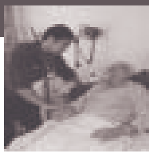
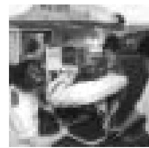
Waikato District Health Board

ANNUAL REPORT
2002/2003





IMPROVING HEALTH, INDEPENDENCE & QUALITY OF LIFE

In order to develop targeted strategies and services that will most effectively improve the health and wellbeing of Waikato people, the Waikato DHB has conducted a comprehensive assessment of the population's health needs. The assessment, which is reviewed annually, includes a review of the demographic and socioeconomic characteristics of the population; an analysis of health and disability information, including rates of illness and death; and estimates of the prevalence of health risk factors in the community.

The health needs assessment is published in a series of reports which are available at local and national libraries and on the Waikato DHB website: www.waikatodhb.govt.nz

Based on an understanding of the key factors that shape the community's health and in consultation with the community, the Waikato DHB Strategic Plan 2001 –2011 identifies the following priorities and broad themes:

PRIORITIES

Population health priorities

- To improve the health status of children
- To reduce the incidence and impact of diabetes
- To improve the health status of people with severe mental illness
- To minimise the harm caused by tobacco, alcohol, illicit and other drug use to both individuals and the community
- To reduce the rate of suicide and suicide attempts

BROAD THEMES

- The health of the Maori population
  The quality of life and health of older persons
- The need to increase the physical activity and improve the nutrition of the community
- The health of youth

OTHER KEY AREAS

- The health of Pacific People
- The quality and delivery of Primary Care services
- Improvement and further development of Rural Health
- Reducing the incidence and impact of cancer
- Workforce development
- Infrastructure and innovation
- Reducing inequalities
- Reducing waiting times for elective services

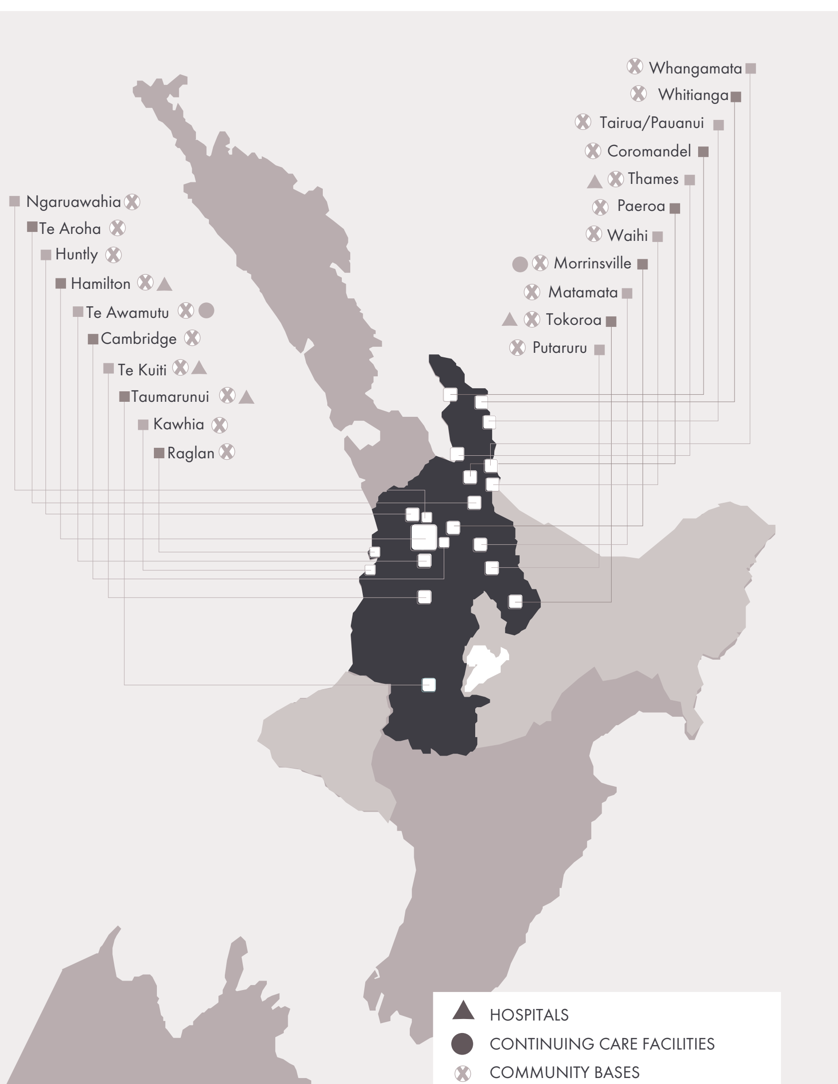
Waikato District Health Board

OUR VISION

Te Hanga Whaioranga Mo Te Iwi
- Building Healthy Communities

The Waikato DHB will improve the health, independence and quality of life of the communities it serves by addressing the needs of the population including the special needs of rural, Māori and Pacific Peoples and their communities. The Waikato DHB will ensure community involvement at all levels and will focus on:

- Promoting and protecting wellness
- Ensuring equitable access to high quality health and disability support services



CONTENTS

LEADING, LEARNING, DOING 2

PEOPLE OF THE WAIKATO 5

WAIKATO DISTRICT HEALTH BOARD

- Board Members 6
- The Organisation 8

24 HOURS AT WAIKATO DISTRICT HEALTH BOARD 9

GETTING OUR PRIORITIES RIGHT 10

HEALTHY WORKING LIVES 11

STATEMENT OF RESPONSIBILITY 12

REPORT OF THE AUDITOR GENERAL 13

FINANCIAL STATEMENTS 15

STATEMENT OF SERVICE PERFORMANCE 35

LEADING, LEARNING, DOING

Chairman

Chief Executive

We have a good story to tell: in the 12 months to 30 June 2003 we consolidated performance, managed some significant challenges, made great progress on several key projects, and prepared the ground for future development.

Of our success stories, we are proud of our achievements in the key priority areas of child and adolescent health, diabetes, and mental health, and of the steps taken to improve the working lives of doctors, nurses, and other health professionals throughout Waikato.

We are also pleased to report good progress on the establishment of primary health organisations (PHOs), and on a number of collaborative initiatives that put health and health improvement within the economic, cultural and social context of people's lives.

Community involvement
We especially value the involvement of Waikato people in deciding local priorities. It was the support of our community that helped us to win Government approval to set up a neurosurgical service at Waikato Hospital as part of a 'one service, two-site' agreement with Auckland District Health Board. Planning for the new service is well advanced with operations due to start mid-2004.

Formalised mechanisms for involving the public include, among other activities, the contribution of elected Board members and seven community health forums. This community involvement helps to direct discretionary funding to local need. Over the past 12 months, for example, community health forums have worked to secure new funding for primary care inpatient beds in Matamata, identified solutions to transport difficulties faced by people in Thames/Coromandel, and successfully advocated for better primary care access for Otorohanga people.

Community involvement gives people the opportunity to understand the issues, contribute to solutions and have realistic expectations of their health services. By and large, Waikato communities have a good understanding of the constraints faced by Waikato DHB. We are generally seen as being a Board that works hard to 'live within its skin'.

Pay off for prudent budget management
On revenue of $552 million we budgeted to maintain all existing services and fund some $3.3 million of new initiatives. Of this amount, non-government organisations (NGOs) received an extra $1.86 million to fund new child and adolescent services, dental services, mobile disease state management nurse services, healthy lifestyle education, and mental health services. In the Board's provider arm, a further $1.45 million was invested in a range of initiatives such as new technology to improve the treatment of heart attacks victims in remote rural areas, primary care dermatology, and a review of senior doctor staffing levels and workloads. Despite unanticipated cost pressures from pharmaceuticals (particularly cancer drugs, and drugs to prevent heart attacks and strokes), laboratory and radiological tests, Waikato DHB achieved a year end result close to break even of $0.2 million.

It is particularly pleasing to report that the District is starting to reap the rewards of the Board's careful financial management. We appreciated the Government's decision to grant early payments to health boards as reward for prudent management of resources. By receiving funding earlier in the month, we have reduced interest payments to the tune of hundreds of thousands of dollars. Half a million dollars that might otherwise have been siphoned off in interest charges, has been spent on health services this year.

Looking ahead to next year, population based funding will increase Waikato DHB's revenue by several million dollars a year. With the established financial break even base, we will be able to use this funding for additional health programmes targeted to the needs of people in Waikato.

Despite the extra funding, there will be ongoing tension between demand for health services and our ability to meet that demand. Increasing call on resources due to demographics, discoveries, lifestyle diseases, and community expectations puts unremitting pressure on services. This is the reality of the health sector.

Working together for health gain

We congratulate Waikato health providers for getting maximum value from the available funds. On the whole, their efforts are all the more remarkable because – as Health Minister Annette King pointed out earlier in the year – the better organisations perform, the more difficult it is to find efficiencies.

In this climate, the past year has seen increasing numbers of providers exploring new and better ways of doing things. They are working together on services that incorporate providers across the continuum of care, across the district and the region, and other sectors beside health. This is demonstrated through a range of exciting projects such as Agewise, Childwatch, the new migrant resource centre, youth-friendly projects, and various diabetes and mental health initiatives.

At a regional level, Waikato, Bay of Plenty, Lakes, Tairawhiti, and Taranaki District Health Boards continue to work together on a range of initiatives, including shared approaches to recruitment, quality monitoring, and workforce development. Such relationships provide opportunities for developing regional models of services that are more efficient and better meet the needs of our populations.

Services and campus redevelopment

Good relationships regionally and locally will be critical to the success of the Services and Campus Redevelopment (SCR) project. The first stage of the project was the clinical services plan which forecast the health needs of the population over the next 10 to 20 years. In essence, that plan confirmed ambulatory care - care not requiring overnight admission – is increasingly important, a far cry from the traditional focus on inpatients. In addition, the plan highlighted the need to better coordinate care among providers and to improve integration of hospital and community care. To enable these changes, Waikato DHB has planned the staged upgrading of hospital campuses at Hamilton and Thames to bring them up to 21st Century standards. The Board is awaiting Government approval for this major capital investment.

In the meantime, much work continues on redeveloping services in line with the aims of the project. The intention is to improve delivery of hospital-based care and its integration with primary care providers and other non-government organisations (NGOs). Some services, such as aged care, are leading the way and putting in place new ways of working irrespective of whether facilities are upgraded.

Launch of PHOs

As this work continues apace, the opportunities for district health boards are becoming clearer, particularly in relation to primary care. The focus of primary health organisations is on the health status of their enrolled populations and on coordinating services to maintain and improve the health of those people. Waikato's first PHO started at the beginning of 2003, with 37,000 people immediately being able to visit the doctor for no more than $15 during normal business hours. By the end of the financial year, the number of people able to get low-cost primary care had more than doubled. As a funder of health and support services, Waikato DHB is keen to work with PHOs to see greater community influence in deciding priorities in primary care. In time, we will see the health benefits of having PHOs involved with and responsive to the needs of their communities.

A better way of life

In the ever-challenging environment in which we work, we do not underestimate the importance of improving the working experience for health professionals. The organisation has made considerable progress on this front. The retention of skilled health professionals in front-line primary care and in our hospitals is critical. We have put in place strategies that set out to create well managed, flexible working environments that support health professionals in their work, and respect their need to manage a healthy and productive balance between their work and their lives outside work.

Government funding, for example, has allowed extra payments to support primary health care workers to stay in rural areas and maintain a better work/life balance. In the district health board's provider arm, numerous initiatives are now in place to try to improve the working lives of staff.

The first responsibility of the leader is to define reality…
Whatever the organisation, the commitment and talent of staff are necessary for success. We need leaders across all levels of all health organisations. We need people who can articulate the direction for the health sector and initiate actions to achieve the sector's aims. In Waikato, we are supporting health board and NGO staff to participate in the national health sector leadership development programme. In addition, the organisation has developed its own programme for clinical and non-clinical staff, the Healthy Futures Leadership Programme. This programme meets a number of the recommendations related to Healthy Workplace Environments which have been put forward to the Minister of Health.

In our provider arm, we have the goal of being the employer of choice for the best clinicians. One way to achieve this is to increase academic and clinical leadership. We welcomed two new professors to the Waikato Clinical School this year – Professor David Simmons, an international diabetes expert, and Professor Ken Walsh, a specialist in clinical nursing research.

We are also increasing the involvement of clinicians in strategic management and decision-making. The provider arm's management and clinical representatives have the complex task of sharing the responsibility and accountability for overall planning, performance and resource allocation. On occasion, individuals will inevitably find themselves subordinating their institutional or professional loyalties to wider health goals.

At an organisational level, Waikato DHB has chosen to lead by example and demonstrate healthier lifestyles on a large-scale. All health board campuses will be completely smokefree by January 2004. Across the district, a number of programmes will be developed and rolled out, with all healthcare workers being encouraged to model healthy lifestyle behaviours.

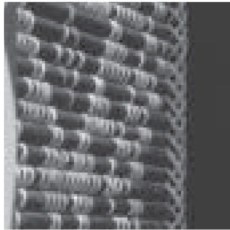
…the last is to say thank you
On that note, we would like to thank all healthcare staff – wherever they work in the health sector – who have achieved so much this year. Their sterling efforts and commitment are to be commended. We would like to highlight the excellent work and sound governance of the Board, and last but not least, the generosity of the numerous volunteers who help to make the sector tick. Together we have achieved much.

We look forward to the coming year. All the signals are it will be as productive and satisfying as 2002/03 as we move closer to achieving our aim of "building healthier communities – te hanga waioranga mo te iwi".

PEOPLE OF THE WAIKATO

Waikato District Health Board serves one of the largest and most complex health districts in New Zealand.

The Board plans and provides health services for a total population of 317,751 (8.5% of the national population). A quarter of the Waikato DHB population live in the most deprived areas, while only 16% reside in the least deprived areas. In some of our remote communities, such as Ruapehu District, 45% of the population reside in the most deprived areas.



Inequalities in the distribution of and access to material resources - income, education, employment and housing - are the primary cause of health inequalities. Differences in access to health care services and differences in care for those receiving services also have a considerable impact on health status and mortality.

Life expectancy and inequalities in health outcomes
Health outcomes for Maori and Pacific peoples are in most instances worse than those for non-Maori and non-Pacific peoples. Life expectancy at birth for the Waikato population is currently 74 for male and 80 for female. Maori life expectancy is lower, at 67 for male and 72 for female, resulting in a lower percentage of people over the age of 65. Review of mortality and hospitalisation trends reveals that Maori suffer from diseases such as cardiovascular disease and diabetes earlier than non-Maori and die from similar diseases at an earlier age as well.

Ethnic composition
- 20.2% of the population (64,290) identified as Maori compared with 14.1% nationally
- 2.1% of the population (6,675) identified as Pacific peoples compared with 1.9% in 1996
- 3.3% of the population (10,494) identified as Asian compared with 2.4% in 1996
- 74.4% of the Waikato DHB population (236,262) identified as European/Other compared with 75.5% in 1996

Age structure
Waikato DHB's population is slightly younger than the population nationally.
- 24.3% are under 15 years old compared with 23% nationally and 24.8% in 1996
- 11.9% are over 65 year old compared with 12.1% nationally and 11% in 1996

Waikato DHB Maori population
The Waikato Maori population is much younger than the total population.
- 38% are under 15 years old compared with 24% of the national population being under 15
- 3.4% are over 65 years old compared with 12% nationally

Toward Better Maori Health
The Waikato DHB recognises the Treaty of Waitangi as the founding document of New Zealand and acknowledges the special relationship between Maori and the Crown under the Treaty.

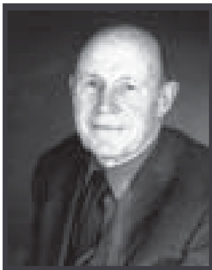
The organisation is committed to reducing disparities and improving the overall health status of Maori. While it is recognised that there are other ethnic groups with relatively poor health status, the size of the Maori population in Waikato places a priority on developing strategies to improve Maori health. Examples include strategies to increase Maori participation in the healthcare workforce; a Maori with Disability Strategy – Mauri Tu Mauri Ora, which sets out key strategic directions for Maori with disabilities which will enable them to access clinical and culturally appropriate services, as well as ensuring Maori provider capacity and quality of service delivery to Maori; and a Healthy Hapu programme promoting self-reliance on marae-based initiatives that support the health and wellbeing of whanau, hapu and iwi.

Waikato DHB staff are encouraged to attend Te Ara Tika Tuarua (The Way Forward), a one day workshop covering the Treaty of Waitangi and how it relates to employees' professional practices. Further workshops focus on how the Treaty is applied at Waikato DHB and best practice guidelines, providing employees with practical tools and knowledge of Maori culture.

WAIKATO DISTRICT HEALTH BOARD MEMBERS

Michael Ludbrook

Michael Ludbrook (Chair) is a management consultant specialising in major strategic change and improvement initiatives. For the past five years, he has concentrated on health sector clients. Appointed to the Board in December 2001, his key areas of interest include child health, Maori health, rural health, older persons health, and disability advocacy. He has more than 30 years experience on both sides of the Tasman in most business disciplines including finance, strategic planning, engineering, manufacturing, wholesale/retail sales and marketing, and project management. (Appointed member)


Angus Macdonald

Angus Macdonald (Deputy Chair)is an experienced local body politician with more than 33 years' service on various councils and boards, including 12 years as Mayor of the Waikato District Council. He holds a post graduate qualification in Public Policy. (Elected member)

Mere Balzer

Mere Balzer has extensive experience in health, education and management. She is CEO of Te Runanga O Kirikiriroa Trust Inc, the Maori Urban Authority for Kirikiriroa/Hamilton. In 1985 she was involved in the team which developed the Waiariki Polytechnic School of Nursing and became the Dean of Faculty in 1990. During this time, she was also actively involved in the Women's Refuge Movement. (Appointed member)

Sally Christie

Sally Christie manages the Child Abuse Prevention Service Hauraki. From a background in registered nursing, she has more than 30 years health sector experience. A former Thames/Coromandel district councillor, she also served for 12 years on the Thames Community Board. Other community interests include chairing the Thames South School Board and belonging to the Strengthening Families programme and Life Education Trust. (Elected member)

Dr Alison Glover

Dr Alison Glover (BSc, MBChB, DRCOG, MSc) is a general practitioner with a particular interest in sport and exercise medicine. Her professional and personal interests are pitched at improving the balance between managing ill health and encouraging good health. (Elected member)

Dr Tony Haycock

Dr Tony Haycock has more than 25 years' health sector experience, including 13 years as a general practitioner in Hamilton East. For the past 10 years he has worked as a management consultant, with particular emphasis on health facilities development projects, and the development of new healthcare delivery models for primary care.

Peta Karalus

Peta Karalus is CEO of Kaute Pasifika Services, the organisation established to meet the health and social needs of Pacific Island peoples living in Hamilton and the wider Waikato region. She holds the chiefly title of Leaupepe from the village of Fasitoouta. She was first appointed to the Waikato District Health Board in 2000 to guide the provider arm, Health Waikato, through the transition from hospital and health service to become part of the Waikato DHB. She did not seek election in 2001 but was reappointed to the Board in 2002. She has a nursing background and has also taught at the Waikato Polytechnic Nursing Department. (Appointed member)

Dr Paul Malpass

Dr Paul Malpass is currently employed at the Chief Medical Director for the Bay of Plenty District Health Board and holds medical advisory and consultancy roles. He was formerly Taumarunui Hospital's surgeon superintendent and an administrator with the former regional health authority Midland Health. His national posts have included clinical director of the project to improve waiting times for elective services. (Elected member)

Wayne McLean

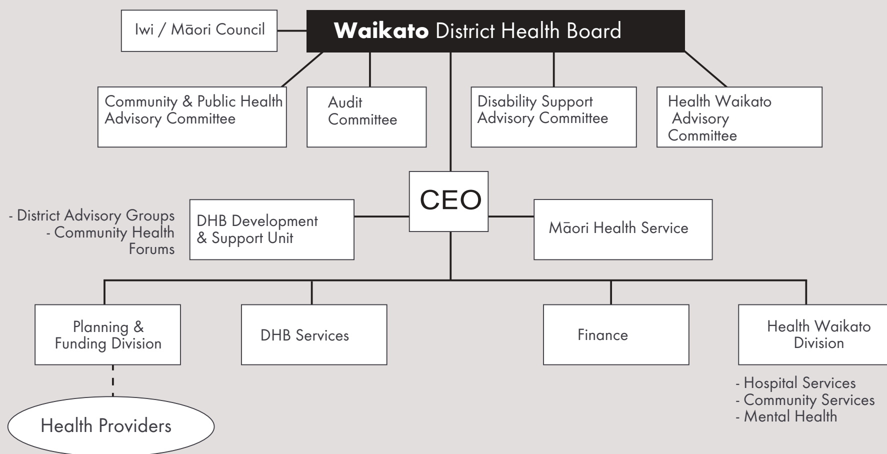
Wayne McLean is CEO of Raukura Hauora,a Maori health provider. An accountant, his extensive background in health includes membership of the Counties Manukau DHB and Health Funding Authority. Wayne has served on a number of local and national bodies such as the Nursing Council of NZ and the National Health Advisory Committee. He is also involved with a number of disability support groups. (Appointed member)

Leonie Tisch

Leonie Tisch has extensive experience in the business, voluntary and community sectors. She has served on school boards of trustees, chairing the Matamata College Board for three years. She served as a Trustee Waikato Community Trust representing Matamata-Piako, and since 1995 has been a trustee of the Waikato Heart Trust, a charitable trust providing resources and equipment for patients and hospital personnel throughout central North Island.(Elected member)

Ewan Wilson

Ewan Wilson is best known for setting up Hamilton's first international airline, the now defunct Kiwi Air. A former Youth Entrepreneur of the year, he has been a volunteer ambulance officer and Army Territorial medic. He sits on the Hamilton City Council and Weltrust. (Elected member)



Board profile

The Waikato District Health Board (DHB), established under the New Zealand Public Health and Disabilities Act 2000, is responsible for planning, funding and providing quality health and disability support services for the 318,000 people living in the Waikato district. The organisation achieves this through a wide range of independent providers and Health Waikato, the Board's major division that operates a comprehensive range of primary, secondary and tertiary health services. Tertiary and trauma coordination services are provided to the central North Island regional population of some 800,000.

The majority of Waikato DHB's 4800 staff are employed in the Health Waikato division. They are part of a comprehensive network which provides an extensive range of inpatient and community-based health services across critical care, surgery, medicine, oncology, women's health, child and adolescent health, rehabilitation, mental health, population health, and related support services.

Facilities include:

Hamilton campus

- Waikato Hospital, a 600-bed teaching hospital and New Zealand's largest provider of specialist services grouped together on one site.
- Henry Bennett Centre, the 100-bed acute mental health facility.

District hospitals

- Taumarunui Hospital (21 beds)
- Te Kuiti Hospital (21 beds)
- Thames Hospital (56 beds)
- Tokoroa Hospital (21 beds)

Continuing care and maternity facilities

- Rhoda Read Hospital in Morrinsville
- Matariki Hospital in Te Awamutu.

OUR MISSION

Waikato DHB's mission is to achieve a better quality of life for individuals and the wider community by promoting and protecting wellness, and treating those who are sick or injured.

Our clinical practice is to provide each patient with the best standard of healthcare. This tradition of patient-centred care is well supported through research and education. Waikato DHB has well-established links with New Zealand's schools of medicine, nursing and allied health.

In response to the special characteristics of the population, the Waikato DHB has the goal of becoming an internationally recognised centre for research into the health of rural and indigenous Maori people, which will lead to improved services for these groups.

24 HOURS AT WAIKATO DISTRICT HEALTH BOARD

Publicly funded health services in Waikato are provided by **260** general practitioners, **80** dentists, **80** pharmacies, **47** community mental health providers, **30** community personal health providers, **20** Maori providers, **four** Pacific providers, **two** community laboratories, **four** radiology providers, **120** lead maternity carers and Waikato District Health Board's own provider arm, Health Waikato.

Each day, the taxpayer spends on average

- $164,000 to pay community pharmacists to provide and dispense medicines and services
- $97,000 to subsidise people's visits to general practitioners
- $6000 to subsidise visits to dentists
- $60,000 to pay for the laboratory tests ordered for patients by general practitioners

During the next 24 hours, on average, 200 people will be assessed and treated at one of Waikato District Health Board's five hospital emergency departments (ED). Waikato Hospital's emergency department, one of the largest and busiest in New Zealand will see, on average, 139 patients over the 24 hours. Some 65 people will be admitted to hospital. About 14 of them will be cared for in the department's Observation Unit where they will be observed, have tests taken, and treated for up to eight hours before clinical staff decide whether to admit them to hospital or allow them to go home. In the past, these patients would have all been admitted to the ward. Now, over the 24 hours, only one of the 14 will be admitted to the ward for a night.

During the 24 hour period, three patients will be admitted to the Intensive Care Unit at Waikato Hospital.

If an x-ray is needed the patient will be one of 250 that day to be seen by the radiology department.

Of the patients admitted in a day, 70 will be seen as day patients and 141 as inpatients who will stay for an average of five days. They are joining 520 inpatients currently being cared for. During the busy winter of 2003 the number of patients in hospital peaked at 784.

Throughout the day 780 outpatients will have been seen at the Hamilton, Te Kuiti, Tokoroa, Thames and Taumarunui sites and 34 patients will be admitted for day surgery. The mental health community teams will contact 367 clients and 4 clients will be admitted to the mental health inpatient unit.

Of the 13 babies born in birthing facilities, most will go home within 24 to 48 hours. Meanwhile, 23 infants will be cared for in the Newborn Intensive Care Unit at Waikato Hospital. In the last year, the length of stay in the unit for these babies ranged from one day to 301 days.

Eighteen children will have their hearing checked and 465 patients will receive a visit from a district nurse or therapist in the community.

Behind the scenes, support staff help to keep the hospital humming and patients comfortable. The laundry will issue 1,595 clean sheets, while the hospital kitchen will prepare 2,208 meals, 208 of which will be delivered to someone at home through the meals on wheels service.
During the 24 hours, 700 clinical records will be ordered and delivered to the bedside or readied for the next day's outpatient appointments.

GETTING OUR PRIORITIES RIGHT

Child Health
A 25 percent improvement in child health by 2011 is a goal that will be reached primarily by improving access to primary health care for the region's children. Closely associated with this is following through on the Child Health Action plan and meeting other targets such as improved immunisation uptake. Progress towards the goal is already being achieved with additional funding for such things as school dental services and a newborn hearing screening programme at Waikato Hospital. Other initiatives include ensuring all children are enrolled with a primary carer, establishing clinics to deal with the problems of child obesity, and providing information and encouragement to enhance levels of breastfeeding.

Diabetes
Measures to reduce the incidence and impact of diabetes in Waikato are spearheaded by the Te Wai o Rona Diabetes Prevention strategy, led out by Maori community health workers delivering healthy lifestyle coaching, counselling and community activities. The strategy aims to increase physical activity and improve nutritional habits, key areas in controlling the disease, and looks to bring about a 35 percent reduction in new cases in the medium term. Particular attention will also be focused on the needs of Pacific Island people in both Hamilton and Tokoroa. Service coordination and treatment programmes provide the backbone of the strategy.

Mental Illness
Improving the health status of people with severe mental illness will be brought about by initiatives such as increasing the number of consumers, family, Maori and Pacific advisors trained and employed. These will be coupled with additional funding and service delivery in the areas of high and complex needs, adult mental health, child and youth, alcohol and drug and older persons mental health services.

Tobacco, Alcohol and Other Drugs
Minimising harm for both individuals and communities from the effects of both legal and illegal drugs is a priority concern being met with an action plan that has been developed in conjunction with Public Health providers and other NGOs, as well as with Health Waikato's mental health services. Eighteen percent of mental health Blueprint funding has been allocated to services dealing with the problems created by alcohol and drugs. At a national level the process of introducing smokefree legislation continues, while at the regional level the Waikato DHB has taken a leadership role in moving to implement smokefree status at all its sites by January 2004.

Suicide and Suicide Attempts
While the rate of suicide and suicide attempts has dropped nationally, there is more to be done and the Waikato DHB remains committed to pursuing a continuing decrease. An action plan to achieve this has been completed and is being carried out in association with Intersect Waikato. This approach recognises the vital importance of other sectors – such as the police, employment, justice, education, housing as well as the community at large - being fully involved in dealing with the issues and finding the solutions.

Older Persons
Funding for Disability Support Services for older people will be devolved from the Ministry of Health to DHBs on 1 October 2003. This will enable energetic pursuit of initiatives such as the Agewise project which, in its first, has established stakeholder networks in Thames and Hamilton and implemented key network projects. These included increasing capacity in the assessment, treatment and rehabilitation service, and developing the Upright and Active intersectoral programme with Waikato DHB, ACC and Sport Waikato.

HEALTHY WORKING LIVES

Primary health care
Primary health care is critical to improving health and reducing inequalities in health status of all New Zealanders, including Maori and Pacific people. Primary health care is delivered close to communities with their participation and is a key to improving and maintaining health through programmes to promote health, prevent disease, and provide early diagnosis and treatment of illnesses to prevent complications developing. Aligned to the establishment of primary health organisations, the Board is developing a Waikato approach to primary care.

Cancer
Cancer is the second leading cause of death (27 percent) and a major cause of hospitalisation (7 percent) in New Zealand. At a national level, the Cancer Control Strategy has recently been published by the Ministry of Health and at a local level, a review of the Midland Region Cancer services is underway with an eye to developing an action plan to improve coordination of cancer prevention initiatives and treatment.

Cardiovascular Disease
Cardiovascular disease is the leading cause of death (accounting for about 40 percent of deaths) and morbidity in New Zealand. Early detection of those at risk and early intervention through primary care are two of the key approaches to controlling cardiovascular disease.

Reducing waiting times for non-urgent operations
A key priority for the Government is reducing waiting times for elective (non-emergency) hospital surgery and treatment. Appropriate access to elective services is highly valued by the public and therefore important for ensuring confidence in the public health system generally. Providing elective surgery to patients who have the greatest ability to benefit from treatment also helps to improve health outcomes and reduce health disparities for all New Zealanders including Maori and Pacific Peoples. The Board is looking at further ways of reducing waiting times for treatment.

Waikato District Health Board aims to ensure that health professionals have well managed, flexible working environments that support their work, and respect their need to manage a productive balance between their work and their lives outside work. One way the Waikato DHB aims to achieve its service objectives and provide a healthy work environment for staff is by encouraging leadership at all levels of the organisation. The Healthy Futures Leadership Development Programme, introduced this year, aims to support people to develop their leadership and management skills and create a continuous development culture. Participants come from all parts of the organisation and from a range of clinical and non-clinical roles. A Leadership Council made up of executive managers, professional advisors, and senior clinicians is overseeing the programme. These people have agreed to act as mentors to programme participants, and act as guardians of the programme to ensure that it meets the needs of the organisation and participants.

Other policies, practices and facilities are already in place to ensure a favourable work experience:

- Comprehensive staff recognition and benefits programme
- Financial and other support for ongoing education and professional development
- The world class Peter Rothwell Academic Centre (with clinical skills and simulation centre) and Gudex Library
- Onsite early children education centre at the Hamilton campus
- Two-way communication practices and a collaborative approach to problem solving.

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2003

The Board and management of Waikato District Health Board accepts responsibility for the preparation of the financial statements for the year ended 30 June 2003 and the judgements used in them.

The Board and management of Waikato District Health Board accepts responsibility for establishing and maintaining systems of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Board and management of Waikato District Health Board, the financial statements for the year ended 30 June 2003 fairly reflect the financial position and operations of Waikato District Health Board.

Michael Ludbrook
Chair
28 October 2003

Dr Jan White
Chief Executive
28 October 2003

Brent Wiseman
Chief Financial Officer
28 October 2003

Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF WAIKATO DISTRICT HEALTH BOARD AND GROUP FOR THE YEAR ENDED 30 JUNE 2003

We have audited the financial statements on pages 15 to 44. The financial statements provide information about the past financial and service performance and financial position of Waikato District Health Board and group as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 15 to 18.

Responsibilities of the District Health Board

The New Zealand Public Health and Disability Act 2000 and the Public Finance Act 1989 require the District Health Board to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of Waikato District Health Board and group as at 30 June 2003, the results of operations and cash flows and service performance achievements for the year ended on that date.

Auditor's Responsibilities

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

The Auditor-General has appointed Karen MacKenzie, of Audit New Zealand, to undertake the audit.

Basis of Opinion

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

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

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

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Waikato District Health Board or any of its subsidiaries.

Unqualified Opinion

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

In our opinion the financial statements of Waikato District Health Board and group on pages 15 to 44:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - Waikato District Health Board and group's financial position as at 30 June 2003; and
  - the results of operations and cash flows for the year ended on that date; and
  - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date

Our audit was completed on 28 October 2003 and our unqualified opinion is expressed as at that date.

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

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

REPORTING ENTITY

Waikato District Health Board is a Crown entity in terms of the Public Finance Act 1989.

The Group consists of Waikato District Health Board, its subsidiary Mental Health Building Limited and its associated company Urology Services Limited.

The financial statements and Group financial statements of the Waikato District Health Board have been prepared in accordance with the requirements of the New Zealand Public Health and Disability Act 2000 and the Public Finance Act 1989.

In addition, funds administered on behalf of patients have been reported as a note to the financial statements.

MEASUREMENT BASE

The general accounting principles recognised as appropriate for the measurement and reporting of financial results and position on a historical cost basis, modified by the revaluation of certain fixed assets, have been followed.

ACCOUNTING POLICIES

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

1. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred to t he organisation, are classified as finance leases. The leased assets and corresponding liabilities are disclosed and the leased assets are depreciated over the period the entity is expected to benefit from their use.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

2. Investments

Investments, including investments in subsidiaries and associates, are stated at the lower of cost and net realisable value.

3. Goods and Services Tax

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as input tax then it is recognised as part of the related asset or expense.

4. Employee Entitlements

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

5. Taxation

In accordance with the New Zealand Public Health and Disability Act 2000, Waikato DHB is a public authority and is exempt from income tax under Section CB3 of the Income Tax Act 1994. The subsidiary company, Mental Health Building Limited, is also classified as a public authority for income tax purposes.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

6. Basis of Consolidation

(a) Subsidiaries

The consolidated financial statements include the parent DHB and its subsidiary, Mental Health Building Limited, accounted for using the purchase method. Corresponding assets, liabilities, revenues and expenses are added together on a line by line basis. All significant inter-company transactions are eliminated on consolidation.

(b) Associated Entities

The interest in Urology Services Limited has been reflected in the consolidated financial statements on an equity accounting basis, which shows the share of surplus/deficits in the consolidated statement of financial performance and the share of post acquisition increases/decreases in net assets in the consolidated statement of financial position.

(c) Incorporated Joint Ventures

The DHB has a 20% shareholding in HealthShare Limited (the company). This has not been reflected in the financial statements using the proportionate method as it is not considered material.

7. Foreign Currency Translations

Transactions denominated in foreign currencies (other than forward contracts) are translated at the rate of exchange ruling at the transaction date.

Short-term transactions covered by forward exchange contracts are measured and reported at the forward rates specified in the contracts.

At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange differences arising from the translations are recognised in the statement of financial performance.

8. Accounts Receivable

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

9. Inventories

Inventories are valued at the lower of cost, determined on a weighted average cost basis, and net realisable value. This valuation includes allowances for slow moving and obsolete inventories.

10. Fixed Assets

Fixed assets vested from the Hospital and Health Service

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

Fixed assets acquired since the establishment of the District Health Board

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

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2003

Land and buildings

FRS3 requires the Board to revalue its land and buildings at fair value. Additions between revaluations are recorded at cost. The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the asset revaluation reserve, the debit balance will be expensed in the Statement of Financial Performance.

Properties Intended for Sale

Properties that are intended for sale are recorded at the lower of cost (or book value) or net realisable value. Properties intended for sale do not have depreciation provided.

11. Depreciation of Fixed Assets

Depreciation is provided on a straight line basis on all tangible fixed assets, other than freehold and leasehold land, at rates which will write off the cost or valuation of the assets, less their estimated residual values, over their useful lives. Work in progress is not depreciated. The total cost of a project is transferred to freehold buildings and/or plant and equipment on its completion and then depreciated.

The useful lives of major classes of assets have been estimated as follows:

Buildings	5 to 50 years (2% - 20%)
Plant and Equipment	2 to 20 years (5% - 50%)

12. Statement of Cash Flows

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

Operating activities include cash received from all income sources of the Group and record the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure of the Group.

13. Financial Instruments

The Group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, investments, debtors, creditors and loans. All of these financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to these financial instruments are recognised in the Statement of Financial Performance. Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

The Group has also entered into financial instruments which give rise to off-balance sheet exposures in order to reduce risks arising from carrying out its ongoing business. These instruments include currency and interest rate options and forward exchange contracts. The Group enters into these contracts to hedge its foreign currency payments and interest rate exposures. The Group is not authorised by its treasury policy to enter any transactions which are speculative in nature.

14. Cost of Service Statement

The cost of service statement, as reported in the statement of service performance, reports the net cost of service for the outputs of Waikato DHB as represented by the cost of providing the output less all the revenue that can be allocated to these activities.

15. Budget Figures

The Budget figures reflect the year ended 30 June 2003 and are those approved by the Board in the initial Statement of Intent. Budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

16. Patient Funds

Waikato DHB administers certain funds on behalf of patients. These funds are held in a separate bank account and any interest earned is allocated to the individual patient balances. Therefore, the transactions during the year and the balance are not recognised in the Statements of Financial Performance, Financial Position or Cash Flows of Waikato DHB.

Changes in Accounting Policies

The Board has changed its policy for the valuation of land and buildings in order to comply with FRS3. This is the first valuation under the standard which requires land and buildings to be valued by reference to their highest and best use. Previously land and buildings were valued by reference to their existing use. Other than this change, the accounting policies stated above have been consistently applied throughout the period and correspond to the accounting policies specified in the Statement of Intent at the beginning of the period.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	*Group 30/06/03 Budget $000's*	*Group 30/06/03 Actual $000's*	*Group 30/06/02 Actual $000's*	*Parent 30/06/03 Actual $000's*	*Parent 30/06/02 Actual $000's*
Revenue		536,201	551,597	520,881	547,501	516,981
Expenses (excluding capital charge)		525,350	540,708	514,376	537,694	511,524
Capital Charge	19	10,673	10,696	10,493	10,696	10,493
Operating Surplus/(Deficit)	1	178	193	(3,988)	(889)	(5,036)
Taxation	2	-	-	-	-	-
Operating Surplus (Deficit) After Taxation		178	193	(3,988)	(889)	(5,036)
Share of Retained Surplus/(Deficit) of Associated Entities	12	-	25	(1)	-	-
Net Surplus/ (Deficit)		178	218	(3,989)	(889)	(5,036)

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Group 30/06/03 Budget $000's	Group 30/06/03 Actual $000's	Group 30/06/02 Actual $000's	Parent 30/06/03 Actual $000's	Parent 30/06/02 Actual $000's
Equity at Beginning of Period		97,090	97,115	101,056	93,185	98,173
Net Surplus/(Deficit) for the period		178	218	(3,989)	(889)	(5,036)
Increase/(Decrease) in Revaluation Reserve		-	15,706	-	15,706	
Total recognised revenues and expenses for the period		178	15,924	(3,989)	14,817	(5,036)
Contributions from owners		-	-	48	-	48
Total Equity at the End of the Period		97,268	113,039	97,115	108,002	93,185

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Notes	Group 30/06/03 Budget $000's	Group 30/06/03 Actual $000's	Group 30/06/02 Actual $000's	Parent 30/06/03 Actual $000's	Parent 30/06/02 Actual $000's
Equity						
Public Equity		102,398	102,398	102,398	100,021	100,021
Accumulated Deficit		(5,130)	(5,065)	(5,283)	(7,725)	(6,836)
Revaluation Reserve	5	-	15,706	-	15,706	-
Total Equity		97,268	113,039	97,115	108,002	93,185
Represented by:						
Current Assets						
Bank (unsecured)		1,138	1,433	168	1,433	168
Receivables and Prepayments	3	38,174	18,713	42,769	18,355	42,410
Inventories	4	4,437	4,590	4,273	4,590	4,273
Total Current Assets		43,749	24,736	47,210	24,378	46,851
Current Liabilities						
Short-term loans	6	9,650	4,990	9,874	4,990	9,874
Payables and Accruals	7	47,580	65,174	68,132	64,974	67,932
Current Portion of Provisions	8	3,317	4,878	4,643	4,878	4,643
Total Current Liabilities		60,547	75,042	82,649	74,842	82,449
Net Working Capital (Deficit)		(16,798)	(50,306)	(35,439)	(50,464)	(35,598)

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Notes	Group 30/06/03 Budget $000's	Group 30/06/03 Actual $000's	Group 30/06/02 Actual $000's	Parent 30/06/03 Actual $000's	Parent 30/06/02 Actual $000's
Non Current Assets						
Fixed Assets	10	222,269	178,494	170,201	163,946	154,685
Properties Intended for Sale	10	984	1,757	1,061	1,757	1,061
Investments in Subsidiary	12	-	-	-	531	531
Loan Advances to Subsidiary	12	-	-	-	2,219	2,184
Loan Advances to Associate	12	-	-	48	-	48
Investments		12,999	13,081	10,970	-	-
Total Non Current Assets		236,252	193,332	182,280	168,453	158,509
Non Current Liabilities						
Provisions	8	5,608	7,662	7,850	7,662	7,850
Term Loans	9	116,578	22,325	41,876	2,325	21,876
Total Non Current Liabilities		122,186	29,987	49,726	9,987	29,726
Net Assets		97,268	113,039	97,115	108,002	93,185

For and on behalf of the Board

M. Ludbrook
Chair
28 October 2003

A. Macdonald
Deputy Chair
28 October 2003

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Group 30/06/03 Budget $000's	Group 30/06/03 Actual $000's	Group 30/06/02 Actual $000's	Parent 30/06/03 Actual $000's	Parent 30/06/02 Actual $000's
Cash Flow from Operating Activities						
Cash was provided from:						
Receipts from Crown and patients		529,205	550,935	493,789	547,119	489,973
Interest Received		-	393	64	385	55
Other Income		-	23,953	23,216	23,952	23,216
		529,205	575,281	517,069	571,456	513,244
Cash was disbursed to:						
Payments to Employees		213,886	220,153	198,494	220,153	198,494
Payments to Suppliers		296,248	304,926	263,074	304,480	262,628
Interest Paid		-	2,535	1,983	735	1,983
Capital Charge Paid		-	10,413	11,124	10,413	11,124
GST (Net)		-	(731)	457	(731)	457
		510,134	537,296	475,132	535,050	474,686
Net Cash Inflow/(Outflow) from Operating Activities	11	19,071	37,985	41,937	36,406	38,558
Cash Flow from Investing Activities						
Cash was provided from:						
Equity injection		-	-	48	-	48
Proceeds from Sale of Fixed Assets		-	-	4	-	4
				52		52
Cash was applied to:						
Purchase of Investments		-	1,415	3,216	-	-
Purchase of Fixed Assets		68,852	10,870	16,710	10,870	16,710
		68,852	12,285	19,926	10,870	16,710
Net Cash Inflow/(Outflow) from Investing Activities		(68,852)	(12,285)	(19,874)	(10,870)	(16,658)
Cash Flow from Financing Activities						
Cash was provided from:						
Proceeds from Loans		50,166	18,430	22,804	18,430	22,804
		50,166	18,430	22,804	18,430	22,804
Cash was applied to:						
Repayment of Loans		-	42,865	44,807	42,702	44,644
		-	42,865	44,807	42,702	44,644
Net Cash Inflow/(Outflow) from Financing Activities		50,166	(24,435)	(22,003)	(24,272)	(21,840)
Net Increase/(Decrease) in Cash Held		385	1,265	60	1,264	60
Add Opening Cash		753	168	108	168	108
Closing Cash Balance		1,138	1,433	168	1,433	168

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CONTINGENT LIABILITIES

AS AT 30 JUNE 2003

	Group 30/06/03 Actual $000's	Group 30/06/02 Actual $000's	Parent 30/06/03 Actual $000's	Parent 30/06/02 Actual $000's
Legal Proceedings and disputes by third parties	1,055	1,145	1,055	1,145

The contingent liabilities relate to a number of claims involving medical and employment issues which may ultimately result in legal action.

STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2003

	Group 30/06/03 Actual $000's	Group 30/06/02 Actual $000's	Parent 30/06/03 Actual $000's	Parent 30/06/02 Actual $000's
Capital commitments approved and contracted	830	1,623	830	1,623
Non Cancellable Operating lease commitments				
Less than one year	3,007	2,718	3,007	2,718
One to two years	2,905	145	2,905	145
Two to five years	847	61	847	61
Over five years	36	20	36	20
	6,795	2,944	6,795	2,944
Other non cancellable contracts				
Less than one year	51,961	42,009	51,961	42,009
One to two years	15,670	21,571	15,670	21,571
Two to five years	7,700	11,468	7,700	11,468
Over five years	493	127	493	127
	75,824	75,175	75,824	75,175
Total Commitments	83,449	79,742	83,449	79,742

The commitments include future contracts for the provision of health services as valued on 30 June 2003. The prior year commitments include future contracts for the provision of health services as valued on 22 August 2002.

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's

1. OPERATING DEFICIT BEFORE TAXATION

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's
After Charging:				
Remuneration of Auditor				
- Audit Fees	89	89	85	85
- Other Services	-	13	-	13
Depreciation - Buildings	6,993	6,817	6,024	5,810
Depreciation - Plant & Equipment	10,594	11,250	10,594	11,250
Donations	6	1	6	1
Interest Paid	2,555	3,497	735	1,995
Rental and Operating Lease Costs	3,959	4,289	3,959	4,289
Bad Debts Written Off	18	12	18	12
Changes in Provision for Doubtful Debts	(201)	(27)	(201)	(27)
After Crediting:				
Interest Income	1,283	792	584	298
Dividends Received and Receivable	-	-	-	-
Net Gain on Sale of Fixed Assets	-	380	-	380

2. TAXATION

In accordance with the New Zealand Public Health and Disability Act 2000, the Waikato District Health Board is a public authority and is exempt from income tax under Section CB3 of the Income Tax Act 1994.

The subsidiary, Mental Health Building Limited, is also classified as a public authority for income tax purposes.

3. RECEIVABLES AND PREPAYMENTS

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's
Trade Debtors	7,492	5,385	7,492	5,385
Less Provision for Doubtful Debts	(311)	(512)	(311)	(512)
Accrued Income	962	1,030	962	1,030
Prepayments	2,219	1,649	2,219	1,649
Ministry of Health	7,957	34,948	7,599	34,589
Associated Entities	394	269	394	269
	18,713	42,769	18,355	42,410

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's
4. INVENTORIES				
Pharmaceuticals	365	188	365	188
Surgical and Medical Supplies	4,268	4,229	4,268	4,229
Other Supplies	339	122	339	122
	4,972	4,539	4,972	4,539
Less Provision for Obsolescence	(382)	(266)	(382)	(266)
	4,590	4,273	4,590	4,273

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

5. REVALUATION RESERVE

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's
Land Revaluation Reserve				
Opening balance 1 July	-	-	-	-
Land Revaluation	1,551	-	1,551	-
Closing balance 30 June	1,551	-	1,551	-
Building Revaluation Reserve				
Opening balance 1 July	-	-	-	-
Building Revaluation	14,155	-	14,155	-
Closing balance 30 June	14,155	-	14,155	-
Total Revaluation Reserve	15,706	-	15,706	-

6. SHORT TERM LOANS

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's
Unsecured Bank Loans	4,990	9,874	4,990	9,874

The short term loans are unsecured. Interest rates are as disclosed in Note 9.

7. PAYABLES AND ACCRUALS

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's
Trade Creditors and Accruals	28,433	37,201	28,273	37,041
Capital Charge Payable	2,590	2,306	2,590	2,306
Accrued Staff Entitlements	30,536	25,735	30,536	25,735
Board Members Fees	4	3	4	3
GST Payable	3,611	2,887	3,571	2,847
	65,174	68,132	64,974	67,932

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's

8. EMPLOYEE RELATED PROVISIONS

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's
Gratuities	7,049	7,094	7,049	7,094
Long Service Leave	1,164	1,325	1,164	1,325
Course Conference Leave	2,852	2,744	2,852	2,744
Course Conference Expenses	1,475	1,330	1,475	1,330
	12,540	12,493	12,540	12,493
Term Portion	7,662	7,850	7,662	7,850
Current Portion	4,878	4,643	4,878	4,643
	12,540	12,493	12,540	12,493

9. TERM LOANS

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's
Core Loans	22,325	41,876	2,325	21,876
Interest Rates:				
Core Loans (average for the year)	8.49%	7.60%	7.16%	6.26%

The facility available totals $95 million

Bank/Lending Agency	$M Total Facility	Expiry/Review Date
Crown Financing Agency	40	30/09/05
Deutsche Bank AG	20	15/11/06
Westpac Banking Corporation	15	30/06/04
Bank of New Zealand	20	13/03/04

The term loans are unsecured with the exception of the bond issued by Mental Health Building Ltd ($20,000,000) which is secured by trust deed over the assets of Mental Health Building Ltd.

	Group 30/06/03 $000's	Group 30/06/02 $000's	Parent 30/06/03 $000's	Parent 30/06/02 $000's
10. FIXED ASSETS				
Fixed Assets Recorded at Valuation				
Freehold Land	9,970	9,142	9,970	9,142
Buildings	131,182	108,345	112,093	108,345
	141,152	117,487	122,063	117,487
Less Accumulated Depreciation				
Buildings	5,000	16,963	-	16,963
Net Book Value				
Freehold Land	9,970	9,142	9,970	9,142
Buildings	126,182	91,382	112,093	91,382
Total Net Book Value (assets at valuation)	136,152	100,524	122,063	100,524
Fixed Assets Recorded at Cost				
Land	-	358	-	-
Buildings and Leasehold Improvements	963	32,438	963	13,707
Properties Intended for Sale	1,757	1,061	1,757	1,061
Plant and Equipment	132,237	121,124	131,195	120,082
Work in Progress	725	83	725	83
	135,682	155,063	134,640	134,933
Less Accumulated Depreciation				
Buildings and Leasehold Improvements	184	4,758	184	626
Plant and Equipment	91,399	79,567	90,816	79,085
	91,583	84,325	91,000	79,711
Net Book Value				
Freehold Land	-	358	-	-
Buildings and Leasehold Improvements	779	27,680	779	13,081
Properties Intended for Sale	1,757	1,061	1,757	1,061
Plant and Equipment	40,838	41,557	40,379	40,997
Work in Progess	725	83	725	83
Total Net Book Value (assets at cost)	44,099	70,739	43,640	55,222
Total Net Book Value (all fixed assets)	180,251	171,263	165,703	155,746
Analysed as:				
Fixed Assets	178,494	170,202	163,946	154,685
Properties Intended for Sale Current	-	-	-	-
Properties Intended for Sale Non Current	1,757	1,061	1,757	1,061
	180,251	171,263	165,703	155,746

Land and Buildings are disclosed at the valuations as determined by a registered valuer (Ford Valuation) as at 30 June 2003. The first revaluation as a DHB was undertaken as at 30 June 2003. For the purposes of the valuation it was assumed that a redevelopment of the Waikato Hospital and Thames Hospital would occur in accordance with a business case submitted to the Crown.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

Fixed Asset Restrictions

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

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

11. RECONCILIATION OF OPERATING SURPLUS / (DEFICIT) WITH NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group 30/06/03 $000's	*Group 30/06/02 $000's*	*Parent 30/06/03 $000's*	*Parent 30/06/02 $000's*
Operating Surplus/(Deficit)	193	(3,988)	(889)	(5,036)
Add back non-cash items:				
Depreciation	17,587	18,067	16,618	17,060
Non cash Investment Income	(473)	1,325	-	1
Increase/(decrease) in Term Provisions	(188)	(829)	(188)	(829)
	16,926	18,563	16,430	16,232
Movements in Working Capital:				
Decrease/(increase) in Receivables and Prepayments	24,056	(1,284)	24,055	(1,283)
Decrease/(increase) in Inventories	(317)	(297)	(317)	(297)
Increase/(decrease) in Payables and Accruals	(3,389)	28,265	(3,389)	28,264
Increase/(decrease) in Current Provisions	235	1,223	235	1,223
	20,585	27,907	20,584	27,907
Other Items				
Decrease/(increase) in Fixed Asset Creditor	281	(334)	281	(334)
Net loss/(gain) on disposal/write off of Fixed Assets	-	(211)	-	(211)
	281	(545)	281	(545)
Net Cash inflow/(outflow) from Operating Activities	37,985	41,937	36,406	38,558

12. RELATED PARTY TRANSACTIONS

Government Related Party Transactions and Balances

Waikato DHB is a wholly owned entity of the Crown. The Government significantly influences the role of the Group as well as being its major source of revenue. During the period the Group received $519 million (2002 $487 million) from the Government, through the Ministry of Health, to provide health services. The amount owed by Government at year end was $7.9 million (2002 $34.947 million). The Group paid a capital charge of $10.696 million (2002 $10.493 million) to the Crown during the year.

In addition to the funding relationship, the Group enters into numerous transactions with Government Departments and Crown Agencies on an arms length basis and where those parties are only acting in the course of their normal dealings with the Group. These transactions are not considered to be related party transactions.

Subsidiary

	Percentage Held	Balance Date
Mental Health Building Limited	99.9%	30 June
	30/06/03 *$000's*	*30/06/02* *$000's*
Shares in Subsidiary	531	531
Advances to Subsidiary	2,219	2,184

During the year Waikato DHB received interest income and management fees of $631,429 (2002 $628,443) from Mental Health Building Limited. Waikato DHB paid interest of $8,595 (2002 $8,630) to Mental Health Building Limited.

Mental Health Building Limited has a Guaranteed Investment Contract which represents funds deposited in contractual arrangements with Deutsche Bank AG to enable repayment of the bond in November 2006. This contract is for a fixed time period and, as the organisation intends to undertake these arrangements for the full term, the interest accruing is accounted for on a straight line basis with a value as at 30 June 2003 of $13 million. The value of the investment as at 30 June 2003 on a yield to maturity basis is $12.4 million.

The latest audited financial statements were used as the basis for consolidation. The principal activity of the subsidiary during the year was the operation of a mental health building.

Associated Entity

	Percentage Held	Balance Date
Urology Services Limited	50.0%	30 June

Urology Services Limited commenced on 1 October 1996 and provides urological services to the Waikato DHB catchment. The investment of Waikato DHB comprises 500 shares of $1 each and its share of undistributed post-acquisition surpluses as at 30 June 2003 amounting to $56,445.

No dividends have been received from Urology Services Limited. The Groups share of the retained net surplus of Urology Services Limited for the year ending 30 June 2003 amounted to $50,562 (2002 $1,313 deficit) and has been consolidated using the equity method of accounting. During the period Waikato DHB received revenue of $2.7 million (2002 $2.8 million) from Urology Services Limited. The amount owed by Urology Services Limited to Waikato DHB at year end was $393,525.

Joint Venture

	Percentage Held	Balance Date
HealthShare Limited	20.0%	30 June

	30/06/03 $000 s	30/06/02 $000 s
Shares in Joint Venture	-	-
Advances to Joint Venture	-	48

HealthShare Limited is a company, established in February 2001 by the five District Health Boards in the Midland Region, which provides contract processing and auditing services for these District Health Boards. No dividends have been received from HealthShare Limited. The Groups share of the retained net surplus of HealthShare Limited for the twelve months ending 30 June 2003 amounted to $10,970 (2002 $6,788 deficit). During the year Waikato DHB received administration fees of $18,420 (2002 $18,420) from HealthShare Limited. Waikato DHB paid HealthShare Limited $411,278 (2002 $216,667) being its share of HealthShare Limited's cash requirements. The Groups investment in HealthShare Limited has not been accounted for using the proportionate method in the parent financial statements as it is not considered material. As at 30 June 2003, HealthShare Limited had total assets of $98,000 and total liabilities of $128,000.

The Waikato Health Trust

The Waikato Health Trust (previously the Health Waikato Charitable Trust) was incorporated in 1993 as a charitable trust in accordance with the provisions of the Charitable Trust Act 1957. Under the Trust Deed the Trustees are appointed by the Waikato District Health Board, these Trustees acting independently in accordance with their fiduciary responsibilities under trust law. The purpose of the Trust is to fund health or disability services, related services or projects, health research or education and other appropriate health related purposes within the communities served by Waikato DHB. As at 30 June 2003, the Waikato Health Trust had total assets of $3.39 million and total liabilities of $0.11 million.

The following related party transactions occured during the period:
-Administration costs of the Trust are borne by Waikato District Health Board.
-Revenue received from the Trust during the period was $303,797 (2002 $226,847).

The amount owed to the Waikato Health trust at year end was $37,061. The Waikato Health Trust has an advance of $856,632 from the Waikato District Health Board.

Key Management and Board Members

There have been no transactions between Waikato DHB and Board Members or Senior Management in any capacity other than that for which they are employed.

13. SEGMENTAL REPORTING

Waikato DHB operates in the provision of health and disability services industry and in one geographical location, the greater Waikato region. Therefore no segmental reporting is required.

14 FINANCIAL INSTRUMENTS

Waikato DHB has a treasury policy which provides for risk management of interest rates, operating and capital expenditures denominated in a foreign currency, and the concentration of credit.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Waikato DHB's treasury policy states that the organisation will manage interest rate variation in a risk averse manner, by appropriate hedging transactions. There are interest rate options or interest rate swap agreements in place as at 30 June 2003.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

Concentration of Credit Risk

Financial instruments which potentially subject the organisation to concentrations of risk consist principally of cash and short-term investments, trade receivables and various off-balance sheet instruments.

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

Concentrations of credit risk with respect to accounts receivable are high due to the reliance on the Ministry of Health for approximately 90% of revenue. However, the Ministry of Health is a high credit quality entity, being a department of the Crown.

Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instruments of which it is practical to estimate that value:

Cash and bank overdraft - The carrying amount of cash and bank overdraft balances is equivalent to their fair value.

Investments - For the purposes of compliance with generally accepted accounting practice, the carrying amount of all investments are stated at the lower of cost and net realisable value. The fair value of short-term investments is estimated based on quoted market prices for those instruments at balance date. The fair value of investments in subsidiaries and associates is estimated based on the organisations share of their net assets.

Long-term Debt - The organisation anticipates that long-term debt will be held to maturity, and accordingly settlement at the reported market value of these financial instruments is unlikely.

Options/Forward Rate Agreements/ Futures - The fair value of these financial instruments is estimated based on the quoted market prices of the instruments.

The estimated fair values of the organisation’s financial instruments at 30 June are as follows:

	30/06/03 Group Face Value Outstanding $000’s	*30/06/03 Group Market Value $000’s*	*30/06/02 Group Face Value Outstanding $000’s*	*30/06/02 Group Market Value $000’s*
Debt Instruments Outstanding				
Bank	1,433	1,433	168	168
Receivables	18,713	18,713	42,769	42,769
Payables	65,174	65,174	68,132	68,132
Short Term Money Market Borrowing	4,990	4,990	9,874	9,874
Long Term Money Market Borrowing	22,325	22,325	41,876	41,876

Long Term Debt Derivatives (quarterly rate sets)

Period Starting	*Net Cover $000*	*Market Value $000*
30 September 2003	6,000	5,920
31 December 2003	6,000	5,920
31 March 2004	6,000	5,920

15. PATIENT FUNDS

Waikato DHB administers certain funds on behalf of patients. These funds are held in a separate bank account and any interest earnt is allocated to the individual patient balances. Therefore, the transactions during the year and the balance at 30 June are not recognised in the Statements of Financial Performance, Financial Position or Cash Flows of Waikato DHB.

	30/06/03 $000's	30/06/02 $000's
Opening Balance	25	29
Monies Received	141	172
Payments Made	(145)	(176)
Closing Balance	21	25

16. BOARD MEMBERS REMUNERATION

Remuneration paid to Board Members during the year totalled $328,392 (2002 $297,591) plus other expenses of $12,963 (2002 $15,080). In addition, payments to Non-Board Members who attended meetings totalled $18,500 (2002 $15,750).

The Board Members fees were apportioned as follows:

Mere Balzer	26,767
Sally Christie	28,063
Alison Glover	27,000
Tony Haycock	27,125
Elisapeta Karalus (Commenced 17 July 2002)	24,653
Michael Ludbrook (Chair from 17 July 2002)	52,218
Angus Macdonald	32,250
Wayne McLean	26,563
Paul Malpass	26,500
Leonie Tisch	27,438
Ewan Wilson	27,250
Ian Wilson (Chair - retired 16 July 2002)	2,565
	328,392

17. EMPLOYEE REMUNERATION

$10,000 bands	*2003*	*2002*
100,001 - 110,000	30	38
110,001 - 120,000	37	23
120,001 - 130,000	23	19
130,001 - 140,000	16	15
140,001 - 150,000	16	15
150,001 - 160,000	20	23
160,001 - 170,000	17	18
170,001 - 180,000	20	20
180,001 - 190,000	9	8
190,001 - 200,000	15	8
200,001 - 210,000	9	8
210,001 - 220,000	3	1
220,001 - 230,000	9	3
230,001 - 240,000	3	1
240,001 - 250,000	2	-
250,001 - 260,000	3	-
260,001 - 270,000	1	-
370,001 - 380,000	-	1
410,001 - 420,000	1	-
Total	234	201

Of the 234 employees shown above, 217 are Medical or Dental employees. If the remuneration of part time employees were grossed up to a full time equivalent basis, the total number of employees with remuneration of $100,000 or more would be 280 compared with the actual total number of employees of 234. The annual remuneration of the Chief Executive was in the top band listed above.

18. TERMINATION PAYMENTS

During the year, the Group made payments totalling $245,983 to four former employees in respect of the termination of their employment with the Group, the payments being amounts of $111,913, $68,687, $63,452 and $1,931.

19. CAPITAL CHARGE

The DHB pays a capital charge to the Crown based on the greater of its actual or budgeted closing equity balance. The capital charge rate for the period ended 30 June 2003 was 11%.

20. MAJOR VARIATIONS FROM BUDGET

The Group recorded a net surplus of $0.19 million compared with a budgeted net surplus of $0.18 million with both revenue and expenditure being higher than budgeted, primarily due to additional revenue being allocated by the Crown after the budget estimates were determined.

The 30 June balance for receivables was less than budgeted due to the Group receiving earlier monthly payments from the Crown in recognition of the organisations good performance. This earlier payment, together with the campus capital programme not commencing when budgeted, also reduced the balance of term loans and changed cash flows.

21. POST BALANCE DATE EVENTS

There have been no significant events occuring post balance date.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

COST OF SERVICE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2003

	Funds $000	*Governance & Funding Administration $000*	*Provider $000*	*Elimination $000*	*Total $000*
Revenue	486,845	2,286	370,610	(308,144)	551,597
Less Expenditure	482,720	3,436	373,392	(308,144)	551,404
Operating Surplus/(Deficit)	4,125	(1,150)	(2,782)	-	193

OUTPUT CLASS: GOVERNANCE AND ADMINISTRATION

Performance Dimension	Deliverable	Target date	Performance
Governance The Board will operate under the governance arrangements outlined in the New Zealand Public Health and Disability (NZPHD) Act.	The Board's committee structure, terms of reference for committees, committee membership, standing orders for the Board and committees and related procedures will remain compliant with the NZPHD Act.	Ongoing	The Boards structure and processes are compliant with the NZPHD Act.
Financial Management The Board will manage its financial operations in accordance with best practice and public sector financial accountability rules as set out in the Public Finance Act 1989 and generally accepted accounting principles.	Financial Reports will be compliant with the requirements of the Act and provided on time.	Ongoing	Financial Reports are compliant with the Public Finance Act 1989 and have been provided on time.
Iwi / Māori Participation Establish processes for participation, engagement and input by Iwi/Māori in respect to Health Needs Assessment, Prioritisation, Planning, Service Delivery, Monitoring and Evaluation of Services.	A narrative report which gives sufficient detail and evidence to determine the extent to which: - The DHB meets with its Treaty Partner(s) on a regular basis in order to review and monitor planning and funding for Māori Health Gain. - A process is in place to ensure Iwi/Māori are engaged in Health Needs Assessment, Prioritisation, Planning, Service Delivery, Monitoring and Evaluation of Services.	Six monthly with Quarter 2 & Quarter 4 reports	Narrative was supplied in the Waikato DHB non-financial 6-monthly reports for 2002/2003 submitted to the Ministry of Health. The narrative shows that monthly hui are facilitated by Waikato DHB's Māori Health Services with the Kaumatua Kaunihera Group, the Iwi Māori Council, the Māori District Advisory Roopu and the Te Roopu Tautoko ki Waikato. Also, key documents, planning and strategies are included in consultation to key stakeholders via monthly hui.
Māori Workforce and Māori Provider Development Progress is made in developing its own DHB Māori workforce, promote workforce development among its contracted mainstream providers and in the development of Māori providers.	A narrative report which gives sufficient detail and evidence to determine whether by 1 February 2003 the DHB has a human resources policy in place, which provides for the recruitment, development and retention of Māori staff within the DHB.	Quarterly	Narrative was supplied in the Waikato DHB District Annual Plan submitted to the Ministry of Health. Waikato DHB has adopted the 'Towards Māori Health-Gain Organisational Framework' reported on in July 2002 that has workstreams covering employee relations, education, workforce development and monitoring.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

Performance Dimension	Deliverable	Target date	Performance
Māori Health Plan Progress is made towards implementation of the Māori Health Plan for the Waikato DHB Provider Division.	Provide a report on progress achieved towards implementation of the Māori Health Plan. The provider division of the DHB is required in terms of their service agreement to develop a Māori Health Plan.	Annual with Quarter 4 report	Report included in the Waikato DHB non-financial report for 2002/2003 submitted to the Ministry showing that the implementation of the Māori Health Plan has been progress with a focus on service integration, intersectoral collaboration, Māori health provider capacity, the Māori health workforce and culturally effective services.
Pacific People Participation Processes for participation, engagement and input by Pacific people are in place in respect to Health Needs Assessment, Prioritisation, Planning, Service Delivery, Monitoring and Evaluation of Services.	A narrative report that gives sufficient evidence and detail to determine the extent to which processes are in place to ensure Pacific people are engaged in and provide input to Health Needs Assessment, Prioritisation, Planning, Service Delivery, Monitoring and Evaluation of Services.	Annual with Quarter 4 report	Narrative was supplied in the Waikato DHB non-financial report for 2002/2003 submitted to the Ministry. Waikato DHB has developed and is implementing the Waikato Pacific Health and Disability Action Plan covering Health Needs Assessment, Prioritisation, Planning, Service Delivery, Monitoring and Evaluation of Services.
Pacific Workforce and Pacific Providers Development The Waikato DHB will make progress in developing its own DHB Pacific workforce, promote workforce development among its contracted mainstream providers and in the development of Pacific providers.	Report on progress made in the development of a Pacific workforce and the capacity of Pacific providers that takes account of the following documents: Mental Health Workforce Development Plan; Pacific Mental Health Services and Workforce - Moving on the Blueprint (MHC); Pacific Health and Disability Action Plan and the capacity of Pacific providers.	Annual with Quarter 4 report	Report on progress was included in the Waikato DHB non-financial report for 2002/2003 submitted to the Ministry. Waikato DHB has developed the Pacific Health and Disability Action Plan that includes Pacific workforce development and Pacific provider development.
Risk Management The Board will comply with public sector risk management standards as set out in "Guidelines for managing risk in the Australian and New Zealand public sector SAA/NZS HB 143:1999" The Board will manage the DHB's risks through a risk management framework that will include formal audit process.	The Board will report in an agreed form and frequency to the Minister and Ministry on material risks and the strategies for their management.	Quarterly	Achieved in accordance with the Waikato DHB Crown Funding Agreement requirements for quarterly reporting.
Collaborative Arrangements The Board will take a collaborative approach to its work with other DHB's including: - ensuring the efficient and effective use of scarce resources - negotiating with the Ministry (via DHBNZ if appropriate) an agenda of collaborative initiatives for action during 2002/03.	Collaborative arrangements will be maintained with other DHB's at Board and management level. Engage with the Ministry to develop an agreed agenda of collaborative initiatives.	Monthly regional CEO's Forum and Board Chairs' meetings as arranged	Collaborative arrangements were maintained with other DHB's including Board Chair meetings and monthly CEO meetings. The DHBNZ Health Sector Work Plan has been agreed with the Ministry of Health.
Accountability The Board will operate under the accountability arrangements contained within the NZPHD Act and the Public Finance Act 1989 that cover its core responsibilities as funder, provider, and owner.	Submit the Annual Plan for 2003/04, consistent with the New Zealand Health Strategy and the New Zealand Disability Strategy, to the Ministry. Submit a SOI to the Minister as per the legislative requirements.	31 May 2003 31 May 2003	Submitted per requirements by due date. Submitted per requirements by due date.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

OUTPUT CLASS: FUNDS			
Performance Dimension	**Deliverable**	**Target date**	**Performance**
Prioritisation Prioritisation of the needs of the DHB's community is undertaken in terms of the directions set by the New Zealand Health and Disability Strategies within available service funding.	Undertake a prioritisation round. Identify a list of funding options including planned sources of funding (which may include reprioritisation of current baseline expenditure) and provide the Ministry with a one page summary of the results by 31 May 2003. Include with the summary documentation evidence that shows that the prioritisation measure was met.	31 May 2003	Prioritisation round completed. Summary of results provided to the Ministry on 13 June 2003.
BFHI Implementation Progress in implementing the Baby Friendly Hospital Initiative (BFHI) in maternity facilities.	Activities undertaken by the Waikato DHB to ensure the Baby Friendly Hospital Initiative is implemented in its maternity facilities.	Annual with Quarter 4 report	The following initiatives have been implemented: -Breastfeeding Policy -Education Plan developed and implementation commenced -Application for Baby Friendly status initiated -Staff supported to attend both national and international training for BFHI.
Child Vaccination Children fully vaccinated by their second birthday.	Increase in the percentage of children who are fully vaccinated by their second birthday.	Annual (In Quarter 3 for calendar year)	The Ministry has not made this data available to DHBs.
Child Hearing Sufficient percentages of children passing school entry hearing screening test.	Appropriate percentage of children passing school entry hearing screening tests.	Annual with Quarter 4 report	The latest available data collected by Waikato DHB's Hearing Screening Unit shows 91.5% of all children passed the school entry hearing test in 2001/2002. The Ministry has an overall target rate of 93%.
Asthma Repeat Admissions Reduction or maintenance of the repeat admissions for asthma in children under 5 and in children 5-14.	Reduction or maintenance of the repeat admission level for asthma in children under 5 and in children 5-14.	Six monthly (Dec/June) reports from the Ministry Interim target to be addressed in February 2003	Data is not available to make a year on year comparison but Ministry data indicates that Waikato DHB is within the expected incidence range. Waikato DHB had a repeat admission level of 4.0% compared with a national repeat admission level of 4.8% for the eight months ended February 2003.
Reduce Low Birth Weight Babies A reduction in the percentage of babies born in public hospital with low birth weight as a percentage of total births in the region.	A reduction in the percentage of low birth weight babies.	Six monthly (Dec/June) reports	Reduction in low birth weight babies from 6.5% in the 01/02 year to 5.8% in the 02/03 year.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

Performance Dimension	Deliverable	Target date	Performance
Full Breastfeeding Full breastfeeding rate at six weeks and three months.	Increased rates of full breastfeeding at six weeks and three months.	Six monthly (Dec/June) reports from the Ministry Interim target to be addressed in February 2003	The Ministry advise that no data is currently available.
Ambulatory Sensitive Admission Reduction of potentially preventable child admissions.	To identify admissions that are potentially preventable by appropriate primary care to assist the DHB with service planning.	Quarterly commencing Quarter 2	Waikato DHB's ChildWatch programme will maintain an overview of this dimension, while New Traditions programme currently has guidelines in place to reduce ambulatory sensitive admissions with paediatricians and General Practice.
Mean MF Score of Year 8 Children Improved oral health in children by the reduction of the number of missing and filled (MF) teeth.	Reduction or maintenance in the Mean MF score of children at Form 2 (year 8).	Annual (In Quarter 3 for calendar year)	An average of 1.83 teeth were filled or missing per year-8 child seen in the year to December 02 compared with 1.6 in the year to December 01.
Caries Free at Age 5 Improved oral health in children by reduction of caries.	Increase or maintenance in the number of children who are caries free at age 5.	Annual (In Quarter 3 for calendar year)	39.2% of children aged 5 seen in the year to December 02 were caries free compared with 40.8% in the year to December 01.
Incidence and Impact of Diabetes Reduce the incidence and impact of diabetes in New Zealand	Implementation of the minimum diabetes dataset.	Annual	The diabetes dataset has been implemented.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

Performance Dimension	Deliverable	Target date	Performance
Diabetes Case Detection Rate Improve case detection of diabetes.	Increase of the diabetes case detection rate as a percentage of the expected prevalence rates.	Annual (In Quarter 3 for calendar year)	Achieved. Actual detection rate was 43.8% compared to an expected 38%.
Diabetes Case Management Increased efficiency of Diabetes case management.	A reduction in the percentage of patients with diabetes type I or type II with HBA1c blood tests of more than 8%.	Annual (In Quarter 3 for calendar year)	Achieved. Actual proportion with diabetes type I or II with HBA1c blood tests of more than 8% was 25% in year ended December 2002 compared to 45% in year ended December 2001.
Retinal Screening with Diabetes Increase in retinal screening of people with diabetes in the last two years.	Increased access to two yearly retinal screening for people with diabetes.	Annual (In Quarter 3 for calendar year)	There was an increase in the total number of people with diabetes who received retinal screening from 2,200 in the two years to December 01 compared with 2,825 in the two years to December 02.
Māori Mental Health Progress is made towards improving Māori Mental Health.	Progress is made towards improving Māori access to Mental Health services, the effectiveness of mainstream services for Māori and availability and capability of Kaupapa Māori services through the implementation of the Māori Mental Health Strategy.	Annual (with Quarter 4 report)	The Regional Māori Advisory Group and Local Māori Advisory Groups within each Midland DHB have been established to ensure that Māori have the ability to actively participate and advise in the Regional Mental Health Network. Waikato DHB's Mental Health Service has established a new Māori support unit 'He Ara Ki Te Ao Marama' with the aim of improving Māori access to Mental Health services.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

Performance Dimension	Deliverable	Target date	Performance
MHINC Data Contribution Comprehensive and timely data is provided to Mental Health Information National Collection (MHINC).	Provision of comprehensive and timely data to MHINC by the DHB provider division.	Quarterly	Waikato DHB continued to provide timely and comprehensive information.
Access to Mental Health Services Improved access to services.	The New Zealand Mental Health Strategy sets targets for access to treatment and support services for people of different age groups and with severe mental illness. There is a need to measure progress against these targets.	Quarterly from Quarter 2 (with one Quarter time lag)	The Waikato DHB is in the process of developing targets with the Ministry to appropriately measure access to mental health treatment.
Mental Health Quality Measures Increased focus on mental health quality measures.	Mental health services are delivered in accordance with the Government's service coverage expectations and to meet the New Zealand Health Strategy's priority for mental health services: - improving the health status of people with severe mental illness. - a high-performing system in which people have confidence. - active involvement of consumers and communities at all levels.	Quarterly	Waikato DHB have developed a mental health database system to manage serious/sentinel event reviews, recommendations and actions taken. In addition, a Focus Group has been established representing a wide range of consumers. This Focus Group is one of the vehicles used to receive feedback and involve consumers.
Coronary Artery Bypass Graft Reduction in number of people with certainty who have been waiting for more than six months for a coronary artery bypass graft.	Target to be set at zero people (for all DHBs and ethnic groups) waiting more than six months for a coronary artery bypass graft from the date of being given certainty that they will receive treatment.	Six Monthly	No patients given certainty waited more than six months for a coronary artery bybass graft during the period.
Angioplasty Reduction in number of people with certainty who have been waiting for more than six months for angioplasty.	Target to be set at zero people (for all DHBs and ethnic groups) waiting more than six months for angioplasty from the date of being given certainty that they will receive treatment.	Six Monthly	No patients given certainty waited more than six months for angioplasty during the period.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

Performance Dimension	Deliverable	Target date	Performance
Acute Rheumatic Fever A decrease (or maintenance) in the incidence of repeat attacks of acute rheumatic fever in people under 30.	A reduction or maintenance of the number of repeat admissions for acute rheumatic fever in people under 30.	Annual	Data is not yet available to make a year on year comparison but the Ministry state that Waikato DHB fall within the expected incidence range.
Waiting Times for Radiotherapy Reduce waiting times for Radiotherapy.	Target is to reduce delays for waiting time for radiotherapy for all DHBs to have zero people waiting outside best practice times.	Monthly	Waikato DHB has reduced waiting times for radio-therapy but some patients continue to wait outside of best practice times.
Primary Health Care Strategy Progress is made towards implementing the Primary Health Care Strategy.	Progress is made towards implementing the Primary Health Care Strategy.	Annual (with Quarter 4 report)	Two new Primary Health Organisations were established during the period with a total of 112,000 enrolled service users.
Suicide Prevention Progress is made in developing the capacity of primary care providers to impact on suicide prevention.	A reduction in the rate of suicide and suicide attempts.	Annual	No regional rates are available but most recent Ministry information shows that in 2000 there were 458 suicides, down from 516 in 1999 and 577 in 1998. Waikato DHB has recently funded a pilot scheme to distribute suicide prevention information to young people.
Requirement for Māori Health Plan Increase in number of contracted providers of general practice services with a requirement for a Māori Health Plan where this has been agreed with the funder.	Target is to ensure that 100% of new agreements have a Māori Health Plan requirement and to ensure that these are then agreed with the funder throughout the year.	Quarterly	All new contracted providers have a Māori Health Plan.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

OUTPUT CLASS: PROVIDER CAPABILITY

Performance Dimension	Deliverable	Target date	Performance
Clinical Assessment – Elective Services A quality measure in the form of a nationally consistent clinical assessment for Elective Services is developed.	Nationally consistent clinical assessment is achieved.	Quarterly (comprehensive plan and report with Quarter 1 response)	Where available, all specialties have implemented the national Access Criteria of Assessment tool. Referral and management guidelines are provided where appropriate on receipt of referral and via the GP Liaison area of the Waikato DHB website.
Access to Elective Surgery Improved access to elective surgery for all patients.	The level of publicly funded service delivered is sufficient to ensure access to elective surgery for all patients before they reach a state of unreasonable distress, ill health or incapacity.	Quarterly	There are currently no criteria to measure unreasonable distress, ill health or incapacity. Waikato DHB has a policy of active clinical review of condition and eligibility for publicly funded treatment.
First Specialist Assessment Waiting List 100% of patients do not wait longer than 6 months for first specialist assessment.	A maximum waiting time of six months for first specialist assessment is achieved by 30 June 2003.	Quarterly/ Quarterly Exception	Not fully achieved. As at 30 June 03, 25 of the 28 specialty areas met this requirement.
Publicly Funded Treatment Waiting List 100% of patients who have been offered publicly funded treatment do not wait longer than 6 months.	A maximum waiting time for treatment of six months for patients who are offered publicly funded treatment from the time of being given certainty.	Quarterly/ Quarterly Exception	The December 02 quarterly report showed that 8 patients who had been given certainty had waited longer than 6 months for treatment. All other quarterly reports during the year showed all patients who had been given certainty had received treatment within 6 months.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

Performance Dimension	Deliverable	Target date	Performance
Nursing Practice and Development Have in place consistent organisational support systems that ensure contribution of nurses to quality care.	Maximise the contribution of nurses to quality care by ensuring the consistent organisational support of clinical career pathways, professional development, on-going education, and an infrastructure, which allows for nursing input into decision making at all levels.	Quarterly	Strategies are in place to specifically address staff turnover, recruitment, training, performance and staff retention.
Service Coverage Issues Timely and effective response to and resolution of service coverage issues.	Timely and equitable access for all New Zealanders to a comprehensive range of health and disability services, regardless of ability to pay, and high performing systems in which people have confidence.	Quarterly	All known service gaps are being addressed. Currently there are no additional service coverage issues that have been identified.
Quality Systems Improved quality of services provided and funded by the Waikato DHB.	The quality of services, including cultural appropriateness, provided and funded by the Waikato DHB is maximised through effective monitoring and audit and the promotion of an organisational culture which is supportive of qualitative initiatives.	Quarterly	A number of quality initiatives were undertaken including the: -'Towards Māori Health Gain Organisational Framework' - Establishment of the Clinical Audit Support Unit - Funding of approved innovation projects - Introduction of a programme to recognise staff excellence and initiative.

STATEMENT OF SERVICE PERFORMANCE

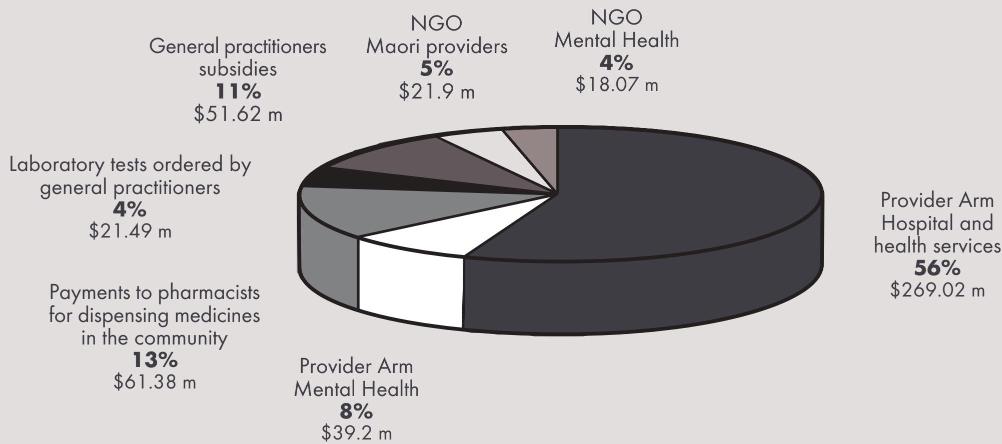
FOR THE YEAR ENDED 30 JUNE 2003

OUTPUT CLASS: PROVIDER

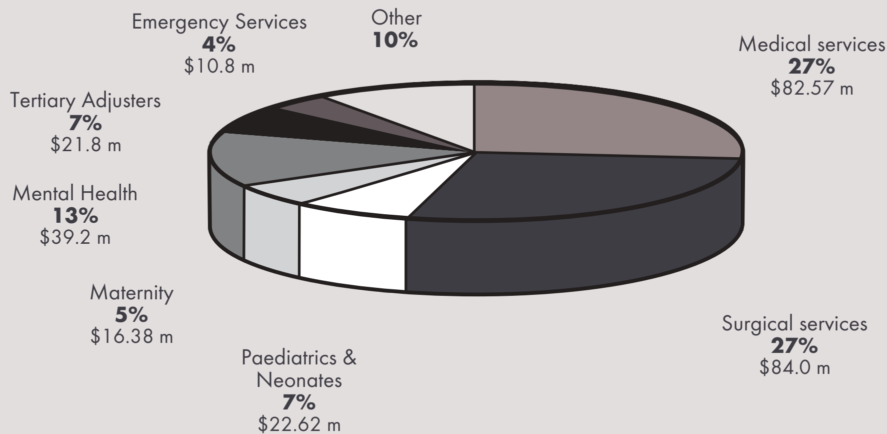
Targets and Measures	Definitions and Calculation Method	Target	Actual
Internal Process and Efficiency			
Resourced Bed Occupancy Rates	The ratio of inpatient bed days for the period to the number of resourced inpatient beds in service.	Not less than 82%	80%
Operating Theatre Management	Total anaesthetic time divided by total nurse hours for the theatre complex.	Not less than 17%	21%
Case-mix Weighted Average Length of Stay (LOS) days	The average period for which each inpatient in secondary care (excluding mental health, assessment and rehabilitation services, continuing care, well babies and boarders) occupies a bed expressed in the number of days stay.	Not greater than 3.60	3.37
Elective Surgery Undertaken on a Day-stay Basis	The number of theatre operations undertaken on a day-stay basis divided by the total number of theatre operations.	Not less than 57%	60%
Customer and Quality			
Patient's Overall Satisfaction	The weighted score of patients responses from patient satisfaction surveys, implemented in accordance with Ministry of Health patient satisfaction guidelines.	Not less than 0.80	0.85
Emergency Triage Times Category 1	The percentage of emergency department triage category 1 patients seen immediately	Equal to 100 %	97%
Emergency Triage Times Category 2	The percentage of emergency department triage category 2 patients seen within 10 minutes	Not less than 80%	35%
Emergency Triage Times Category 3	The percentage of emergency department triage category 3 patients seen within 30 minutes	Not less than 75%	41%
Organisational Health and Learning			
Staff Turnover – Voluntary (monthly average %)	The total number of employees who voluntarily resign compared to the total number of employees at the beginning of the period (excluding Resident Medical Officers, temporary and casual staff)	Not greater than 1.4%	1.1%
Staff Stability Rate (monthly average %)	The number of employees whom have not left the organisation with less than two years service compared to the number of employees with the organisation at the beginning of the period (excluding Resident Medical Officers, temporary and casual staff)	Not less than 99.2%	99.5%
Sick Leave Rate (Monthly average %)	Total number of hours of paid or unpaid sick leave taken by employees divided by the number of employee hours.	Not greater than 3.5%	3.2%
Lost Time Injury Frequency Rate	The number of days lost, due to work related injury (including the first week of paid compensation and return to work programmes) divided by 100,000 hours.	Not greater than 1.2	0.86

WAIKATO DHB EXPENDITURE 2002/03

Non-government organisations (NGO) include general practitioners, Maori providers, Mental Health providers and so on.
Provider arm - hospital and health services provided by the Waikato DHB's own provider, Health Waikato



WHERE THE MONEY GOES - HEALTH WAIKATO



DIRECTORY

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Audit New Zealand
on behalf of the Auditor-General

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Bank of New Zealand
Chapman Tripp

Waikato District Health Board

Waikato District Health Board