 32 or 33 of the NZPHD Act.



## 3. Functions of the Board

For the purpose of pursuing and demonstrating its objectives, the Board has the following functions:

- To ensure the provision of services for its resident population and for other people as specified in its Crown funding agreement.
- To actively investigate, facilitate, sponsor, and develop co-operative and collaborative arrangements with persons in the health and disability sector or in any other sector to improve, promote, and protect the health of people, and to promote the inclusion and participation in society and independence of people with disabilities.
- To issue relevant information to the resident population, persons in the health and disability sector, and persons in any other sector working to improve, promote, and protect the health of people.
- To establish and maintain processes to enable Māori to participate in, and contribute to, strategies for Māori health improvement.
- Maintain the partnership relationship between the Board and the Māori Health Runanga.
- To continue to foster the development of Māori capacity for participating in the health and disability sector and for providing for the needs of Māori.
- To provide relevant information to Māori for the purposes of fostering Māori participation in Māori health improvement.
- To regularly investigate, assess, and monitor the health status of its resident population, any factors that the DHB believes may adversely affect the health status of that population, and the needs of that population for services.
- To promote the reduction of adverse social and environmental effects on the health of people and communities.
- To monitor the delivery and performance of services by it and by persons engaged by it to provide or arrange for the provision of services.
- To participate, where appropriate, in the training of health professionals and other workers in the health and disability sector.
- To provide information to the Minister for the purposes of policy development, planning and monitoring in relation to the performance of the DHB and to the health and disability support needs of New Zealanders.
- To provide, or arrange for the provision of, services on behalf of the Crown or any Crown entity within the meaning of the Public Finance Act 1989.
- To collaborate with pre-schools and schools within its geographical area on the fostering of health promotion and on disease prevention programmes.
- To perform any other functions it is for the time being given by or under any enactment, or authorised to perform by the Minister by written notice to the Board of the DHB after consultation with it.

## 4. Board Governance

### 4.1 Structure

In accordance with the NZPHD Act the Board may consist of seven elected members and up to four members appointed by the Minister of Health. Currently the Bay of Plenty District Health Board consists of seven elected and four appointed members.

Under the NZPHD Act the Minister of Health appoints the Chair and Deputy Chair from among the elected or appointed members. Our current Chair, Mary Hackett, is an elected member of the Board, while the Deputy Chair, Jeff Williams, is a member appointed by the Minister. Mr Williams replaced the former Deputy Chair Graeme Horsley (also a member appointed by the Minister) during the year.

The NZPHD Act requires the formation of three statutory committees:

- Community & Public Health Advisory Committee (CPHAC).
- Disability Services Advisory Committee (DSAC).
- Hospital Advisory Committee - Bay of Plenty Hospitals Advisory Committee (BOPHAC).

The Community & Public Health and the Disability Services Advisory Committees function as a combined Committee within the DHB.

In addition to the statutory committees required by the NZPHD Act, the Board maintains one Committee of the Board, an Audit, Finance and Risk Management Committee (AFRM) and one standing committee, the Remuneration Committee.

The Board also has a Memorandum of Understanding with the Māori Health Runanga, which establishes a partnership between the Board and the Runanga. The Runanga advises the Board on Māori health issues, reviews planning documents and delivery of services to ensure that they reflect an approach that is culturally acceptable to Māori. The Runanga also advises the Board on other issues affecting Māori that may arise from time to time.

The Board is responsible for the governance of the DHB. The Board employs the Chief Executive Officer who is responsible for the management and operation of the DHB.

### 4.2 Accountability & Communication

The Board acknowledges its responsibility to maintain constituent and open communication with its stakeholders. The Board values the input of the community and interested groups to assist the Board with its goal of building "Healthy, Thriving Communities". Without the people of our region taking an interest in their individual and community health, and disability issues the Board cannot succeed in its goals and responsibilities.

The Board is at all times accountable to its stakeholders. To ensure accountability is maintained by the Board it endeavours to be as transparent and as open as possible in its decision-making. Transparency is maintained through the conducting of open Board and Statutory Committee meetings and the ready availability of Board papers, minutes and other publications.

### 4.3 Board Elections

The Board is elected every three years. The next Board election will be held on 9 October 2010.

## 4. Board Governance

### 4.4 Board and Committee Fees

Effective from 1 March 2007 Board Members receive a fee of \$22,000 per annum, the Chairperson receives \$44,000 per annum and the Deputy Chairperson receives \$27,500 per annum.

Committee Members of the two Statutory Committees (Combined Community & Public Health Advisory and Disability Services Advisory Committee and Bay of Plenty Hospital Advisory Committee) and the Committee of the Board (Audit, Finance & Risk Management Committee) are paid \$250 per meeting. The chairperson of the Committee receives \$312.50 per meeting.

Both Board and Committee Members are reimbursed for reasonable expenses including mileage.

Further details on Board and Committee fees can be found in Cabinet Office circular CO (06)08 Fees Framework for Members of Statutory and Other Bodies Appointed by the Crown.

Actual fees paid to Board and Committee Members are listed below:

Name	Board	AFRM	CPHAC- DSAC	BOPHAC	Expenses	2010 Total	2009 Total
<b>Board Members</b>							
Mark ARUNDEL	22,000	2,500	-	3,125	560	28,185	28,137
Yvonne BOYES	22,000	-	1,000	-	1,880	24,880	25,095
Marion GUY	22,000	-	-	2,500	448	24,948	24,476
Mary HACKETT	44,000	2,250	1,000	2,250	608	50,108	49,752
Graeme HORSLEY	11,458	625	-	-	148	12,231	30,945
Tiaki HUNIA	22,000	750	250	250	536	23,786	25,044
Punohu McCAUSLAND	22,000	2,500	1,563	-	985	27,048	27,079
Mogens POPPE	22,000	-	-	2,000	2,070	26,070	23,512
Debbie SHORT	22,000	-	1,250	-	912	24,162	24,390
David STEWART	22,000	2,563	-	2,500	684	27,747	28,444
Bill WASLEY	22,000	-	500	750	633	23,883	23,866
Jeff WILLIAMS	16,042	1,188	-	1,000	686	18,916	-
<b>Total Board Members</b>	<b>269,500</b>	<b>12,376</b>	<b>5,563</b>	<b>14,375</b>	<b>10,150</b>	<b>311,964</b>	<b>310,740</b>
<b>Non-Board Committee Members</b>							
Bev FLAVELL	-	-	-	-	-	-	947
Carole GORDON	-	-	-	-	-	-	843
Verna GATE	-	-	-	-	-	-	1,310
Beverley GRAMMER	-	-	-	-	-	-	701
Jo GRAVIT	-	-	-	-	-	-	869
Diane NEWLAND	-	-	-	-	-	-	500
Don RIESTERER	-	-	-	-	-	-	1,191
Sylvia WILLISON	-	-	-	-	-	-	750
Rutu SWINTON	-	-	-	500	-	500	-
Lucy STEEL	-	-	250	-	-	250	945
Trudy AKE	1,750	-	-	-	361	2,111	1,111
Te Atauia NGATAI	-	-	750	-	35	785	1,288
Bronwen FOXX	-	-	1,000	-	183	1,183	250
Todd HULBERT	-	-	1,000	-	56	1,056	528
<b>Total All Members</b>	<b>271,250</b>	<b>12,376</b>	<b>8,563</b>	<b>14,875</b>	<b>10,785</b>	<b>317,849</b>	<b>321,973</b>

## 4. Board Governance

### 4.5 Attendance

The Board meets on a monthly basis and holds extra meetings when required for planning or other specific issues.

Board Member attendance at Board meetings during the 2009/10 year was as follows:

Name	Meetings		Comments
	Scheduled	Attended	
Mark ARUNDEL	11	10	
Yvonne BOYES	11	10	
Marion GUY	11	9	
Mary HACKETT	11	10	Chairperson
Graeme HORSLEY	5	3	Deputy Chairperson ceased November 2009
Tiaki HUNIA	11	8	
Punohu McCAUSLAND	11	11	
Mogens POPPE	11	10	
Debbie SHORT	11	11	
David STEWART	11	9	
Bill WASLEY	11	11	
Jeff WILLIAMS	6	6	Deputy Chairperson commenced December 2009

## 4. Board Governance

### 4.6 Interests Declared

No Board Member is a member of the executive of the DHB.

The Board maintains an Interest Register and ensures members are aware of their obligations to declare conflicts of interest. The Register outlines areas where a Board or Committee Member has an interest that could lead to a potential conflict. In addition to the Register, Board Members declare any specific conflicts at the commencement of each meeting.

**The following Board and Committee Member interests are recorded in the Interests Register as at 1 July 2010 and applied throughout the year ended 30 June 2010:**

#### Board Member Interests

Interest	Nature of Interest	Core business	Risk of conflict	Date of Interest	Date of Interest Expired
<b>ARUNDEL, Mark</b>					
Bethlehem Pharmacy 2001 Ltd	Director	Pharmacy	Low: DHB does contract with pharmacies but as a Board Member is not in a position to influence the contract	01/12/2001	
Pharmaceutical Society of New Zealand	Member	Professional Body	Nil	1980	
Pharmacy Guild of New Zealand INC	Member	Agency for negotiation of DHB contract	Low: DHB does contract with pharmacies but as a Board Member is not in a position to influence the contract	01/12/2001	
Armev Holdings	Director	Property	Nil	28/07/2005	
Armev Family Trust	Trustee	Family Trust	Nil	28/07/2005	
<b>BOYES, Yvonne</b>					
Cancer Control Council	Committee Member	Health	Nil	30/06/2005	21/10/2009
Project Hope Eastern Bay	Deputy Chair	Health	Low: Has MOU with DHB re building of Cancer Centre	31/03/2005	21/10/2009
Bay Health Foundation	Trust Member	Health Trust	Low: Has MOU with DHB re building of Cancer Centre	05/2006	21/10/2009
Boyes Family Trust	Trustee	Family Trust	Nil	1999	
Nautilus Trust	Director	Property	Nil	1999	
Riesling Holdings Ltd	Director	Property	Nil	1999	
Ngati Awa Health and Social Services	Nurse Manager	Health	Low: Contract Provider for DHB	2008	21/10/2009
Ngati Awa – Eastern Bay PHO	Employee	Health	Low: Contract Provider for DHB	2008	17/03/2010
Eastern Bay of Plenty PHO	Employee - Co-ordinator Primary Options	Health	Low: Contract Provider for DHB	02/11/2009	

The following Board and Committee Member interests are recorded in the Interests Register as at 1 July 2010 and applied throughout the year ended 30 June 2010:

## Board Member Interests

Interest	Nature of Interest	Core business	Risk of conflict	Date of Interest	Date of Interest Expired
<b>GUY, Marion</b>					
Western Bay of Plenty PHO	Board Member	Health	Low: WBOPPHO has a contract with the DHB but as a Board Member is not in a position to influence the contract	28/01/2005	
BOPDHB	Employee	Health Care	Nil	03/1996	
New Zealand Nurses Organisation	Committee Member	Professional Body	Low: Not involved in negotiations	29/09/2005	
South City Medical Centre	Employee	Health	Nil	06/1996	
National Health Board	Board Member	Health	Low	12/2009	
Health Practitioner Disciplinary Tribunal	Member	Health	Low	12/2009	
Providers Incorporated	Executive Member	Primary Healthcare	Nil	02/2010	
<b>HACKETT, Mary</b>					
Totara Flats Trust	Trustee	Family Trust	Nil	2005	
Institute of Directors	Member	Professional Body	Nil	2003	
West Coast Climbing	Director	Ice Climbing: Business activities associated with Ice Climbing	Nil	01/2007	
Winton Family Trust	Trustee	Family Trust	Nil	04/2008	
<b>HORSLEY, Graeme</b>					
Graeme Horsley Ltd	Director	Consulting	Nil	05/2005	18/11/2009
Hoiho Management Co Ltd	Director	Investment	Nil	05/2005	18/11/2009
AMP NZ Office Trust	Director	Listed Office Fund	Nil	28/04/2005	18/11/2009
Ngati Whatua o Orakei	Director	Māori Investment Fund	Nil	27/10/2007	18/11/2009
Salter Investigations Ltd	Director	Investment	Nil	27/10/2005	18/11/2009
Graeme Horsley Family Trust	Trustee	Family Trust	Nil	05/2005	18/11/2009
RJ Cowley Family Trust	Trustee	Family Trust	Nil	05/2005	18/11/2009
RA Waddel Family Trust	Trustee	Family Trust	Nil	05/2005	18/11/2009
Susan Horsley Trust	Trustee	Family Trust	Nil	05/2005	18/11/2009
Hoiho Lifestyle Trust	Trustee	Investment Trust	Nil	05/2005	18/11/2009
Cardinal Property Management Limited	Director	Anglican Church Board investment company	Nil	08/2007	18/11/2009
Trust Investments	Director	Anglican Church Board investment company	Nil	08/2007	18/11/2009
ING Medical Properties Limited	Director	Health Property Investment	Nil	08/2007	18/11/2009

# Governance Report for the year ended 30 June 2010

The following Board and Committee Member interests are recorded in the Interests Register as at 1 July 2010 and applied throughout the year ended 30 June 2010:

## Board Member Interests

Interest	Nature of Interest	Core business	Risk of conflict	Date of Interest	Date of Interest Expired
<b>HUNIA, Tiaki</b>					
Institute of Directors	Member	Professional Institute	Nil	20/02/2008	
Ngati Awa Group Holdings Ltd	Manager	Commercial Development	Nil	15/02/2008	
Putauaki Trust	Trustee	Geothermal / Agriculture	Nil	01/12/2006	
Māori Investments Ltd	Director	Commercial Development	Nil	01/12/2007	
Tarawera Lands Company	Director	Commercial Development	Nil	01/12/2007	
Sir James Fletcher Memorial Trust	Trustee	Education Trust	Nil	01/12/2006	
Mahaki Maraea Whanau Trust	Trustee	Family Trust	Nil	01/12/2006	
Waikato / BOP District Law Society	Member	Law Society	Nil	30/01/2005	
<b>McCAUSLAND, Punohu</b>					
Māori Health Runanga	Chair	DHB Health Partner	Low	25/02/2005	
Nga Mataapuna Oranga PHO	Director	Health	Low: No influence and no contract involvement	13/12/2007	
Te Manu Toroa	Board Member	Health	Low: No influence and no contract involvement	13/12/2007	
Waitaha Hauoranga Trust	Trustee (voluntary support worker)	Health Provider	Low: No influence and no contract involvement	13/12/2007	
Te Kotahitanga o Te Arawa Fisheries Council	Director	Fisheries	Nil	13/12/2007	
Te Whanau Poutiri-rangi-a-papa	Iwi Delegate	BOP Iwi Governance Health Body	Nil	13/12/2007	
<b>POPPE, Mogens</b>					
S&M Poppe Family Trust	Trustee	Property Trust	Nil: Except Trust owns Ohope Beach Medical Centre	11/2007	
Ohope Beach Medical Centre	Director	General Practice	Nil: Other than providing general Practice medical services to Ohope Community contracted to Eastern BOP PHO	11/2007	
Royal New Zealand College of General Practitioners	Member	Professional Organisation	Nil	11/2007	
Whakatane Postgraduate Medical Society	Chairman	Professional Education	Nil	11/2007	
Ohope Tennis Club	President	Sports Club	Nil	11/2007	
Provider Inc	Committee Member	Provider Organisation	Low	11/2007	

The following Board and Committee Member interests are recorded in the Interests Register as at 1 July 2010 and applied throughout the year ended 30 June 2010:

## Board Member Interests

Interest	Nature of Interest	Core business	Risk of conflict	Date of Interest	Date of Interest Expired
<b>POPPE, Mogens (continued)</b>					
Waterford Committee	Committee Member	Estate Maintenance Committee	Nil	11/2007	
Eastern BOP RNZCGP CME	Organiser	Professional Education	Nil	11/2007	
<b>SHORT, Debbie</b>					
Tauranga Girls College Health Promoting Schools Team	Committee Member	Promoting Health and Wellbeing in School	Nil: However the school could apply for funding at some time in the future but not in a position to influence contract	12/2008	
Breast Cancer Action Trust	Trustee	Advocacy, Funding access to mammograms for younger women when cost is a barrier	Nil	2003	
Mount Tutu Eco-Sanctuary Trust	Trustee	Environmental Protection	Nil	2006	
Morton Hall Limited	Director	Environmental Property	Nil	2004	
<b>STEWART, David</b>					
Tauranga City Council	Councillor	Local Authority	Low: Some potential for there to be contracts between the two organisations, but when this happens withdraws from the debate and decision making process	1995	
Tauranga City Council	Deputy Mayor	Local Authority	Low	2004	
Tauranga Airport Authority	Deputy Chairman	Airport	Low	2001	
Tauranga City Aquatics Ltd	Director (acting Chairman)	Aquatic Facilities	Low	2009	
<b>WASLEY, Bill</b>					
Jennifer Wasley	Husband	Family	Low: DHB Employee (Radiology)	13/12/2007	
W & J Family Trust	Trustee	Family Trust	Nil	13/12/2007	
Tauranga Boys College Board of Trustees	Board Member	School Board	Low	13/12/2007	04/2010
SmartGrowth	Chair	Growth Management Joint Committee	Low	13/12/2007	
Wasley Knell Consultants	Director	Management and Planning Consultancy	Nil	13/12/2007	
Planning Institute NZ	Member	Professional Body	Nil	13/12/2007	
NZ Institute of Management	Associate	Professional Body	Nil	13/12/2007	
Resource Management Law Association	Member	Professional Body	Nil	13/12/2007	



The following Board and Committee Member interests are recorded in the Interests Register as at 1 July 2010 and applied throughout the year ended 30 June 2010:

## Board Member Interests

Interest	Nature of Interest	Core business	Risk of conflict	Date of Interest	Date of Interest Expired
<b>WILLIAMS, Jeff</b>					
Comvita	Shareholder/ Director	Natural Health Products	Low: DHB may buy medical devices but as a Board member not in a position to influence the contract	14/12/2009	
Whakatane Town Vision Advisory Board	Chairman	Town Planning	Low: Unlikely to involve DHB property	14/12/2009	
Ethic Consulting Ltd	Director	Business Consultancy	Nil	14/12/2009	
Manu Moana Sanctuary Ltd	Shareholder/ Director	Orcharding	Nil	14/12/2009	
Institute of Directors	Member	Professional Body	Nil	14/12/2009	
Waipa Networks Ltd	Director	Electricity Lines Business	Nil	02/2010	
MacGray Trust	Trustee	Family Trust	Nil	16/03/2010	
<b>AKE, Trudy (Runanga Rep)</b>					
Māori Health Runanga	Deputy Chair	DHB Health Partner	Nil	04/2008	
Tuwharetoa Health Services Ltd	Chair	Provision of primary and community health services in the Tuwharetoa rohe	Nil	04/2008	
Hauora Waikato Group	Trustee	Provision of Specialist mental health services, hospital and community based in the Waikato DHB area	Nil	04/2008	
Te Whanau rangi-a-papa	Iwi Representative and member of the executive	Provision of Māori health forum for Iwi and providers providing services to Māori to improve Māori health outcomes. Promotion of an Iwi and service based approach rather than a competitive approach to Māori health outcomes. Members from BOP and Lakes DHBs	Nil	04/02/2008	
Tuwharetoa, Tauranga Moana	Tribally affiliated	Tribally affiliated	Nil	04/2008	
Nga Matapuna Oranga PHO	Contractor	Undertaking Audit to service specification of mental health contracts and other quality tasks requested	Nil	04/2008	

The following Board and Committee Member interests are recorded in the Interests Register as at 1 July 2010 and applied throughout the year ended 30 June 2010:

## Committee Interests

Interest	Nature of Interest	Core business	Risk of conflict	Date of Interest	Date of Interest Expired
<b>FOXX, Bronwen</b>					
Disabilities Resource Centre Trust	General Manager	Disability Services	Low: Contract provider for DHB	30/04/2009	
New Zealand Federation of Disability Information Centres	Vice President	Professional Body	Nil	30/04/2009	
Careerforce Health of the Older Person Reference Group	Committee Member	Industry Training Organisation	Nil	30/04/2009	
Bay of Plenty District Health Board Workforce Steering Committee	Community Representative	Workforce Development	Nil	30/04/2009	
Ministry of Health Workforce Development Steering Group	Community Representative	Workforce Development	Nil	30/04/2009	
Ministry of Health External Strategic Implementation Reference Group	Chairperson	Strategic Priorities for Ministry of Health	Nil	30/04/2009	
Supporting Families in Mental Health	Vice President	Mental Health Support Services provider for DHB	Low: Contract	30/04/2009	
Satellite Communications Limited	Director	Computer / Radio Company	Nil	30/04/2009	
Eastern Bay of Plenty Chamber of Commerce	Vice President	Business Support	Nil	30/04/2009	
Eastern Bay of Plenty Brain Injury Inc.	Committee	Disability Services	Nil	30/04/2009	
<b>HULBERT, Todd</b>					
Hulbert Enterprises Ltd	Director & Shareholder	Medical Care	This company derives its income through primary health care provision. Potential conflict if negotiating primary health contracts	04/02/2009	
Fifth Avenue Family Practice	Associate	General Practice	Potential conflict in areas of primary health care funding	04/02/2009	
Hulbert Property Trust	Trustee	Property Investment and own shares in Hulbert Enterprises	Nil	04/2009	
Providers Incorporated	Executive Member	Primary Healthcare	Potential conflict in areas of primary health care funding	04/2009	
Western Bay of Plenty PHO	Board Member	Primary Healthcare	Potential conflict in areas of primary health care funding	04/2009	

The following Board and Committee Member interests are recorded in the Interests Register as at 1 July 2010 and applied throughout the year ended 30 June 2010:

## Committee Interests

Interest	Nature of Interest	Core business	Risk of conflict	Date of Interest	Date of Interest Expired
<b>NGATAI, Te Atauia: DSAC Runanga Rep</b>					
Māori Health Runanga	Member	DHB Health Partner	Low	08/2008	
Ministry of Education - Special Education	Employee	Special Education Needs	Low	08/2008	
Well Child Coalition / Toi Tā Te Whānau	Member	Health/ Special Needs	Low	08/2008	
<b>STEEL, Lucy: CPHAC Runanga Rep</b>					
BOP PolyTech	Ministerial Appt to Board	Education	Nil	02/2008	
Ngatai Iwi Authority	Interim CEO	Economic Development and Social Services	Low: no involvement in health funding issues	02/2007	
<b>SWINTON, Rutu: BOPHAC Runanga Rep</b>					
None declared					

## 4.7 Board Members Loans

There were no loans to Board Members.

## **5. Combined Community & Public Health & Disability Services Advisory Committee**

### **5.1 Functions**

- Make recommendations and provide advice to the Board on the health care and disability support needs of the population of the district.
- Make recommendations and provide advice to the Board on any factors that the Committee believes may adversely affect the health status of the population.
- To advise and recommend to the Board, within funding levels, priorities for disability support services for the population aged over 65 or having like needs, and those whose disability is a result of a medical condition.
- Make recommendations to the Board on the priorities for the allocation of health funding.
- Provide advice to the Board on the implications for planning and funding of nationwide health strategies.
- Provide advice and make recommendations to the Board on strategies to reduce disparities in health status.
- Ensure mechanisms are in place to assess the performance of service providers against accountability documents, and industry and sector standards.
- Monitor the performance of service providers against accountability documents, and industry and sector standards.
- To liaise with community groups in relation to the provision of disability support services for the over 65 age group.
- To perform any other function as directed by the Board.

## 5. Combined Community & Public Health & Disability Services Advisory Committee

### 5.2 Membership & Attendance

- Membership of the Committee shall be determined by the Bay of Plenty District Health Board and shall include at least one Māori representative.
- The appointment of members must comply with the requirements set out in Schedule 4, Clause 6 of the New Zealand Public Health and Disability Act 2000.
- The Bay of Plenty District Health Board will appoint the Chairperson and Deputy Chairperson. The appointment of the Chairperson and Deputy Chairperson will comply with the requirements set out in Schedule 4, Clause 11 of the New Zealand Public Health and Disability Act 2000.

The Committee meets on a bi-monthly basis (excluding December and January).

Committee membership and attendance during the 09/10 year was as follows:

Name	Meetings		Comments
	Scheduled	Attended	
Yvonne BOYES	5	4	
Mary HACKETT	5	4	
Punohu McCAUSLAND	5	5	Chairperson
Debbie SHORT	5	5	
Bill WASLEY	2	2	Ceased February 2009
Bronwen FOXX	5	4	
Sameli TONGALEA	1	1	Ceased September 2009
Todd HULBERT	5	4	
Te Atauia NGATAI	4	3	Incoming member October 2009
Lucy STEEL	1	1	Ceased October 2009

## 6. Bay of Plenty Hospitals Advisory Committee

### 6.1 Functions

- To monitor the financial and operational performance of the hospitals, Community Health and Disability Services, Public Health and related services of the DHB and to advise the Board of any current or future implications of monitored performances.
- Oversight of efficiency gains as set out in Project LEO business case (Tauranga Hospital redevelopment).
- Assess and monitor strategic issues relating to the provision of hospital and other services provided by the DHB and give advice and make recommendations to the Board based on the results of the monitoring and assessment.
- Monitor the development of systems to manage operational and clinical risk and advise the Board if a significant risk is not being mitigated.
- Assess the performance of the hospital and related services of the DHB against the hospital and related services provisions of the District Annual Plan, accountability documents, and accepted industry and sector standards. Report any variation from expected standards to the Board and advise the Board of possible corrective measures.
- To perform any other function as directed by the Board.

### 6.2 Membership & Attendance

- Membership of the Committee shall be determined by the Bay of Plenty District Health Board and shall include at least one Māori representative.
- The appointment of members must comply with the requirements set out in Schedule 4, Clause 6 of the New Zealand Public Health and Disability Act 2000.
- The Bay of Plenty District Health Board will appoint the Chairperson and Deputy Chairperson. The appointment of the Chairperson and Deputy Chairperson will comply with the requirements set out in Schedule 4, Clause 11 of the NZPHD Act.

The Committee meets on a monthly basis

Committee membership and attendance during the 09/10 year was as follows:

Name	Meetings		Comments
	Scheduled	Attended	
Mark ARUNDEL	10	10	Chairperson
Marion GUY	10	10	
Mary HACKETT	10	9	
Mogens POPPE	10	8	
Tiaki HUNIA	5	1	Ceased November 2009
David STEWART	10	10	
Bill WASLEY	5	3	Incoming member February 2010
Jeff WILLIAMS	5	4	Incoming member February 2010
Rutu SWINTON	10	3	Incoming member July 2009

## 7. Audit, Finance & Risk Management Committee

### 7.1 Functions

#### Audit

- Liaise with the internal auditor and review internal audit scope, planning and resourcing.
- Assist the external auditor to identify risks and issues relevant to the external audit planning process.
- The Chairperson of the Committee is to receive draft copies of all internal and external audit reports when these are circulated to management for comment.
- The Committee will receive the final reports of the internal and external auditors and review their findings.
- Monitor the progress made by management in implementing recommendations arising from audit.

#### Financial planning and reporting

- Review and advise the Board on its approval of the DHB's financial statements and disclosures.
- Review draft District Annual Plans, Statements of Intent and District Strategic Plans for their financial impact.
- Review and advise the Board regarding finance-related policies and procedures requiring Board approval, including delegation policies.
- Review management accounting and internal financial reporting practices and issues and alert the Board to any areas which appear ineffective.
- Review capital expenditure and asset management planning and their relationship with service planning.
- Monitor the financial performance and position of the DHB against budget and forecast.

#### Risk management oversight

- Ensure that the DHB complies with its obligations under key legislation.
- Keep other legislative compliance arrangements under review (such as employment legislation).
- Monitor risk assessment and risk management mechanisms, including internal control.
- Receive and investigate disclosures under the DHB's 'whistle-blowing' policy where it is not appropriate for these to be received and investigated by the Chief Executive Officer.
- Monitor and review policies and procedures to minimise and manage conflicts of interest among DHB board members, management and staff.
- Monitor and review policies and procedures to minimise and manage risks in the contracting of health services.
- Other monitoring responsibilities as determined by the Board, for example in relation to major contracts or construction projects.

## 7. Audit, Finance & Risk Management Committee

### 7.2 Membership & Attendance

The Audit, Finance & Risk Management Committee comprises:

- The DHB Chairperson.
- Chairpersons of the following committees:
  - Combined Community & Public Health and Disability Services Advisory Committee.
  - Bay of Plenty Hospitals Advisory Committee.
- Other Members as appointed by the Board.
- The Board will endeavour, where appropriate, to include Māori representation on the Committee (clause 38(2), Schedule 3, NZPHD Act).

The Committee meets on a monthly basis and as required for particular issues.

Committee membership and attendance during the 09/10 year was as follows:

Name	Meetings		Comments
	Scheduled	Attended	
Mark ARUNDEL	10	10	
Mary HACKETT	10	9	
Tiaki HUNIA	10	3	
Graeme HORSLEY	4	2	Chairperson ceased November 2009
Punohu McCAUSLAND	10	10	
David STEWART	10	10	
Jeff WILLIAMS	5	4	Chairperson commenced December 2009

### 7.3 Internal Control

To fulfil its responsibilities, management maintains adequate accounting records and has developed and continues to maintain a system of internal controls:

- The Board acknowledge that they are responsible for the systems of internal financial control;
- Internal financial controls implemented by management can provide only reasonable and not absolute assurance against material misstatement or loss.

The Audit, Finance & Risk Management Committee has established certain key procedures, which are designed to provide effective internal financial control.

No major breakdowns were identified during the year in the system of internal control.

After reviewing internal financial reports and budgets the Board Members believe that the Bay of Plenty District Health Board will continue to be a going concern in the foreseeable future, subject to ongoing support from the Crown. For this reason they continue to adopt the going concern basis in preparing the financial statements.



## **8. Remuneration Committee**

### **8.1 Functions**

The Bay of Plenty District Health Board employs the Chief Executive Officer in accordance with Schedule 3, clause 44 of the New Zealand Public Health and Disability Act 2000.

The Committee performs the duties of the Board in relation to the employment of the Chief Executive Officer.

### **8.2 Membership**

The Committee meets on an as required basis for particular issues.

Committee Members during the 2009/10 year were:

Mary Hackett (Chairperson)

Mark Arundel

Graeme Horsley (Ceased November 2009)

Debbie Short

Taiki Hunia

Yvonne Boyes

Jeff Williams (Commenced December 2009).

## **9. Delegations**

The Board has an approved Delegation Policy in accordance with clause 39 Schedule 3 of the NZPHD Act. The NZPHD Act requires (s26(3)) and the policy allows the Board to delegate management matters of the District Health Board to the Chief Executive Officer.

## **10. International Accounting Standards**

The Bay of Plenty District Health Board adopted New Zealand Equivalents of International Financial Reporting Standards (NZ IFRS) as at 30 June 2007.

## 11. Good Employer

### 11.1 Employment policies and procedures

The Board has a stated value of being a good employer. It also has an equal employment opportunities policy and is governed by the human rights, health and safety in employment and the employment relations legislation.

HR policies and procedures are reviewed biennially in line with the DHB's commitment to good employer practices and the DHB's values. Current employment policies include:

- Equal Employment Opportunity
- Occupational Health and Safety
- Recruitment & Selection
- Discipline and Dismissal
- Protected Disclosures (whistle blowing)
- Learning policies
- Employee Assistance Programme
- Teleworking
- Performance Development
- Leave (annual, sick, tangihanga/bereavement, leave without pay, long service, jury service)
- Orientation
- Employee Presentation
- Job Descriptions
- Photo Identity
- Volunteers and Work Experience

The Pulse Engagement Survey indicated no concerns with harassment in the DHB but there was still concern about bullying. The DHB has a zero tolerance policy in relation to bullying. An e-learning package on bullying prevention is being developed and an e-learning package on Dealing with Unacceptable Behaviour has been completed.

The Board has adopted a Remuneration policy that reflects the need to set a target range for each individual employment agreement position, within the limitations of available funding. The remuneration policy is part of an overall Employment Relations strategy that includes defining the role of employees, performance development and appropriate reward mechanisms.

94% of employees are covered by collective employment agreements. The majority of these agreements have documented "management of change" provisions, which detail the information to be provided, the communication processes to be used and the level of consultation. The DHB has a Management of Change/Review manual to ensure best practice is followed.

The DHB is committed to a high level of engagement with staff. The Joint Action Group (JAG) represents a productive and focused partnership between the New Zealand Nurses Organisation (NZNO) and the DHB. This model has seen an improved set of relationships developing in the workplace to the benefit of all stakeholders.

Aside from the JAG, both the Association of Salaried Medical Specialists (ASMS) Joint Consultative Committee and the Public Service Association (PSA) Enterprise Committee form two key partnerships with unions in delivering improved levels of staff engagement as well as taking a joint action approach to support the delivery of improved health services through strengthening clinical governance and decision making processes.

## 11. Good Employer

### 11.1 Employment policies and procedures

A DHB Bipartite Committee enables the gains from the groups to be shared and monitored and the translation of the national Tripartite initiatives to something beneficial and workable at a local level.

The DHB seeks to measure improvement in staff engagement on a biannual basis through a survey with a pursuant action planning process. One very successful programme developed as a result of the staff engagement feedback is the Staff Service Recognition Programme. This has now been in place for two years and feedback from staff and other participants has been extremely positive.

Like all New Zealand employers, the Bay of Plenty DHB is subject to the Health and Safety in Employment Act 1992. This sets the minimum requirements for the organisation. The DHB has employees trained as occupational health and safety representatives and maintains department representatives to help ensure safety in the workplace.

A recent ACC audit has confirmed the tertiary status of the DHB in the ACC partnership programme. Following an audit in terms of the standards set by the International Disability Management Standards Council, the DHB has also been recognised internationally with an award for its success in returning injured staff to the workplace.

The DHB has extended the Healthy Living programme for staff.

- Medical warrants of fitness have now been undertaken by 157 staff.
- 1,476 staff accepted the offer of a free flu vaccination.
- Two weeks of healthy living activities were held for staff and activities included Tai Chi, fitness classes, cooking demonstrations, presentations on nutrition, financial planning, stress management, work-life balance, and smoking cessation.

DHB staff have access to an Employee Assistance Programme (EAP) to assist in resolving work-related or personal issues that are impacting on their ability to work. In 2009/10 213 staff accessed EAP, 69% of this access was related to personal rather than work issues.

As well as Health and Safety training, the DHB provides other staff well-being training – *Dis-stress to De-stress*, *Working with Aggression*, and *Restraint Minimisation and Manual Handling*. The latter course has seen a marked decrease in the number of back injuries.

Employees receive training on cultural issues and the Treaty of Waitangi. Te Reo classes are available for Board members and staff. In addition, training is provided for managers and staff on the Human Rights Act 1993, health and disability rights, Shared Expectations (State Services Code of Conduct), and the DHB's employment policies.

The DHB continues to support the Mainstream programme and had two Mainstream staff in 2009/10.

The DHB is exploring options of placing people recommended by Work & Income New Zealand in appropriate roles and upskilling those staff via in-house training.

Māori make up over 22% of the Bay of Plenty working age population however only 10% of the DHB employees are Māori. There are a number of strategies in place to grow this segment of the DHB employee population.

## 11. Good Employer

### 11.1 Employment policies and procedures (continued)

The DHB completed a Pay and Employment Equity Review (P & EE Review) in late 2007 and in 2009/10 reviewed the recommendations to ascertain the progress that has been made:

- **Rewards:** Assessment of salaries by occupational group and gender has been undertaken during the year. The 2007 P & EE Review identified gender imbalance favouring males in the Senior Medical and Resident Medical Officer occupational groups. The 2009/10 analysis has shown the imbalance no longer exists in the Resident Medical Officer group and the imbalance in the Senior Medical Officer group has decreased significantly. Investigation of the imbalance identified that age and tenure were the driving factors.
- **Participation:** Several new rostering arrangements have been introduced and staff working on the new rosters have fed back that they feel less fatigued and are able to have a healthier work-life balance. The DHB is a pilot site for Safe Staffing Healthy Workplaces and through this is exploring improvements in work patterns and rosters.
- **Respect & Fairness:** The DHB launched "Shared Expectations" (Code of Conduct) in 2008/2009 via a training programme and dvd. This was extended in 2009/10 to become an e-learning package which made it easier for managers and staff to complete the training.

These HR initiatives and the HR Strategic Plan are aligned to the seven key elements of the "Good Employer" programme to form an Equal Employment Opportunity plan.

## 12. Our People

### 12.1 Staff Engagement & Partnership

The success of the Joint Action Group (JAG) with New Zealand Nurses Organisation (NZNO) was recognised as the DHB – NZNO team won the Waikato-BOP HRINZ Innovation Award. The partnership approach with nursing staff and NZNO has contributed to a 17% improvement in engagement as measured via the Pulse Engagement Survey. Nursing turnover has decreased by 4.7% and sick leave has reduced by 39% (representing a saving of \$1.15 million).

The partnerships with NZNO, ASMS and PSA are providing great opportunity for joint decision making and exploration of new ideas. BOPDHB has been chosen as the pilot site for the Sustainability Tool developed by the PSA using lean thinking processes – the first initiative targets reducing DNAs (Did Not Attends). Our partnership approach has also been a very positive platform for the implementation of the Productive Ward "Releasing Time to Care" and Productive Community initiatives as well as the "Improving the Patient Journey"

### 12.2 Staff Service Recognition

This year 156 staff received staff recognition awards and since this programme was launched in 2007 a total of 502 staff have received awards.

By way of improvement to the programme a letter from the CEO now goes to staff on their 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> anniversaries with the DHB, and these have been well received. A positive outcome has seen staff turnover in the first two years of service, which has historically been a problem, now improved.

A significant number of service reviews have been undertaken in the year due to budget pressures and a focus on minimising the number of administration-management roles. Rigorous change management processes have been followed and significant internal support has been provided to all staff affected by the changes. The use of a transition pool process to focus on the redeployment of valued staff and career progression has been a feature and positive outcome of the changes.

## 12. Our People

### 12.3 Learning Environment

11,688 participants have attended internal courses this year. 1,480 courses were delivered through Learning Plus, an increase of 20% from the previous year. New clinical applications, clinical training and Health and Safety have been the main focus of training delivery.

Learning scholarships were granted to 14 staff, recipients were from a diverse range of roles and services such as Health Care Assistant, Community Dental Services, Chronic Pain and Social Work.

57 staff were reimbursed 70% of their tertiary study fees through the Advanced Study Fund. This included reimbursement for 25 post graduate degrees and seven Masters qualifications.

The development of e-learning modules has been productive with 13 modules now available online. Courses include restraint minimisation refresher, consumer rights, shared expectations (code of conduct) and intravenous credentialing.

Nursing e-portfolios are also being compiled and submitted through our on-line site.

E-learning development has increased accessibility to training, reduced paperwork, and given staff the flexibility to complete training at a time to suit as the site is available 24/7. The number of users has increased over the last 12 months from 43 to 494.

### 12.4 Innovation and Research Awards

An innovative pharmacy service working to improve the way medicines are used won the top prize in the Bay of Plenty District Health Board Innovation and Research Awards. Medwise pharmacists Pauline McQuoid and Carolyn Woolerton say up to 50% of patients don't take their medicines as directed, or encounter issues with their medicines. The service focuses on helping people take their medicines correctly, reducing the medication error rates, and working with other clinicians who may not recognise where problems are medicine-related.

Other winners were:

*Second Prize:* Tauranga Hospital cardiologists Graeme Porter, Chi Wong, Calum Young and Jonathan Tisch for a study of outcomes and prognostic factors of 57 cases of infective endocarditis in Tauranga.

*Third Prize:* Tauranga Hospital orthopaedic nurse specialist Lesley Warner for a scheme to bridge the gap between acute hospital care and rehabilitation for older fracture patients. The Transitional Active Care Scheme was established in 2007 and sees patients moved from Tauranga Hospital to Althorpe (private hospital) for the period where they do not require acute nursing care but cannot put weight on their repaired limb and attend rehabilitation. All patients evaluated in 2009 maintained or improved their functional mobility.

*People's Choice Award:* Paul Mason and Marty Bubb of the Mental Health and Addiction Services, for their activity programme for high and complex needs patients, which has drastically reduced readmissions to the inpatient unit, for those on the programme.

## 12. Our People

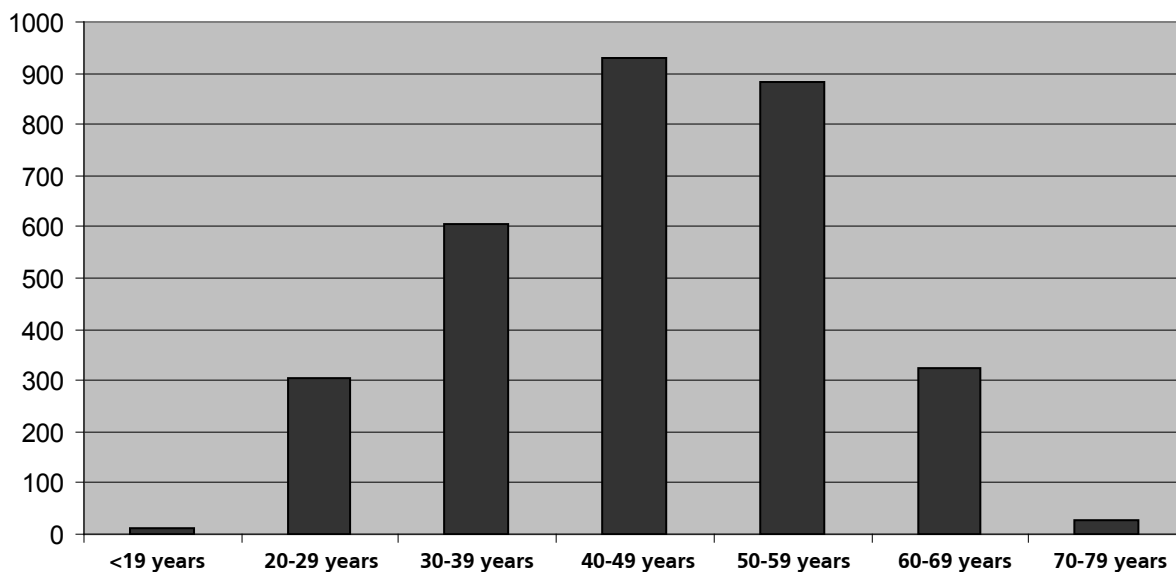
### 12.4 Innovation and Research Awards (continued)

Other finalists out of 22 applicants were:

- Phil Shoemack and Annaka Davis, from Toi Te Ora for their initiative, “Is it safe, Doc?” Avoiding Delhi belly in Tauranga Moana.
- Marja O’Connor, from Eastern Bay PHO (external) for her initiative, Community Based COPD Rehabilitation (using the 5 Dimensions of Quality).
- Fiona Montgomery; Dr Andrew Wilkinson; Dr Erick Riedl; and Sharon Linwood from Mental Health Services for the Older Person, for their initiative, Assessment Tool Development for Levels of Specialist Dementia Care.
- Carole Williams, Shirley Robb and Cindi Grover from Anaesthesia & Surgical for their initiative, 6 Week Certainty.

### 12.5 Staff status

**Staff by age band**

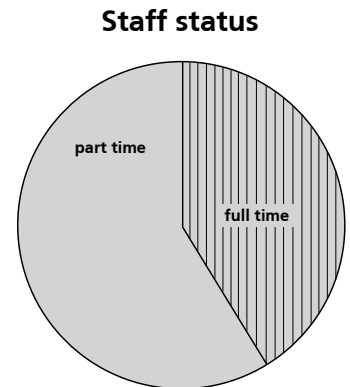
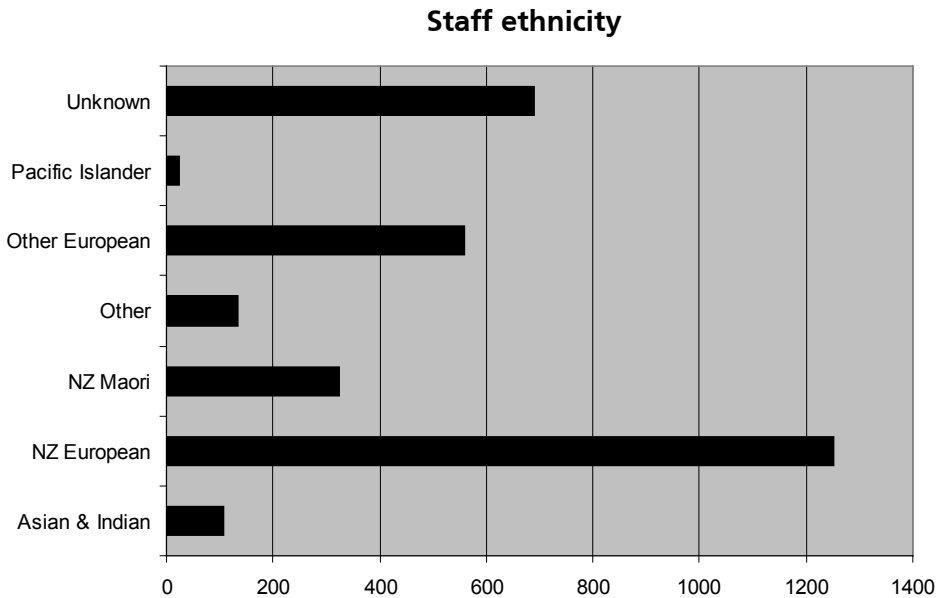


**Occupational groups and gender**

Occupational Group	Female	Male	Total	%
Admin/Management	449	85	534	17%
Allied	407	75	482	16%
Medical	100	190	290	9%
Nursing	1,463	150	1,613	52%
Support	80	90	170	6%
<b>Totals</b>	<b>2,499</b>	<b>590</b>	<b>3,089</b>	
<b>%</b>	<b>81%</b>	<b>19%</b>		

## 12. Our People

### 12.5 Staff status (Continued)



### 12.6 Termination payments

Reason	No.	Gratuity	Long Service	Redundancy	Total
Retiring Gratuity	1	\$3,500	-	-	\$3,500
Retiring Gratuity	1	\$2,500	-	-	\$2,500
Retiring Gratuity	1	\$2,500	-	-	\$2,500
Retiring Gratuity	1	\$2,500	-	-	\$2,500
Retiring Gratuity	1	\$1,500	-	-	\$1,500
Redundancy	1	-	-	\$125,000	\$125,000
Redundancy	1	-	-	\$21,217	\$21,217
Redundancy	1	-	-	\$50,305	\$50,305
Redundancy	1	-	-	\$27,423	\$27,423
Retiring Gratuity	1	\$1,500	-	-	\$1,500
Redundancy	1	-	-	\$15,041	\$15,041
Retiring Gratuity	1	\$9,506	-	-	\$9,506
Redundancy	1	-	-	\$14,935	\$14,935
Redundancy	1	\$7,562	-	\$13,422	\$20,983
Redundancy	1	\$2,932	-	\$8,664	\$11,596
Redundancy	1	-	-	\$17,500	\$17,500
Redundancy	1	-	-	\$18,125	\$18,125
Redundancy	1	-	-	\$16,250	\$16,250
Redundancy	1	-	-	\$17,000	\$17,000
Redundancy	1	-	-	\$1,495	\$1,495
Redundancy	1	-	-	\$6,250	\$6,250
<b>2010 Total</b>	<b>21</b>	<b>\$34,000</b>	<b>-</b>	<b>\$352,627</b>	<b>\$386,626</b>
<b>2009 Total</b>	<b>6</b>	<b>\$27,741</b>	<b>-</b>	<b>\$3,806</b>	<b>\$31,547</b>

## 12. Our People

### 12.7 Salaries over \$100,000

Bands	30 June 2010			30 June 2009
	Medical & Dental Staff	Other Staff	Total	Total
\$100,000 - \$110,000	34	11	45	35
\$110,001 - \$120,000	15	7	22	17
\$120,001 - \$130,000	12	2	14	11
\$130,001 - \$140,000	6	-	6	9
\$140,001 - \$150,000	17	1	18	6
\$150,001 - \$160,000	6	2	8	10
\$160,001 - \$170,000	14	4	18	14
\$170,001 - \$180,000	9	1	10	8
\$180,001 - \$190,000	5	-	5	5
\$190,001 - \$200,000	6	2	8	7
\$200,001 - \$210,000	5	-	5	10
\$210,001 - \$220,000	9	-	9	5
\$220,001 - \$230,000	13	-	13	5
\$230,001 - \$240,000	12	-	12	8
\$240,001 - \$250,000	5	-	5	7
\$250,001 - \$260,000	3	-	3	7
\$260,001 - \$270,000	1	-	1	7
\$270,001 - \$280,000	1	-	1	3
\$280,001 - \$290,000	4	-	4	2
\$290,001 - \$300,000	7	-	7	1
\$300,001 - \$310,000	4	-	4	6
\$310,001 - \$320,000	1	-	1	4
\$320,001 - \$330,000	3	-	3	1
\$330,001 - \$340,000	-	-	-	2
\$340,001 - \$350,000	1	-	1	3
\$350,001 - \$360,000	2	-	2	-
\$370,001 - \$380,000	-	-	-	1
\$400,001 - \$410,000	-	1	1	1
\$430,001 - \$440,000	1	-	1	-
\$490,001 - \$500,000	-	-	-	1
\$520,000 - \$530,000	1	-	1	-
<b>Total over \$100,000</b>	<b>197</b>	<b>31</b>	<b>228</b>	<b>196</b>

Of the 228 employees shown above, 197 were or are medical or dental employees and 31 were neither medical or dental employees (2009: 151 medical or dental and 45 non medical or dental).

If the remuneration of part-time employees were grossed up to a full-time equivalent basis, the total number of employees with FTE salaries of \$100,000 or more would be 283 compared with the actual number of 228 of which 250 would be medical or dental employees and 33 neither nor dental employees (2009: 260 compared with 196 of which 162 were medical or dental employees and 98 neither medical nor dental employees).

### 12.8 Directors' and officers' insurance

Insurance premiums were paid in respect of the Board Members' and certain Officers' Liability Insurance. The policies do not specify a premium for each individual.

The policy provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to people or organisations (other than the District Health Board) incurred in their position as Members of Officers.

### 12.9 Donations

The Bay of Plenty District Health Board made no donations during the year.



## 1. Introduction

Section 142 of the Crown Entities Act 2004 requires DHBs to provide measures and forecast standards of output delivery performance. Our results against these measures and standards for the year ended 30 June 2010 are set out below.

District Health Boards are required to provide these measures and standards of output delivery performance under aggregated output classes. There are four output classes for 2009/10:

1. Public Health Services
2. Primary and Community Health Services
3. Hospital Services
4. Support Services.

For each output class there are agreed national output performance measures and targets.

### 1.1 Public health services

Public health services are publicly funded services that protect and promote population health or identifiable sub-populations, comprising services designed to enhance the health status of the population as distinct from curative services which repair/support health and disability dysfunction.

Public health services address individual behaviours by targeting population wide physical and social environments to influence health and wellbeing. Public health services include health promotion to ensure that illness is prevented and equality in health status is achieved; statutorily mandated health protection services to protect the public from toxic environmental risk and communicable diseases; and, individual health protection services such as immunisation and screening services.

### 1.2 Primary and community health services

Primary and community health care services comprise services that are delivered by a range of health and allied health professionals in various private, not-for-profit and government service settings. It includes general practice, community and Māori health services, pharmacist services, community pharmaceuticals and child and adolescent oral health and dental services. These services are by their nature more generalist, usually accessible from multiple health providers and from a number of different locations within the DHB.

### 1.3 Hospital services

The hospital services output class comprises services that are delivered by a range of secondary, tertiary and quaternary providers using public funds. These services are usually integrated with 'facilities' classified as hospitals to enable co-location of clinical expertise and specialised equipment. These services are generally complex and provided by health care professionals that work closely together. They include:

- Ambulatory services (including outpatient, district nursing and day services) across the range of secondary preventive, diagnostic, therapeutic and rehabilitative services
- Inpatient services (acute and elective streams) including diagnostic, therapeutic and rehabilitative services
- Emergency Department services including triage, diagnostic, therapeutic and disposition services.

### 1.4 Support services

Support services comprise services that are delivered following a 'needs assessment' process and coordination input by Needs Assessment Service Co-ordination Services for a range of services including palliative care services, home-based support services and residential care services.

## Public Health Services Output Class

This section outlines the Public Health services we delivered to our population. Services included within the Public Health Services Output Class are designed to:

1. Reduce the incidence and impact of vaccine preventable illnesses
2. Support the early detection of serious health risk through comprehensive screening programmes
3. Support informed consent and reduce the incidence of sexually transmitted infections
4. Reduce the incidence and impact of tobacco related harm
5. Reduce the incidence and impact of family violence.

These outputs are aggregated into the following main areas of performance in the Public Health Services Output Class: respiratory, family violence prevention, rheumatic fever, immunisation, sexual health, tobacco control and screening services.

Main areas of performance in Public Health Services output class	Main measures of performance	Volumes			Comments
		2009 Base	2010 Target	2010 Actual	
Respiratory, family violence prevention, rheumatic fever, immunisation, sexual health, tobacco control, screening services.	<b>Quantity:</b> <ul style="list-style-type: none"> <li>• Increase the number of homes insulated</li> </ul>	400 <sup>1</sup>	230	0	The DHB decided not to fund home insulation in June 2009 when the Government announced the Warm Up NZ campaign. The DHB advises health practitioners to actively encourage this scheme, and particularly those local schemes which have third party funding to reduce costs. By insulating more homes the incidence and impact of respiratory illness (particularly asthma in children) is reduced.
	<ul style="list-style-type: none"> <li>• Provide Family violence programmes appropriate to the needs of the population</li> </ul>	1	1	1	This year the DHB was recognised by the Ministry of Health as an outstanding performer and sector leader for its Family Violence Prevention Programme. The overall success of the programme can be largely attributed to a robust governance structure and a multi-disciplined/multi-agency approach to managing family violence alerts.
	<ul style="list-style-type: none"> <li>• Increase the number of high deprivation communities participating in the "Sore Throats Matter" Rheumatic Fever Throat Swabbing Campaigns</li> </ul>	New service	2	1	The Opotiki 'Sore Throats Matter' Rheumatic Fever swabbing programme demonstrated its effectiveness this year. Over the two school terms that the programme has been running a total of 907 swabs were taken with 10% returning a positive result. Education on Rheumatic Fever prevention is now being introduced into school curricula. Planning is underway for an extension of the programme to Kawerau and Murupara schools.

<sup>1</sup> Estimated

## Public Health Services Output Class (continued)

Main areas of performance in Public Health Services output class	Main measures of performance	Volumes			Comments
		2009 Base	2010 Target	2010 Actual	
<b>Respiratory, family violence prevention, rheumatic fever, immunisation, sexual health, tobacco control, screening services.</b>	<b>Quantity (continued):</b>				
	<ul style="list-style-type: none"> <li>Increase the percentage of children fully immunised at 2 years - National Health Target</li> </ul>	64%	78%	77%	Overall a pleasing year end result for immunisation coverage with a 13% increase on the base result. Further increases in immunisation coverage are expected during 2010/11 as the re-modelled immunisation service beds in and the roles of Immunisation Co-ordinator and Lay Advocate gain traction in the community.
	<ul style="list-style-type: none"> <li>Increase the percentage of eligible girls and young women fully immunised for Human Papilloma Virus (HPV)</li> </ul>	30% (1st dose 30/11/08)	50% (2nd dose 31/08/09)	50% (2nd dose 1996 cohort)	
	<ul style="list-style-type: none"> <li>Increase the percentage of people 65+ years who receive the seasonal influenza vaccination</li> </ul>	65.2% (based on PPP data 30/06/08)	67.0% (based on PPP data 30/06/09)	68.9% (based on PPP data 30/12/09)	
	<ul style="list-style-type: none"> <li>Provide sexual health services appropriate to the needs of the population (clinic attendances)</li> </ul>	7,828	8,100	8,352	
	<ul style="list-style-type: none"> <li>Encourage more people to get help to quit (Smokefree Co-ordinator)</li> </ul>	1 position	1 position	1 position	
<ul style="list-style-type: none"> <li>People are supported to attend screening services ie. transport, support person</li> </ul>	New contract No baseline	271	271	This includes support to screenings for breast and cervical screenings, and support to colposcopy, assessment for additional investigation and treatment.	

## Primary and Community Services Output Class

This section outlines the Primary and Community services we delivered to our population. Some of these services are provided by us while others are funded by us through a range of contracts and are provided by PHOs and other NGOs. Services included within the Primary and Community Services Output Class are designed to keep more people well by:

1. Intervening earlier to detect, manage and treat existing health conditions
2. Providing good education and advice so people can manage their own health better
3. Reaching those who are at risk of developing long term or acute conditions.

These outputs are aggregated into the following main areas of performance: Primary Health Care, Oral Health Services, Primary and Community Care Programmes, Pharmacist Services, Community Referred Test/Diagnostic Services, Community Mental Health Services.

Main areas of performance in Primary and Community Services output class	Main measures of performance	Volumes			Comments
		2009 Base	2010 Target	2010 Actual	
<b>Diabetes services, antenatal services, co-ordinated community care, PHO's, oral health services for youth, community pharmacy and laboratory, B4 school checks, nutrition and physical activity.</b>	<b>Quantity:</b> <ul style="list-style-type: none"> <li>• More diagnosed diabetics receive their Diabetes annual review (Get Checked Programme)</li> </ul>	4,800	5,175	4,872	The Get Checked Programme is funded by Primary Health Organisations and ensures that everyone with diabetes can have a free annual check with their GP. The programme aims to promote early detection and intervention by systematically screening for the risk factors and complications of diabetes. A diabetes strategic plan has been developed to help us achieve our target in 2010/11 and includes a proactive approach to screening for diabetes.
	<ul style="list-style-type: none"> <li>• More new parents are educated about what to expect with childbirth and how to parent (number of childbirth and parenting education courses run)</li> </ul>	69 courses	74 courses	65 courses	
	<ul style="list-style-type: none"> <li>• Providing CPO mental health services appropriate to the needs of the population (numbers accessing the services provided by Western Bay of Plenty PHO)</li> </ul>	800	800	841	

Primary and Community Services Output Class (continued)

Main areas of performance in Primary and Community Services output class	Main measures of performance	Volumes			Comments
		2009 Base	2010 Target	2010 Actual	
<p>Diabetes services, antenatal services, co-ordinated community care, PHO's, oral health services for youth, community pharmacy and laboratory, B4 school checks, nutrition and physical activity.</p>	<p><b>Quantity (continued):</b></p> <ul style="list-style-type: none"> <li>Increasing PHO enrolment - total (baseline 2008)</li> </ul>	200,000	218,194	197,101	<p>By setting targets for increasing Primary Health Organisation enrolment, more people are likely to maintain good health by having their health conditions detected earlier and having them managed well within a primary health care setting.</p>
	<ul style="list-style-type: none"> <li>Providing after hours primary care services appropriate to the needs of the population</li> </ul>	1 service	2 services	2 services	<p>BOPDHB is currently funding the Eastern Bay region after hours services including Te Kaha. The funded service consists of both GP medical and pharmacy after hours services. The Western Bay after hours service is sustained by the local GP community.</p>
	<ul style="list-style-type: none"> <li>Increasing the number of patients enrolled in Care Plus</li> </ul>	New service	51,127	17,760	<p>Care Plus is a primary health care 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 health care teamwork and reduce the cost of services for high-need primary health users. An individual care plan is developed to set realistic, achievable health and quality of life-related goals, with regular follow-ups. People using Care Plus will get effective management of chronic health conditions, better understanding of their conditions and support to make lifestyle changes.</p>
	<ul style="list-style-type: none"> <li>Increasing the number of patients accessing adolescent oral health services</li> </ul>	10,200	10,500	9,007	<p>While the year end result fell short of target, BOPDHB is pleased to report that the adolescent oral health utilisation rate has increased by 7% over the year largely as the result of mobile dental services providing on-site access to schools in the Eastern Bay of Plenty, a kaupapa Māori service provider in the Western Bay of Plenty and an increase in the number of dentists with Combined Dental Contracts. Improving adolescent oral health utilisation rates means that our young people will have improved oral hygiene and better nutrition through good oral function.</p>

## Primary and Community Services Output Class (continued)

Main areas of performance in Primary and Community Services output class	Main measures of performance	Volumes			Comments
		2009 Base	2010 Target	2010 Actual	
<b>Diabetes services, antenatal services, co-ordinated community care, PHO's, oral health services for youth, community pharmacy and laboratory, B4 school checks, nutrition and physical activity.</b>	<b>Quantity contined:</b>				
	<ul style="list-style-type: none"> <li>• Maternity patient satisfaction survey</li> </ul>	0	1	0	
	<ul style="list-style-type: none"> <li>• Providing pharmacy services appropriate to the general needs of the population (number of dispensed pharmacy items)</li> </ul>	3,011,404	3,284,123	3,204,216	This measure of performance indicates how many pharmaceutical items are dispensed to BOPDHB residents in any one year.
	<ul style="list-style-type: none"> <li>• Providing laboratory services appropriate to the general needs of the DHB population</li> </ul>	700,000	742,473	1,055,227	The variance target to actual for laboratory referrals is solely attributed to an increase in demand for laboratory services and is indicative of the high levels of acute demand experienced by BOPDHB during 2009/10. This spike in acute demand was similarly experienced by other DHBs who reported the same spike. Laboratory services are provided by way of a capped contract which means that the provider is responsible for providing a safe and efficient service through effective demand management.
	<ul style="list-style-type: none"> <li>• Increasing the number of pre-schoolers receiving Before School Health Checks</li> </ul>	New service	1,912	1,939	A pleasing year end result for the B4 School Health Checks programme. The focus for 2010/11 will be to reach our high needs children, with emphasis also on children from immigrant families.
	<ul style="list-style-type: none"> <li>• Increasing the total number of exclusively breastfed babies at 6 weeks</li> </ul>	3,443	3,443	2,556	The year end result for this indicator includes Plunket data only. For 2010/11 breastfeeding data will be captured by other Wellchild providers also, including Tamariki Ora providers.
<ul style="list-style-type: none"> <li>• Increased physical activity in schools</li> </ul>	18	20	0	This service was ceased during the year as funding for activity in schools is provided through regional sports trusts.	

## Hospital Services Output Class

This section outlines the Hospital-based services we delivered to our population. It also outlines those hospital services that we fund others to provide for our population. Hospital services include all personal health services, mental health services, Māori health services, services for older people and disability support services provided through Tauranga and Whakatane Hospitals and through other DHBs via interdistrict flows (IDFs). The services offered within the Hospital Services Output Class deliver the best patient experience possible for people needing acute, specialist and high priority treatment.

These outputs are aggregated into the following main areas of performance in the hospital service output class: Acute inpatient services, elective inpatient services, mental health services, cancer services, emergency department attendances, maternity services.

Main areas of performance in Hospital Services output class	Main measures of performance	Volumes			Comments
		2009 Base	2010 Target	2010 Actual	
<b>Acute inpatient services, elective inpatient services, mental health services, cancer services, emergency department attendances, maternity services.</b>	• Acute hospital discharges	34,025	35,394	36,783	
	• Increasing the number of elective hospital discharges	9,723	10,773	9,687	
	• Increasing the number of procedures undertaken on a day of admission basis	3,518	4,244	3,372	
	• Providing mental health inpatient bed days appropriate to the needs of the DHB population	1,450	1,490	1,683	
	• Providing mental health acute bed days appropriate to the needs of the DHB population	7,600	7,800	8,425	
	• Providing mental health elderly bed days appropriate to the needs of the DHB population	No baseline data	3,468	3,436	
	• Increasing the percentage patients requiring radiation that receive treatment within 6 weeks - National Health Target	91%	95%	100%	Achievement of this target is largely attributable to the strength and effectiveness of the clinical network existing between the DHB and the Waikato Cancer Centre. We are on track to achieve the national health target by December 2010, which requires all patients to commence radiation treatment within 4 weeks.
	• Providing Emergency Department (ED) services appropriate to the needs of the population (number of ED attendances)	59,399	60,013	62,961	ED attendance trends continue to grow not only month to month but year on year. Average monthly presentations have increased by approximately 8% on the previous year.
	• Providing maternity services appropriate to the needs of the population (number of deliveries in a hospital facility)	2,740	2,740	2,772	
	• Maternity patient satisfaction survey	0	1	0	

## Support Services Output Class

This section outlines the Support services we delivered to our population, including people with long-term disabilities; people with mental health problems and people who have age-related disabilities. Support services are designed to:

1. Enable more people over 65 to live in their own homes and continue to participate in their community
2. Minimise health barriers to positive ageing
3. Enable people with experience of mental illness and addiction to participate fully in society and everyday life.

These outputs are aggregated into the following main areas of performance in the Support service output class: NASC Services, Palliative Care Services, Rehabilitation Services, Home-Based Support Services, Aged Residential Care Bed Services, Life Long Disability Services (may be specific to some DHBs only), Respite Care Services, Day Services.

Main areas of performance in Support Services output class	Main measures of performance	Volumes			Comments
		2009 Base	2010 Target	2010 Actual	
Home-based support for mental health consumers, home-based support for older people, aged residential care beds, respite care, palliative care services.	• Increase the number of people supported into independent living via the Friendly Landlord Pilot	20 people	20 people	22 people	22 mental health consumers were successfully placed under the Friendly Landlord Pilot. The programme is recommended for funding during 2010/11 on the basis of its success during the pilot phase.
	• Provide home-based support services appropriate to the needs of our older people (hours)	461,995	499,463	647,530	The increases in home support hours actual to target correspond with decreases in Aged Residential Care beds at rest home level. Similarly, the additional hours signal a greater number of people with higher needs being supported to stay longer at home.
	• Provide aged residential care services (bed days) appropriate to the needs of our older people	425,637	444,791	425,519	
	• Improved respite care services (beds)	10	10	10	
	• Provide palliative care (hospice) services appropriate to the needs of the population	630	645	632	
	• Provide palliative care services (community beds) appropriate to the needs of the population	10	10	9	On the basis of low usage, one community palliative bed was reallocated for use as a flexible residential/palliative care bed.

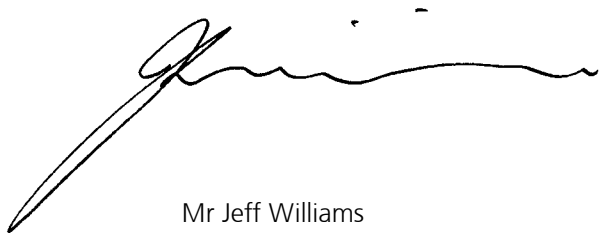


## Statement of Responsibility for the year ended 30 June 2010

The Board and management of the Bay of Plenty DHB accept responsibility for the preparation of the financial statements and the judgements used in them.

The Board and management of the Bay of Plenty DHB accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting and non-financial reporting.

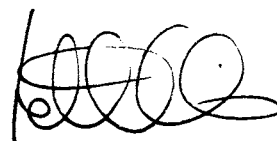
In the opinion of the Board and management of the Bay of Plenty DHB, the financial statements for the year ended 30 June 2010 fairly reflect the financial position and operations of the Bay of Plenty DHB.



Mr Jeff Williams  
Deputy Chairperson



Mr Phil Cammish  
Chief Executive



Mr Letham White  
Chief Financial Officer



**AUDIT REPORT**

**TO THE READERS OF  
BAY OF PLENTY DISTRICT HEALTH BOARD'S  
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2010**

The Auditor-General is the auditor of Bay of Plenty District Health Board (the Health Board). The Auditor-General has appointed me, Bruce Taylor, using the staff and resources of Deloitte, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Health Board for the year ended 30 June 2010.

**Unqualified Opinion**

In our opinion:

- The financial statements of the Health Board on pages 43 to 83:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Health Board's financial position as at 30 June 2010; and
    - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Health Board on pages 32 to 39:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the expected revenues and proposed output expenses included in the statement of forecast service performance at the start of the financial year.

The audit was completed on 22 September 2010, and is the date at which our opinion is expressed.

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

**Basis of Opinion**

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

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

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

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

# Deloitte.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

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

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

## Responsibilities of the Board and the Auditor

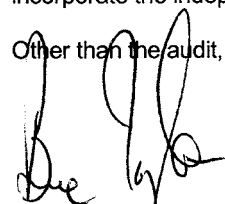
The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Health Board as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Health Board's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses at the start of the financial year. The Board's responsibilities arise from the New Zealand Public Health and Disability Act 2000 and the Crown Entities Act 2004.

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

## Independence

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

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



Bruce Taylor  
Deloitte  
On behalf of the Auditor-General  
Hamilton, New Zealand

This audit report relates to the financial statements of Bay of Plenty District Health Board for the year ended 30 June 2010 included on Bay of Plenty District Health Board's website. The Board is responsible for the maintenance and integrity of Bay of Plenty District Health Board's website. We have not been engaged to report on the integrity of the Bay of Plenty District Health Board's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. 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 related audit report dated 22 September 2010 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Statement of Comprehensive Income for the year ended 30 June 2010

	Note	2010 Actual \$000's	2010 Budget \$000's	2009 Actual \$000's
<b>Continuing Operations</b>				
Crown Revenue	1	583,414	580,684	547,840
Other operating income	2	6,032	5,462	9,083
Finance income	3	693	817	974
Share of profit of associates	13	-	-	21
Employee benefit costs	4	(190,076)	(182,960)	(177,571)
Outsourced services		(24,889)	(23,153)	(26,246)
Clinical supplies		(43,818)	(39,665)	(39,716)
Infrastructure and non-clinical expenses	5	(27,836)	(33,604)	(30,250)
Payments to non-health board providers		(280,728)	(281,260)	(260,806)
Finance costs	6	(4,896)	(5,126)	(4,089)
Capital charge	7	(3,652)	(5,494)	(5,399)
Depreciation and amortisation expense	11,12	(14,191)	(15,701)	(12,581)
<b>(Deficit)/Surplus before expenditure of ring-fenced reserves</b>		<b>53</b>	<b>-</b>	<b>1,260</b>
<b>Other</b>				
Mental Health Ring-fence		(1,458)	(1,852)	(1,386)
<b>(Deficit)/Surplus for the year</b>		<b>(1,405)</b>	<b>(1,852)</b>	<b>(126)</b>
<b>Other Comprehensive Income</b>				
Revaluation of property, plant and equipment		-	-	(5,136)
<b>Other Comprehensive Income for the year</b>		<b>-</b>	<b>-</b>	<b>(5,136)</b>
<b>Total Comprehensive Income for the year</b>		<b>(1,405)</b>	<b>(1,852)</b>	<b>(5,262)</b>

The accompanying notes form part of and are to be read in conjunction with these financial statements.

# Statement of Financial Position as at 30 June 2010

	Note	2010 Actual \$000's	2010 Budget \$000's	2009 Actual \$000's
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	8	5,436	823	5,795
Trade and other receivables	9	14,987	14,704	16,278
Inventories	10	3,227	2,820	3,243
<b>Total current assets</b>		<b>23,650</b>	<b>18,347</b>	<b>25,316</b>
<b>Non-current assets</b>				
Property, plant and equipment	11	189,632	203,431	165,864
Intangible assets	12	1,456	1,485	908
Investments in associates	13	53	-	53
Other investments	14	183	189	186
<b>Total non-current assets</b>		<b>191,324</b>	<b>205,105</b>	<b>167,011</b>
<b>Total assets</b>		<b>214,974</b>	<b>223,452</b>	<b>192,327</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Employee benefits	15	22,265	24,954	22,807
Trade and other payables	16	39,129	39,423	38,748
Interest-bearing loans and borrowings	17	-	-	-
<b>Total current liabilities</b>		<b>61,394</b>	<b>64,377</b>	<b>61,555</b>
<b>Non-current liabilities</b>				
Employee benefits	15	859	600	787
Interest-bearing loans and borrowings	17	82,600	85,793	65,000
<b>Total non-current liabilities</b>		<b>83,459</b>	<b>86,393</b>	<b>65,787</b>
<b>Total liabilities</b>		<b>144,853</b>	<b>150,770</b>	<b>127,342</b>
<b>Equity</b>				
Crown equity		60,511	58,237	53,917
Other reserves		9,610	14,445	11,068
<b>Total equity</b>		<b>70,121</b>	<b>72,682</b>	<b>64,985</b>
<b>Total equity and liabilities</b>		<b>214,974</b>	<b>223,452</b>	<b>192,327</b>

For and on behalf of the Bay of Plenty District Health Board:

  
 Mary Hackett, Chairperson, 22 September 2010

  
 Jeff Williams, Deputy Chairperson, 22 September 2010

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## Statement of Changes in Equity for the year ended 30 June 2010

	Equity		Reserves				
	Crown equity	Retained earnings	Property revaluation	Mental Health Ringfence	MenzB	HEHA	Total equity
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2008	39,584	2,053	14,308	3,282	463	494	60,184
Total recognised income and expense	-	(126)	-	-	-	-	(126)
Contribution from the Crown	10,063	-	-	-	-	-	10,063
Movement in revaluation of land and buildings	-	-	(5,136)	-	-	-	(5,136)
Transfer from retained earnings	-	2,343	-	(1,386)	(463)	(494)	-
<b>Balance at 30 June 2009</b>	<b>49,647</b>	<b>4,270</b>	<b>9,172</b>	<b>1,896</b>	-	-	<b>64,985</b>
Balance at 1 July 2009	49,647	4,270	9,172	1,896	-	-	64,985
Total recognised income and expense	-	(1,405)	-	-	-	-	(1,405)
Contribution from the Crown	6,541	-	-	-	-	-	6,541
Movement in revaluation of land and buildings	-	-	-	-	-	-	-
Transfer from retained earnings	-	1,458	-	(1,458)	-	-	-
<b>Balance at 30 June 2010</b>	<b>56,188</b>	<b>4,323</b>	<b>9,172</b>	<b>438</b>	-	-	<b>70,121</b>

The accompanying notes form part of and are to be read in conjunction with these financial statements.

### **Property Revaluation reserve**

The revaluation reserve relates to land and buildings. Where buildings are reclassified as investment property, the cumulative increase in the fair value of the buildings at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

### **Mental Health reserve**

The Bay of Plenty DHB created a reserve to maintain a clear ring-fence around income earned and committed but not yet expended on services within the mental health ring-fence.

### **HEHA reserve**

The Bay of Plenty DHB had created a reserve to maintain a clear ring-fence around income earned and committed but not yet expended on services within the Healthy Eating Health Action (HEHA) ring-fence. This reserve has been fully utilised during the 2009 year.

### **MenzB reserve**

The Bay of Plenty DHB had created a reserve for utilising funding received in prior years for health and disability services to be provided in future years. This reserve has been fully utilised.

# Statement of Cash Flows for the year ended 30 June 2010

	Note	2010 Actual \$000's	2010 Budget \$000's	2009 Actual \$000's
<b>Cash flows from operating activities</b>				
Cash receipts from Crown and patients		590,573	587,122	550,599
Cash paid to suppliers		(379,876)	(377,911)	(359,086)
Cash paid to employees		(190,038)	(182,331)	(178,282)
Cash generated from operations		<b>20,659</b>	<b>26,880</b>	<b>13,231</b>
Interest received		693	815	974
Interest paid		(4,716)	(4,931)	(3,921)
Net taxes refunded/(paid) (goods and services tax)		1,327	282	(453)
Capital charge paid		(4,120)	(5,540)	(5,242)
<b>Net cash flows from operating activities</b>	8	<b>13,843</b>	<b>17,506</b>	<b>4,589</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment		213	-	76
Acquisition of investments		2	-	-
Acquisition of property, plant and equipment		(37,554)	(43,419)	(17,909)
Acquisition of intangible assets		(1,004)	-	(147)
<b>Net cash flows from investing activities</b>		<b>(38,343)</b>	<b>(43,419)</b>	<b>(17,980)</b>
<b>Cash flows from financing activities</b>				
Proceeds from equity injection		6,541	6,000	10,063
Borrowings raised		17,600	19,190	8,500
<b>Net cash flows from financing activities</b>		<b>24,141</b>	<b>25,190</b>	<b>18,563</b>
Net decrease/increase in cash and cash equivalents		(359)	(723)	5,172
Cash and cash equivalents at beginning of year		5,795	773	623
<b>Cash and cash equivalents at end of year</b>	8	<b>5,436</b>	<b>50</b>	<b>5,795</b>

The accompanying notes form part of and are to be read in conjunction with these financial statements.



## Statement of Contingent Liabilities for the year ended 30 June 2010

	Note	2010 Actual \$000's	2009 Actual \$000's
Legal proceedings against Bay of Plenty DHB		-	-
Other Claims		-	60
		-	60

Bay of Plenty DHB has been notified of no potential claims as at 30 June 2010 (2009: 4 claims).

**Other Claims:**

Bay of Plenty DHB has been notified of no claims, (2009: two personal grievances and two privacy claims).

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## Statement of Commitments for the year ended 30 June 2010

	Note	2010 Actual \$000's	2009 Actual \$000's
<b>Capital commitments</b>		<b>16,239</b>	<b>7,314</b>
<b>Non-cancellable commitments – provider commitments</b>			
Not more than one year		48,817	35,558
One to two years		15,181	14,459
Two to three years		1,287	4,085
Three to four years		-	-
Four to five years		-	-
Over five years		-	-
		<b>65,285</b>	<b>54,102</b>
<b>Non-cancellable commitments – operating lease commitments</b>	<b>18</b>	<b>4,726</b>	<b>6,428</b>
<b>Non-cancellable commitments – other</b>			
Not more than one year		41,945	35,709
One to two years		22,834	20,352
Two to three years		22,492	19,724
Three to four years		22,058	19,432
Four to five years		21,956	19,166
Over five years		9,852	28,346
		<b>141,137</b>	<b>142,729</b>

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## Significant Accounting Policies

### Reporting entity

Bay of Plenty District Health Board ("Bay of Plenty DHB") is a District Health Board established by the New Zealand Public Health and Disability Act 2000. Bay of Plenty DHB is a crown entity in terms of the Crown Entities Act 2004, owned by the Crown and domiciled in New Zealand. Bay of Plenty DHB is a reporting entity for the purposes of the New Zealand Public Health and Disability Act 2000, the Financial Reporting Act 1993, the Public Finance Act 1989 and the Crown Entities Act 2004.

Bay of Plenty DHB is a public benefit entity, as defined under NZIAS 1.

The financial statements of Bay of Plenty DHB for the year ended 30 June 2010 comprise Bay of Plenty DHB and Bay of Plenty DHB's interest in associates.

Bay of Plenty DHB's activities involve funding and delivering health and disability services and mental health services in a variety of ways to the community.

The financial statements were authorised for issue by the Board on 22 September 2010.

### Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZGAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

### Basis of preparation

The financial statements are presented in New Zealand Dollars (NZD), rounded to the nearest thousand. The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments (foreign exchange and interest rate swap contracts), financial instruments classified as available-for-sale and land and buildings.

Non-current assets held for sale and disposal groups held for sale, are stated at the lower of carrying amount and fair value less costs to sell.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with NZIFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZIFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 22.

## Significant Accounting Policies

### Basis for consolidation

#### Associates

Associates are those entities in which Bay of Plenty DHB has significant influence, but not control, over the financial and operating policies.

The financial statements include Bay of Plenty DHB's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When Bay of Plenty DHB's share of losses exceeds its interest in an associate, Bay of Plenty DHB's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that Bay of Plenty DHB has incurred legal or constructive obligations or made payments on behalf of an associate.

#### Business combinations involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Bay of Plenty DHB applies the book value measurement method to all common control transactions.

### Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of financial performance. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZD at foreign exchange rates ruling at the dates the fair value was determined.

### Budget figures

The budget figures are those approved by the Bay of Plenty DHB in its District Annual Plan and included in the Statement of Intent tabled in Parliament. The budget figures have been prepared in accordance with NZGAAP. They comply with NZIFRS and other applicable Financial Reporting Standards as appropriate for public benefit entities. Those standards are consistent with the accounting policies adopted by Bay of Plenty DHB for the preparation of these financial statements.

Bay of Plenty DHB 2009-12 Statement of Intent did not fully comply with the requirements of the Crown Entities Act 2004. Sections 142(2) (b) and (c) of the Crown Entities Act 2004 require for each output class adopted, that the Statement of Intent:

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

## Significant Accounting Policies

### Budget figures (continued)

At the time the 2010-13 Statement of Intent was adopted, Bay of Plenty DHB was unable to reliably identify the expected revenue and proposed expenses for each class of outputs. As a result, Bay of Plenty DHB breached sections 142 (2) (b) and (c) of the Crown Entities Act 2004.

The breaches occurred because Bay of Plenty DHB decided to adopt more relevant output classes, but they were not able to allocate the underlying budget information to the new output classes. The allocation process requires a substantial amount of work and there was insufficient time for it to be carried out between the time new output classes were adopted and the time the Statement of Intent was adopted.

The new output classes will enable Bay of Plenty DHB to more meaningfully report service performance for the year ending 30 June 2011.

### Financial instruments

#### Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, interest bearing loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Bay of Plenty DHB becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Bay of Plenty DHB's contractual rights to the cash flows from the financial assets expire or if the Bay of Plenty DHB transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Bay of Plenty DHB commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Bay of Plenty DHB's obligations specified in the contract expire or are discharged or cancelled.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of no more than three months from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Bay of Plenty DHB's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is explained in Notes 3 and 6.

#### Available-for-sale financial assets

Where Bay of Plenty DHB has investments in equity securities they are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

The fair value of equity investments classified as available-for-sale is their quoted bid price at the statement of financial position date.

## Significant Accounting Policies

### Financial instruments (continued)

#### Instruments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Bay of Plenty DHB manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

#### Loans

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

#### Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, they are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

#### Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently stated at their amortised cost using the effective interest method less impairment losses. Bad debts are written off during the period in which they are identified.

#### Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest rate method.

#### Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial instrument.

### Property, plant and equipment

#### Classes of property, plant and equipment

The major classes of property, plant and equipment are as follows:

- freehold land
- freehold buildings
- plant and equipment
- vehicles
- fixtures and fittings
- work in progress.

## Significant Accounting Policies

### Property, plant and equipment (continued)

#### Owned assets

Except for land and buildings and the assets vested from the hospital and health service (see below), items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of direct overheads.

Land and buildings are revalued to fair value as determined by an independent registered valuer, with sufficient regularity to ensure the carrying amount is not materially different to fair value, and at least every three years. Any increase in value of a class of land and buildings is recognised directly to equity unless it offsets a previous decrease in value recognised in the statement of financial performance. Any decreases in value relating to a class of land and buildings are debited directly to the revaluation reserve, to the extent that they reverse previous surpluses and are otherwise recognised as an expense in the statement of financial performance. Additions to property, plant and equipment between valuations are recorded at cost.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

#### Property, Plant and Equipment Vested from the Hospital and Health Service

Under section 95(3) of the New Zealand Public Health and Disability Act 2000, the assets of Pacific Health Limited (a hospital and health service company) vested in Bay of Plenty DHB on 1 January 2001. Accordingly, assets were transferred to Bay of Plenty DHB at their net book values as recorded in the books of the hospital and health service. In effecting this transfer, the Bay of Plenty DHB has recognised the cost and accumulated depreciation amounts from the records of the hospital and health service. The vested assets will continue to be depreciated over their remaining useful lives.

#### Disposal of Property, Plant and Equipment

Where an item of plant and equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the net sales price and the carrying amount of the asset.

On the sale or retirement of a re-valued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

#### Leased assets

Leases where Bay of Plenty DHB assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

The property held under finance leases and leased out under operating lease is classified as investment property and stated at fair value. Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis.

## Significant Accounting Policies

### Property, plant and equipment (continued)

#### Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the service potential or future economic benefits embodied within the new item will flow to Bay of Plenty DHB. All other costs are recognised in the statement of financial performance as an expense as incurred.

#### Depreciation

Depreciation is charged to the statement of financial performance using the straight line method. Land is not depreciated.

Depreciation is set at rates that will write off the cost or fair value of the assets, less their estimated residual values, over their useful lives. The estimated useful lives of major classes of assets and resulting rates are as follows:

Class of asset	Estimated life	Depreciation rate
• Buildings	50 years	2%
• Plant and equipment	5 to 10 years	10-20%
• Vehicles	5 years	20%
• Fixture and fittings	3 to 25 years	4-33%

The residual value and useful lives of assets is reassessed annually.

Freehold land and work in progress are not depreciated.

The total cost of a project is transferred to the appropriate class of asset on its completion and then depreciated.

### Intangible assets

#### Other intangibles

Other intangible assets that are acquired by Bay of Plenty DHB are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on intangible assets is capitalised only when it increases the service potential or future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### Amortisation:-

Amortisation is charged to the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Type of asset	Estimated life	Amortisation rate
• Software	2 to 3 years	33-50%



## Significant Accounting Policies

### Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on weighted average cost. Work in progress includes the cost of direct materials, direct labour and an appropriate share of overheads.

### Impairment

The carrying amounts of Bay of Plenty DHB's assets other than investment property, inventories and inventories held for distribution are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of financial performance.

For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each statement of financial position date and was estimated at the date of transition.

An impairment loss on property, plant and equipment revalued on a class of asset basis is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for the same class of asset.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of financial performance even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of financial performance is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of financial performance.

The recoverable amount of the Bay of Plenty DHB's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual trade receivables that are considered significant are subject to this approach. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on number of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

## Significant Accounting Policies

### Impairment (continued)

#### Calculation of recoverable amount

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is calculated differently depending on whether an asset generates cash or not. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

For non-cash generating assets that are not part of a cash-generating unit value in use is based on depreciated replacement cost (DRC). For cash-generating assets value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Impairment gains and losses, for items of property, plant and equipment that are revalued on a class of assets basis, are also recognised on a class basis.

#### Reversals of impairment

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount.

An impairment loss on an equity instrument investment classified as available-for-sale or on items of property, plant and equipment carried at fair value is reversed through the statement of financial performance, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is reversed through the relevant reserve. All other impairment losses are reversed through the statement of financial performance.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### Interest-bearing borrowings

Interest-bearing loans and borrowings are classified as other non-derivative financial instruments.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of financial performance over the period of the borrowings on an effective interest basis.

### Employee benefits

#### Defined superannuation plans

For defined contribution superannuation plans, Bay of Plenty DHB recognises and expenses the obligation during the period they arise.

There are a small number of employees that are part of a state defined benefit superannuation plan. The DHB has no legal or constructive obligation to pay future benefits, the Crown guarantees these benefits, and as a result the plans are accounted for as a defined contribution plan.

## Significant Accounting Policies

### Employee benefits (continued)

#### Long service leave, sabbatical leave and retirement gratuities

Bay of Plenty DHB's net obligation in respect of long service leave, sabbatical leave and retirement gratuities is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the market yield on relevant New Zealand government bonds at the statement of financial position date.

#### Annual leave, conference leave, sick leave and medical education leave

Annual leave, conference leave, sick leave and medical education leave are short-term obligations and are calculated on an actual basis at the amount Bay of Plenty DHB expects to pay. Bay of Plenty DHB accrues the obligation for paid absences when the obligation both relates to employees' past services and it accumulates.

### Provisions

A provision is recognised when Bay of Plenty DHB has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

### Restructuring

A provision for restructuring is recognised when Bay of Plenty DHB has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

### Site restoration

In accordance with Bay of Plenty DHB's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated.

### Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by Bay of Plenty DHB from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

### Income tax

Bay of Plenty DHB is a crown entity under the New Zealand Public Health and Disability Act 2000 and is exempt from income tax under section CB3 of the Income Tax Act 1994.

## Significant Accounting Policies

### Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

### Crown funding

The majority of revenue is provided through an appropriation in association with a Crown Funding Agreement. Revenue is recognised monthly in accordance with the Crown Funding Agreement payment schedule, which allocates the appropriation equally throughout the year.

### Goods sold and services rendered

Revenue from goods sold is recognised when Bay of Plenty DHB has transferred to the buyer the significant risks and rewards of ownership of the goods and Bay of Plenty DHB does not retain either continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from services is recognised, to the proportion that a transaction is complete, when it is probable that the payment associated with the transaction will flow to Bay of Plenty DHB and that payment can be measured or estimated reliably, and to the extent that any obligations and all conditions have been satisfied by Bay of Plenty DHB.

### Revenue relating to service contracts

Bay of Plenty DHB is required to expend all monies appropriated within certain contracts during the year in which it is appropriated. Should this not be done, the contract may require repayment of the money or Bay of Plenty DHB, with the agreement of the Ministry of Health, may be required to expend it on specific services in subsequent years. The amount unexpended is recognised as a liability.

### Rental income

Rental income from investment property is recognised in the statement of financial performance on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the lease term.

### Financing Revenue

Dividend income is recognised in the statement of financial performance when the shareholder's right to receive payment is established.

Interest received and receivable on funds invested are calculated using the effective interest rate method and are recognised in the statement of financial performance.

## Significant Accounting Policies

### Expenses

#### Operating lease payments

Payments made under operating leases are recognised in the statement of financial performance on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of financial performance over the lease term as an integral part of the total lease expense.

#### Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

#### Financing costs

Financing costs comprise interest paid and payable on borrowings calculated using the effective interest rate method, and gains and losses on hedging instruments are recognised in the statement of financial performance.

The interest expense component of finance lease payments is recognised in the statement of financial performance using the effective interest rate method.

Bay of Plenty DHB has chosen to defer the application of NZIAS23 (revised 2008) and expense borrowing costs in accordance with NZIAS23 (2004).

#### Non-current assets held for sale and discontinued operations

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable NZIFRSs. Then, on initial classification as held for sale, a non-current asset and/or a disposal group is recognised at the lower of its carrying amount and its fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in the statement of financial performance, even when the asset was previously revalued. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of Bay of Plenty DHB's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

## Significant Accounting Policies

### Changes in accounting policies

Accounting policies have been consistently applied unless otherwise stated.

### Standards, Amendments and Interpretations effective in the current period

#### Those with disclosure impact:

The impact of the adoption of the following Standards and Amendments has been to expand the disclosures provided in these financial statements:

Name	Impact
NZ IAS 1 Presentation of Financial Statements (Revised 2007)	This has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
Amendments to NZ IFRS 7 – Financial Instruments Disclosures	The amendments to NZ IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

#### Those with no impact:

Adoption of the following Standards, Interpretations and Amendments has not led to any changes in Bay of Plenty DHB's accounting policies with measurement or recognition impact on the periods presented in these financial statements:

Name	Nature of Amendment
Amendments to NZ IAS 27 Consolidated and Separate Financial Statements – Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate	The amendments deal with the recognition of dividend income from subsidiaries in a parent's separate financial statements. These changes do not have any impact on the financial statements.
NZ Specific Omnibus Amendments 2009-01	These amendments are minor in nature and have no impact on the Group.

All other standards, interpretations and amendments effective in the current period are not applicable to the Group and therefore have been excluded from the table above.

## Significant Accounting Policies

### New standards adopted and interpretations not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published that are not yet effective for the year ended 30 June 2010, and have not been applied in preparing these financial statements. The adoption of the following standards is not expected to have a material impact on the Bay of Plenty DHB's financial statements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	*	30 June 2011
Amendment to NZ IAS 32 'Financial Instruments: Presentation - Classification of Rights Issues'	1 January 2010	30 June 2011
Amendments to NZ IAS 24 'Related Party Disclosures'	1 January 2011	30 June 2012
NZ IFRS 9 'Financial Instruments'	1 January 2013	30 June 2014
NZ IFRIC 19 'Extinguishing Financial Liabilities with Equity'	1 July 2010	30 June 2011
Improvements to New Zealand Equivalents to International Reporting Standards 2010		
• Improvements to NZ IFRS 3 and NZ IAS 27	1 July 2010	30 June 2011
• Improvements to other standards	1 January 2011	30 June 2012

\* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

### Cost of Service - Statement of Service Performance

The cost of service statements, as reported in the statement of service performance, report the net cost of services for the outputs of Bay of Plenty DHB and are represented by the cost of providing the output less all the revenue that can be allocated to these activities.

#### Cost Allocation

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

#### Cost Allocation Policy

Direct costs are charged directly to output classes. Indirect costs are charged to output classes based on cost drivers and related activity and usage information.

#### Criteria for Direct and Indirect Costs

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

#### Cost Drivers for Allocation of Indirect Costs

The cost of internal services not directly charged to outputs is allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

## 1. Crown Revenue

	2010 Actual \$000's	2009 Actual \$000's
Health and disability services (Crown appropriation revenue)	561,029	525,499
ACC (Crown non appropriated revenue)	4,484	4,932
Other Revenue (Crown non appropriated revenue)	2,318	2,145
Inter District Patient Inflows	15,583	15,264
	<b>583,414</b>	<b>547,840</b>

Revenue for health services includes all revenue received from the Crown (via the Ministry of Health), Accident Rehabilitation and Compensation Insurance Corporation (ACC), and other sources.

## 2. Other operating income

	2010 Actual \$000's	2009 Actual \$000's
Donations and bequests received	165	2,844
Other	5,867	6,239
	<b>6,032</b>	<b>9,083</b>

## 3. Finance income

	2010 Actual \$000's	2009 Actual \$000's
Interest income	693	974
	<b>693</b>	<b>974</b>

## 4. Employee benefit costs

	2010 Actual \$000's	2009 Actual \$000's
Wages and salaries	190,546	178,552
(Decrease) / Increase in employee benefits provisions	(470)	(981)
	<b>190,076</b>	<b>177,571</b>



**5. Infrastructure and non-clinical expenses**

	2010 Actual \$000's	2009 Actual \$000's
Audit fees (for the audit of the financial statements)	166	177
Audit related fees (for assurance and related services)	-	-
Directors fees and expenses	268	278
Impairment of trade receivables (bad and doubtful debts)	368	193
Infrastructure costs	25,128	27,871
Koha	17	16
Loss on disposal of property, plant and equipment	(4)	12
Operating lease expenses	1,893	1,703
	<b>27,836</b>	<b>30,250</b>

**6. Finance costs**

	2010 Actual \$000's	2009 Actual \$000's
Interest expense	4,896	4,089
	<b>4,896</b>	<b>4,089</b>

**7. Capital charge**

	2010 Actual \$000's	2009 Actual \$000's
Capital charge	3,652	5,399

Bay of Plenty DHB pays a monthly capital charge to the Crown based on the greater of its actual or budgeted closing equity balance for the month. The capital charge rate for the period ended 30 June 2010 was 8 per cent (2009: 8 per cent).

## 8. Cash and cash equivalents

	2010 Actual \$000's	2009 Actual \$000's
Bank balances	436	(55)
Call deposits	5,000	5,850
Cash and cash equivalents	5,436	5,795
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>5,436</b>	<b>5,795</b>

### Working capital facility

Bay of Plenty DHB has a working capital facility supplied by Westpac Banking Corporation Limited, which was established in December 2003. The facility consists of a bank overdraft and revolving ban multi-option credit facility. At year end none of this facility was drawn down (2009: \$Nil).

The Westpac working capital facility is secured by a negative pledge. Without Westpac's prior written consent, Bay of Plenty DHB cannot perform the following actions:

- create any security over its assets except in certain 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 undertake any business or activity unrelated to health
- dispose of any of its assets except disposals in certain circumstances in the ordinary course of business and
- provide services to or accept services from a person other than for proper value and reasonable commercial items.

Bay of Plenty DHB must meet a cash flow cover covenant, under which EBITDA must exceed funding costs by at least 1.75 times. At all times since the facility was established the covenant has been met. The Westpac facility has a limit of \$20,000,000 (2009: \$20,000,000).

### Reconciliation of surplus for the period with net cash flows operating activities

	2010 Actual \$000's	2009 Actual 000's
Net (Deficit)/Surplus from operating activities	(1,405)	(126)
<b>Add back non-cash items:</b>		
Depreciation and amortisation expense	14,191	12,581
Share of (profit)/loss after tax from associate companies	-	(21)
Donated Assets	(165)	(2,548)
<b>Add back items classified as investing activity:</b>		
Net loss / (gain) on disposal of property, plant and equipment	4	12
<b>Add back items classified as financing activity:</b>		
<b>Movements in working capital:</b>		
(Increase) / decrease in trade and other receivables	1,291	(3,752)
(Increase) / decrease in inventories	16	(567)
(Decrease) / increase in trade and other payables and employee benefits	(89)	(990)
Net movement in working capital	1,218	(5,309)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>13,843</b>	<b>4,589</b>

## 9. Trade and other receivables

	2010 Actual \$000's	2009 Actual \$000's
Trade receivables from associates	-	200
Trade receivables from non-related parties	4,241	5,686
Crown and Ministry of Health receivables	9,311	9,119
Accrued income	1,003	809
Prepayments	432	464
	<b>14,987</b>	<b>16,278</b>

	2010 Actual \$000's	2009 Actual \$000's
<b>Provision for Doubtful Debts</b>		
Opening Balance	(130)	(49)
Movement	(365)	(81)
Closing Balance	<b>(495)</b>	<b>(130)</b>

Trade receivables are shown net of provision for doubtful debts, recognised in the current year and arising from non payment of debt over an agreed time frame.

## 10. Inventories

	2010 Actual \$000's	2009 Actual \$000's
Central stores – at cost	1,967	2,024
Pharmaceuticals – at cost	510	480
Theatre supplies – at cost	58	58
Other supplies – at cost	692	681
	<b>3,227</b>	<b>3,243</b>

Adjustment of inventories amounted to (\$491,492) for 2010, which is attributed to the increase in imprest stock held on the wards and the associated pricing; 2009: (\$412,484).

Inventories recognised in the statement of financial performance amounted to \$17,807,594 (2009: \$16,215,159).

The carrying amount of inventories held for distribution carried at current replacement cost at 30 June 2010 was \$Nil (2009: \$Nil). The write-down of inventories held for distribution amounted to \$Nil for 2010 (2009: \$Nil), while reversals of write-downs were \$Nil for 2010 (2009: \$Nil).

No inventories are pledged as security for liabilities but some inventories are subject to retention of title clauses (Romalpa clauses). The value of stocks subject to such clauses cannot be quantified due to the inherent difficulties in identifying the specific inventories affected at year-end.

## 11. Property, plant and equipment

Cost	Freehold land (at valuation) \$000's	Freehold buildings (at valuation) \$000's	Plant, equipment and vehicles \$000's	Work in progress \$000's	Total \$000's
Balance at 1 July 2008	8,921	108,653	66,369	30,879	214,822
Additions	-	33,644	5,187	35,512	74,343
Disposals	-	(9)	(1,541)	-	(1,550)
Transfer to assets	-	-	-	(53,861)	(53,861)
Revaluation on Land and Buildings	1,029	(19,686)	-	-	(18,657)
<b>Balance at 30 June 2009</b>	<b>9,950</b>	<b>122,602</b>	<b>70,015</b>	<b>12,530</b>	<b>215,097</b>
Balance at 1 July 2009	9,950	122,602	70,015	12,530	215,097
Additions	4,025	16,836	14,204	39,678	74,743
Disposals	-	-	(2,144)	-	(2,144)
Transfer to assets	-	-	-	(37,127)	(37,127)
Revaluation on Land and Buildings	-	-	-	-	-
<b>Balance at 30 June 2010</b>	<b>13,975</b>	<b>139,438</b>	<b>82,075</b>	<b>15,081</b>	<b>250,569</b>

### Depreciation and impairment losses

Balance at 1 July 2008	-	(8,131)	(44,191)	-	(52,322)
Depreciation charge for the year	-	(5,623)	(6,271)	-	(11,894)
Disposals	-	3	1,596	-	1,599
Revaluation on Land and Buildings	-	13,384	-	-	13,384
<b>Balance at 30 June 2009</b>	<b>-</b>	<b>(367)</b>	<b>(48,866)</b>	<b>-</b>	<b>(49,233)</b>

**11. Property, plant and equipment (continued)**

	Freehold land (at valuation) \$000's	Freehold buildings (at valuation) \$000's	Plant, equipment and vehicles \$000's	Work in progress \$000's	Total \$000's
<b>Depreciation and impairment losses</b>					
Balance at 1 July 2009	-	(367)	(48,866)	-	(49,233)
Depreciation charge for the year	-	(7,396)	(6,341)	-	(13,737)
Disposals	-	-	2,033	-	2,033
Revaluation on Land and Buildings	-	-	-	-	-
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>(7,763)</b>	<b>(53,174)</b>	<b>-</b>	<b>(60,937)</b>
<b>Carrying amounts</b>					
At 1 July 2008	8,921	100,522	22,178	30,879	162,500
<b>At 30 June 2009</b>	<b>9,950</b>	<b>122,235</b>	<b>21,149</b>	<b>12,530</b>	<b>165,864</b>
At 1 July 2009	9,950	122,235	21,149	12,530	165,864
<b>At 30 June 2010</b>	<b>13,975</b>	<b>131,675</b>	<b>28,901</b>	<b>15,081</b>	<b>189,632</b>

## 11. Property, plant and equipment (continued)

### Impairment

Based on the latest revaluation various buildings within the Whakatane campus have been impaired and valued accordingly. This impairment is due to the age of the buildings and the planned re-development of the campus. There are no other assets currently impaired.

### Revaluation

Current Crown accounting policies require all crown entities to revalue land and buildings in accordance with NZIAS 16, Property, Plant and Equipment. Current valuation standards and guidance notes have been developed in association with the Treasury for the valuation of hospitals and tertiary institutions.

The most recent revaluation of land and buildings was carried out as at 30 June 2009 by Diana M Koomen, an independent registered valuer with DTZ New Zealand Limited and a member of the New Zealand Institute of Valuers. The valuation was completed based on assessment of fair value in accordance with the Treasury Valuation Guidelines issued March 2007. Where there was no market-based evidence of fair value, due to the specialised nature of the item of property, plant and equipment, or the item is rarely sold the valuation was based on an optimised depreciation replacement cost methodology.

The valuer was contracted as an independent valuer. The next valuation will be completed by 30 June 2012.

The total fair value of land amounted to \$13,975,000 at the statement of financial position date (2009: \$9,950,000). The revaluation surplus is disclosed in the statement of changes in equity.

### Restrictions

Bay of Plenty DHB does not have full title to crown land it occupies but transfer is arranged if and when land is sold.

Some of the land is subject to Waitangi Tribunal claims. Titles to land transferred from the Crown to Bay of Plenty 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 claims under the Treaty of Waitangi Act 1975 cannot be quantified.

The disposal of certain properties may also be subject to the provision of section 40 of the Public Works Act 1981.

### Property, plant and equipment under construction

Bay of Plenty DHB has a number of items for future health service use for which costs incurred are not yet capitalised. At the statement of financial position date this totalled \$13,939,000 (2009: \$12,530,000).

## 12. Intangible assets

Cost	Software	Total
	\$000's	\$000's
Balance at 1 July 2008	6,772	6,772
Additions	147	147
<b>Balance at 30 June 2009</b>	<b>6,919</b>	<b>6,919</b>
Balance at 1 July 2009	6,919	6,919
Additions	881	881
Disposals	(1,734)	(1,734)
<b>Balance at 30 June 2010</b>	<b>6,066</b>	<b>6,066</b>
<b>Amortisation and impairment losses</b>		
Balance at 1 July 2008	(5,324)	(5,324)
Amortisation charge for the year	(687)	(687)
<b>Balance at 30 June 2009</b>	<b>(6,011)</b>	<b>(6,011)</b>
Balance at 1 July 2009	(6,011)	(6,011)
Amortisation charge for the year	(454)	(454)
Disposals	1,734	1,734
Reclassification	121	121
<b>Balance at 30 June 2010</b>	<b>(4,610)</b>	<b>(4,610)</b>
<b>Carrying amounts</b>		
At 1 July 2008	1,448	1,448
<b>At 30 June 2009</b>	<b>908</b>	<b>908</b>
At 1 July 2009	908	908
<b>At 30 June 2010</b>	<b>1,456</b>	<b>1,456</b>

### Impairment

There are currently no impaired intangible assets

## 13. Investments in associates

### a) Bay of Plenty DHB has the following investments in associates:

Name of entity	Principal activities	Interest held at 30 June		Balance date
		2010	2009	
Health Share Limited	Provision of health contracting services	20%	20%	30 June
Venturo Limited	Provision of urology services	50%	50%	30 June
Bay Imaging Group Limited	Provision of CT scanning services	50%	50%	30 June

## 13. Investments in associates (continued)

### b) Summary of financial information on associate entities (100 per cent)

	Assets	Liabilities	Equity	Revenues	Profit/ (loss)
2010 Actual	\$000's	\$000's	\$000's	\$000's	\$000's
Health Share Limited	547	290	257	1,681	-
Venturo Limited (draft)	1,157	1,141	16	5,145	-
Bay Imaging Group Limited	232	226	6	1,661	-

	Assets	Liabilities	Equity	Revenues	Profit/ (loss)
2009 Actual	\$000's	\$000's	\$000's	\$000's	\$000's
Health Share Limited	523	256	267	1,699	55
Venturo Limited	979	965	14	5,039	-
Bay Imaging Group Limited	220	214	6	1,593	-

### c) Share of profit of associate entities

	2010 Actual \$000's	2009 Actual \$000's
Share of profit/(loss) before tax	-	21
Less: tax expense	-	-
<b>Share of profit/(loss) after tax</b>	<b>-</b>	<b>21</b>

### d) Investment in associate entities

	2010 Actual \$000's	2009 Actual \$000's
Carrying amount at beginning of year	53	32
Share of total recognised revenue and expenses	-	21
<b>Carrying amount at end of year</b>	<b>53</b>	<b>53</b>

### e) Share of associates' contingent liabilities and commitments

	2010 Actual \$000's	2009 Actual \$000's
Contingent liabilities	-	-
Contracted capital commitments	-	-
Other contracted commitments	-	-

There are no contingent liabilities and commitments at year end. Bay of Plenty DHB is not jointly or severally liable for the contingent liabilities owing at balance date by the associates.



**14. Other investments**

Non Current	2010 Actual \$000's	2009 Actual \$000's
Equity securities	183	186
	<b>183</b>	<b>186</b>

**15. Employee benefits**

**Non-current liabilities**

	2010 Actual \$000's	2009 Actual \$000's
Liability for long-service leave	610	538
Liability for sabbatical leave	19	19
Liability for retirement gratuities	230	230
	<b>859</b>	<b>787</b>

**Current liabilities**

	2010 Actual \$000's	2009 Actual \$000's
Liability for long-service leave	1,501	1,325
Liability for sabbatical leave	241	141
Liability for retirement gratuities	203	203
Liability for annual leave	15,060	14,857
Liability for sick leave	294	292
Liability for continuing medical education leave	500	1,955
Salary and wages accrual	4,466	4,034
	<b>22,265</b>	<b>22,807</b>

**Balance at 1 July**

	2010 Actual \$000's	2009 Actual \$000's
Balance at 1 July	<b>23,594</b>	<b>24,575</b>
Additional provisions recognised	23,364	25,442
Reductions arising from payments/ other sacrifices of future economic benefits	(21,924)	(26,343)
Reductions resulting from re-measurement or settlement without cost	(1,910)	(80)
<b>Balance 30 June</b>	<b>23,124</b>	<b>23,594</b>

## 15. Employee benefits (continued)

### Defined Contribution Plan

Bay of Plenty DHB operated a defined contribution retirement plan for all qualifying employees. The assets of the plan are held separately from those of the Bay of Plenty DHB in funds under the control of trustees. Where employees leave the plan prior to vesting fully in the contributions, the contributions payable by the Bay of Plenty DHB are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of financial performance of \$46,746 (30 June 2009 \$38,580) represents contributions payable to these plans by the Bay of Plenty DHB at rates specified in the rules of the plans. As at 30 June 2010 there were no contributions that had not been paid over to the plans.

### Defined Benefit Plan

The Bay of Plenty DHB has a small number of employees that are part of a multi-employer scheme. Under the plan, the employees are entitled to retirement benefits. No other post-retirement benefits are provided. The total expenses recognised for 30 June 2010 are \$48,617 (30 June 2009 \$50,383) being contributions payable to the plan. The Bay of Plenty DHB has no other liability in respect to the scheme and should there be a deficit in the fund all benefit payments are guaranteed by the Crown.

## 16. Trade and other payables

	2010 Actual \$000's	2009 Actual \$000's
Trade payables to non-related parties	7,447	7,414
Trade payables to related parties	-	284
ACC levy payable	1,471	1,168
GST and PAYE payable	4,635	3,210
Income in advance relating to contracts with specific performance obligations	625	-
Capital charge due to the Crown	411	1,043
Other non-trade payables and accrued expenses	24,540	25,629
	<b>39,129</b>	<b>38,748</b>

## 17. Interest-bearing loans and borrowings

	2010 Actual \$000's	2009 Actual \$000's
<b>Non-current</b>		
Unsecured loans (Crown Health Financing Agency)	82,600	65,000
	<b>82,600</b>	<b>65,000</b>
<b>Current</b>		
Unsecured Working Capital facility (Westpac)	-	-
	-	-

**17. Interest-bearing loans and borrowings (continued)**

**Unsecured loans**

Bay of Plenty DHB has unsecured loans with the Crown Health Financing Agency and Westpac Banking Corporation. The details of terms and conditions are as follows:

<b>Interest rate summary</b>	<b>2010 Actual</b>	<b>2009 Actual</b>
Crown Health Financing Agency	6.03%	6.28%

<b>Repayable as follows</b>	<b>2010 Actual \$000's</b>	<b>2009 Actual \$000's</b>
Within one year	-	-
One to two years	15,000	-
Two to three years	15,000	15,000
Three to four years	12,700	15,000
Four to five years	20,000	-
Later than five years	19,900	35,000
	<b>82,600</b>	<b>65,000</b>

<b>Term loan facility limits</b>	<b>2010 Actual \$000's</b>	<b>2009 Actual \$000's</b>
Crown Health Financing Agency:		
Term loan facility	15,000	15,000
Term loan (payment in month of service) standby facility	12,700	12,000
Term loan (Tauranga campus) standby facility	69,500	65,000

## 17. Interest-bearing loans and borrowings (continued)

### Security and terms

The term loan is unsecured. Continued use of this facility is subject to normal commercial loan covenants such as interest cover.

The loan facility is provided by the Crown Health Financing Agency, which is part of the Treasury.

The Crown Health Financing Agency term liabilities are secured by a negative pledge. Without the Crown Health Financing Agency's prior written consent Bay of Plenty DHB cannot perform the following actions:

- create any security over its assets except in certain 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 undertake any business or activity unrelated to health
- dispose of any of its assets except disposals in certain circumstances in the ordinary course of business and
- provide services to or accept services from a person other than for proper value and reasonable commercial items.

The covenants have been complied with at all times since the facility was established. The Government of New Zealand does not guarantee term loans.

### Unsecured bank loans

As part of its Working Capital Facility, Bay of Plenty DHB has an unsecured bank loan denominated in NZD with Westpac Banking Corporation Limited with the maximum facility of \$20,000,000. As at 30 June 2010 Bay of Plenty DHB had not drawn down on this facility. When drawing upon this facility the intention is to repay this loan within a period of 6 months, however the loan agreement is repayable 30 December 2010. Interest is charged based on market rate.

## 18. Operating leases

### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2010 Actual \$000's	2009 Actual \$000's
Less than one year	2,227	2,114
Between one and five years	2,458	4,235
More than five years	41	79
	<b>4,726</b>	<b>6,428</b>

Bay of Plenty DHB leases a number of buildings, vehicles and office equipment (mainly photocopiers and computers) under operating leases. The leases typically run for a period of 3 or 5 years (for office space) and 3 years (for vehicles and office equipment), with an option to renew the lease after that date. In the case of leased buildings, lease payments are increased every five years to reflect market rentals. None of the leases includes contingent rentals.

During the year ended 30 June 2010 \$1,893,000 was recognised as an expense in the statement of financial performance in respect of operating leases (2009 \$3,108,001).

## 19. Financial instruments

Exposure to credit, interest rate and currency risks arise in the normal course of Bay of Plenty DHB's operations. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

### Credit risk

Financial instruments, which potentially subject the Bay of Plenty DHB to concentrations of risk, consist principally of cash, short-term deposits, trade and other receivables.

The Bay of Plenty DHB places its cash and short-term deposits with high-quality financial institutions and the Bay of Plenty DHB has a policy that limits the amount of credit exposure to any one financial institution.

Concentrations of credit risk from trade and other receivables are limited due to the large number and variety of customers. ACC and the Ministry of Health are the largest debtors (approximately 79 per cent). They are assessed to be low risk and high-quality entities due to their nature as the government funded purchaser of health and disability support services.

## 19. Financial instruments (continued)

The status of trade receivables at the reporting date is as follows:

Trade receivables	Gross Receivable 2010 \$000's	Impairment 2010 \$000's	Gross Receivable 2009 \$000's	Impairment 2009 \$000's
Due 0-30 days	3,779	-	4,278	-
Past due 31-120 days	255	-	962	(27)
Past due 121-360 days	704	(495)	776	(103)
<b>Total</b>	<b>4,738</b>	<b>(495)</b>	<b>6,016</b>	<b>(130)</b>

In summary, trade receivables are determined to be impaired as follows:

Trade receivables	2010 Actual \$000's	2009 Actual \$000's
Gross trade receivables	4,738	6,016
Individual impairment	(495)	(130)
<b>Net total trade receivables</b>	<b>4,243</b>	<b>5,886</b>

At the statement of financial position date there were no significant other concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

### Liquidity risk

Liquidity risk represents the Bay of Plenty DHB's ability to meet its contractual obligations. The Bay of Plenty DHB evaluates its liquidity requirements on an on-going basis. In general, the Bay of Plenty DHB generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

**19. Financial instruments (continued)**

**Liquidity risk**

The following table sets out the contractual cash flows for all financial liabilities and for derivatives that are settled on a gross cash flow basis.

<b>2010</b>	<b>Statement of Financial Position \$000's</b>	<b>Contractual cash flow \$000's</b>	<b>6 mths or less \$000's</b>	<b>6-12 mths \$000's</b>	<b>1-2 years \$000's</b>	<b>2-5 years \$000's</b>	<b>More than 5 years \$000's</b>
Unsecured bank loans	82,600	103,968	2,512	2,512	19,670	56,784	22,490
Trade and other payables	38,092	38,092	38,092	-	-	-	-
<b>Total</b>	<b>120,692</b>	<b>142,060</b>	<b>40,604</b>	<b>2,512</b>	<b>19,670</b>	<b>56,784</b>	<b>22,490</b>

<b>2009</b>	<b>Statement of Financial Position \$000's</b>	<b>Contractual cash flow \$000's</b>	<b>6 mths or less \$000's</b>	<b>6-12 mths \$000's</b>	<b>1-2 years \$000's</b>	<b>2-5 years \$000's</b>	<b>More than 5 years \$000's</b>
Unsecured bank loans	65,000	87,671	2,058	2,024	4,082	40,196	39,311
Trade and other payables	38,748	38,748	38,748	-	-	-	-
<b>Total</b>	<b>103,748</b>	<b>126,419</b>	<b>40,806</b>	<b>2,024</b>	<b>4,082</b>	<b>40,196</b>	<b>39,311</b>

## 19. Financial instruments (continued)

### Classification and fair values

The classification and fair values together with the carrying amounts shown in the statement of financial position are as follows:

2010	Note	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Financial liabilities at amortised cost	Carrying amount	Fair value
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Cash and cash equivalents	8	-	-	5,436	-	-	5,436	5,436
Trade and other receivables	9	-	-	14,987	-	-	14,987	14,987
Trade and other payables	16	-	-	-	-	(38,092)	(38,092)	(38,092)
Unsecured loans	17	-	-	-	-	(82,600)	(82,600)	(87,332)
Unsecured bank liabilities	17	-	-	-	-	-	-	-
<b>Total</b>		-	-	<b>20,423</b>	-	<b>(120,692)</b>	<b>(100,269)</b>	<b>(105,001)</b>

2009	Note	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Financial liabilities at amortised cost	Carrying amount	Fair value
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Cash and cash equivalents	8	-	-	5,795	-	-	5,795	5,795
Trade and other receivables	9	-	-	16,301	-	-	16,301	16,301
Trade and other payables	16	-	-	-	-	(37,748)	(37,748)	(37,748)
Unsecured loans	17	-	-	-	-	(65,000)	(65,000)	(65,000)
Unsecured bank liabilities	17	-	-	-	-	-	-	-
<b>Total</b>		-	-	<b>22,096</b>	-	<b>(102,748)</b>	<b>(80,652)</b>	<b>(83,735)</b>



## 19. Financial instruments (continued)

### Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the statement of financial position date and the periods in which they reprice.

2010	Effective interest rate %	Total	< 6 mths	6-12 mths	1-2 yrs	2-5 yrs	More than 5 yrs
Cash and cash equivalents	-	-	-	-	-	-	-
Unsecured loans:							
NZD fixed rate loan*	6.03	82,600	-	-	15,000	47,700	19,900
NZD floating rate loan	-	-	-	-	-	-	-
Unsecured bank facility	-	-	-	-	-	-	-
Bank overdrafts	8.75	-	-	-	-	-	-

2009	Effective interest rate %	Total	< 6 mths	6-12 mths	1-2 yrs	2-5 yrs	More than 5 yrs
Cash and cash equivalents	-	-	-	-	-	-	-
Unsecured loans:							
NZD fixed rate loan*	6.28	65,000	-	-	-	30,000	35,000
NZD floating rate loan	-	-	-	-	-	-	-
Unsecured bank facility	-	-	-	-	-	-	-
Bank overdrafts	8.75	-	-	-	-	-	-

\* These assets/ liabilities bear interest at fixed rates.

## 19. Financial instruments (continued)

### Estimation of fair values analysis

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

### Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

### Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

### Interest rates used for determining fair value

The entity uses the government yield curve as of 30 June 2010 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2010 Actual%	2009 Actual%
Loans and borrowings	6.03	6.28

### Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate or, the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

Bay of Plenty DHB adopts a policy of ensuring that between 40 and 100 per cent of its exposure to changes in interest rates on borrowings is on a fixed rate basis.

### Capital management

The Bay of Plenty DHB's capital is its equity, which comprises Crown equity, reserves and retained earnings. Equity is represented by net assets. The Bay of Plenty DHB manages its revenues, expenses, assets, liabilities and general financial dealings prudently in compliance with the budgetary processes.

The Bay of Plenty DHB's policy and objectives of managing the equity is to ensure the Bay of Plenty DHB effectively achieves its goals and objectives, whilst maintaining a strong capital base. The Bay of Plenty DHB policies in respect of capital management are reviewed regularly by the governing Board.

There have been no material changes in the Bay of Plenty DHB's management of capital during the period.

## 19. Financial instruments (continued)

### Sensitivity analysis

In managing interest rate risks, Bay of Plenty DHB aims to reduce the impact of short-term fluctuations on Bay of Plenty DHB's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on earnings.

At 30 June 2010, it is estimated that a general increase of one percentage point in interest rates would decrease Bay of Plenty DHB's surplus before tax by approximately - \$Nil (2009: -\$Nil); and

A general decrease of one percentage point in interest rates would increase Bay of Plenty DHB's surplus before tax by approximately +\$Nil (2009: +\$Nil).

At 30 June 2010, there is no interest rate sensitivity as the borrowings are at a fixed interest rate until the maturity of the borrowing.

## 20. Related parties

### Identity of related parties

Bay of Plenty DHB has a related party relationship with its associates, and with its board members, directors and executive officers.

Loans to board members for the year ended 30 June 2010 amounted to (2009: \$Nil) and are included in "other receivables". No interest is payable by the directors.

<b>Remuneration</b>	<b>2010 Actual \$000's</b>	<b>2009 Actual \$000's</b>
Total remuneration is included in "wages and salaries" (see note 4)		
Board members	268	278
Executive team	1,865	1,855
(There are no long term benefits)		

<b>Sales to related parties</b>	<b>2010 Actual \$000's</b>	<b>2009 Actual \$000's</b>
HealthShare Limited (associate)	-	-
Venturo Limited (associate)	1,841	1,766
Bay Imaging Group Limited (associate)	1,206	1,212

<b>Purchases from related parties</b>	<b>2010 Actual \$000's</b>	<b>2009 Actual \$000's</b>
HealthShare Limited (associate)	177	140
Venturo Limited (associate)	5,126	4,971
Bay Imaging Group Limited (associate)	1,602	1,341

<b>Outstanding debtor balances to related parties</b>	<b>2010 Actual \$000's</b>	<b>2009 Actual \$000's</b>
HealthShare Limited (associate)	96	-
Venturo Limited (associate)	-	275
Bay Imaging Group Limited (associate)	-	192
	<b>96</b>	<b>467</b>

<b>Outstanding creditor balances from related parties</b>	<b>2010 Actual \$000's</b>	<b>2009 Actual \$000's</b>
HealthShare Limited (associate)	-	-
Venturo Limited (associate)	-	200
Bay Imaging Group Limited (associate)	-	84
	<b>-</b>	<b>284</b>

Transactions with associates are priced on an arm's length basis.

## 20. Related parties (continued)

### Ownership

Bay of Plenty DHB is a crown entity in terms of the Crown Entities Act 2004, and is owned by the Crown.

### Transactions with other entities controlled by the Crown

There have been transactions with other entities controlled by the Crown that have not been separately disclosed because the transactions have been carried out on the same terms as if the transactions had been carried out at arms length.

## 21. Subsequent event

There were no significant events subsequent to balance date.

## 22. Accounting estimates and judgements

Management discussed with the Audit, Risk and Finance Committee the development, selection and disclosure of Bay of Plenty DHB's critical accounting policies and estimates and the application of these policies and estimates.

### Critical accounting judgements in applying Bay of Plenty DHB's accounting policies

Certain critical accounting judgments in applying Bay of Plenty DHB's accounting policies include actuarial valuations on employee entitlements, multiple employment contract agreements (MECA) negotiations, depreciation rates and useful life's applied to property, plant and equipment.

### Finance and operating leases

The inception of the office space leases of Bay of Plenty DHB took place many years ago. They are combined leases of land and buildings. It is not possible to obtain a reliable estimate of the split of the fair values of the lease interest between land and buildings at inception. Therefore, in determining lease classification Bay of Plenty DHB evaluated whether both parts are clearly operating leases or finance leases. Firstly, land title does not pass. Secondly, because the rent paid to the landlord for the building is increased to market rent at regular intervals, and Bay of Plenty DHB does not participate in the residual value of the building it is judged that substantially all the risks and rewards of the building are with the landlord. Based on these qualitative factors it is concluded that the leases are operating leases.

### Useful lives of property, plant and equipment

The Bay of Plenty DHB reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

## 23. Segment

The Bay of Plenty DHB operates in only one business segment, the funding and provision of health and disability services, throughout one geographical region (Bay of Plenty).



### 'playtime in hospital'

front cover drawing by  
Dale, Sam and Abbey during their  
stay in the Childrens Ward  
Tauranga Hospital, July 2010