

SOUTH CANTERBURY DISTRICT HEALTH BOARD

Annual Report 2010



South Canterbury
District Health Board

Contents

Registered Office

High Street

Private Bag 911, Timaru

TELEPHONE: 03 687 2100

FAX: 03 688 0238

EMAIL: ceo@timhosp.co.nz

WEBSITE: www.scdhb.health.nz

Auditor

Audit New Zealand

on behalf of The Office of
the Controller and Auditor
General

Bankers

ANZ Bank

Crown Health Financing
Agency

Solicitors

Gresson Dorman & Co

PO Box 244, Timaru

Front Cover

SCDHB was a major sponsor of the 2010 Hadlow to Harbour Fun Run. A student from Geraldine High School leads the way in this photo taken by Geoff Cloake.

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SCDHB's 'Year in Review' report is available on our website - www.scdhb.health.nz

About South Canterbury DHB

South Canterbury District Health Board serves people living in South Canterbury. Our boundaries are the Rangitata River in the north, the Waitaki River in the south and Aoraki/Mount Cook in the west. This area has a resident population of 55,260 (1.28% of the national population).

In some ways South Canterbury is significantly different to the New Zealand average population. This includes having the highest percentage of people aged 65+, having half the population live in rural areas, and having the lowest percentage of Maori and Pacific people.

The Ngai Tahu Iwi through their Runaka at Arowhenua (Temuka) and Waihao (Morven) are the mana whenua of South Canterbury.

As an agent of the Crown, the Board is committed to the principles of the Treaty of Waitangi, in particular Māori participation and partnership in health planning and services, and protection of Māori well-being.

Governance

The governance arm is made up of the board and its advisory committees.

Funder

The funder arm is the DHB's planning and funding role. It funds all Ministry-devolved services for the people of South Canterbury. It contracts with, and monitors, the performance of health and disability services provided to South Canterbury people.

Provider

In the 2009/10 year, the provider arm consisted solely of Timaru Hospital and its associated services.

From mid 2010, the DHB will structure itself around two services working closely together – Primary and Community Services (including general practices) and Secondary Services (Timaru Hospital).

Our Values - I CARE

INTEGRITY

We will always act with the utmost integrity by:

- Being transparent, open and honest in our dealings with everyone
- Ensuring there are no 'hidden agendas'
- Working for the common good of our community
- Responding to others needs within our capacity and capability
- Cultivating credibility, demonstrating a proven track record through our actions
- Fostering trust with each other and our community

COLLABORATION

We actively collaborate with others by:

- Consulting with and keeping people well informed
- Being open to and respectful of others opinions, ideas and ways of doing things
- Communicating clearly, sharing information in a timely manner in the most appropriate way
- Responding appropriately when speaking to and in correspondence with others
- Showing a willingness to negotiate, avoiding dismissive behaviours
- Involving those people in the decision making process who are most affected

ACCOUNTABILITY

We promote accountability by:

- Taking both personal and collective responsibility for our actions and outcomes
- Adhering to legislation, standards, policy and due process
- Doing what we say we will do and doing it when we say we will do it
- Taking personal responsibility to work effectively with others
- Owning up to our own mistakes and learning from these
- Being punctual fully focussed and committed to the task in hand.
- Acknowledging and addressing difficult issues.

RESPECT

We show respect to all by:

- Recognising time is a valuable resource, both in the way we use each others time, and the way we use patient's time
- Recognising that the diversity of skills within the organisation is a vital part of a vibrant health organisation and treating each person as a valued individual
- Treating others as we would expect to be treated
- Acknowledging staff efforts ensuring credit is given where credit is due
- Supporting each other in our roles and valuing the contribution each team member makes
- Having a 'no blame' culture, ensuring feedback is constructive

EXCELLENCE

We strive for excellence in everything we do by:

- Embracing evidence based practices in all our activities
- Never tiring of doing what's right for our population, delivering the right care at the right time and in the most appropriate setting by the right people
- Ensuring resources are used wisely to deliver the best service possible to our patients and the community
- Not tolerating waste
- Fostering Continuous Quality Improvement and Innovation
- Cultivating a culture of staff empowerment to make and adapt to change

From the Board

We are pleased to present the Annual Report of the South Canterbury District Health Board for 2009/10.

We have maintained our strong financial performance, delivering the financial savings and efficiencies demanded, despite the additional pressure the world economic crisis placed on us all. We have delivered these strong financial results without the need to reduce front-line clinical services. In fact, in elective surgery we exceeded the target set by the Ministry of Health. Overall, we have maintained the level of health and disability services our community enjoys.

In December 2009, our previous chairman, Joe Butterfield, stood down having served the maximum amount of time the legislation allows. Joe's contribution to the organisation has been significant over an extended period of time. The shape the organisation is in, and the level of services our community has received, is a testament to the contribution Joe has made. He is missed, and we all wish him well in his future endeavours.

The year has been punctuated by a number of significant changes. At a national level, the changes came about as a result of the Ministerial Review Group process and the subsequent Horne Report, which set out a blueprint with the underlying principles of "better, sooner, more convenient". The changes are focussed on ensuring that the health sector is working together, nationally and regionally, and optimising the way services are planned, provided and supported. The expectation is that both legislatively and structurally, we will optimise the level of resources that are available to be invested in front line services.

Within South Canterbury we have seen a number of changes through the year which are aligned to these principles:

- During the year we became the first, and only, district health board in New Zealand to integrate primary and secondary services into a single organisational structure. This change was in response to the district health board being given a very clear message from primary care that the structure in place was not working. The new structure proposed and supported by primary care places primary and community services on an equal footing with hospital-based services. This will ensure that when making decisions about service planning and prioritisation, the whole continuum of health care is considered.
- A good example of primary and secondary care collaboration was the work between primary care and the emergency department. During the year the two sectors developed protocols resulting in our people accessing primary care and emergency services in the most appropriate place. This has reduced pressure on emergency department workload, has shortened the length of time patients have to wait in the emergency department, and has removed the requirement for general practitioners in Timaru to be on-call overnight. We still need to work on

enhancing after hours services in rural settings, and this will be a focus in the coming year.

- We have implemented technology enhancements, including digital radiology, and have started down the pathway of enhancing clinical information systems with Canterbury District Health Board. This will improve the level of information available to clinical staff at the coal face, and the quality of decision making and service provision for our patients. We have also supported the funding of primary care to move to a common patient management system to simplify processes across the broader community. These changes are all aimed at enhancing and integrating services across the wider community
- We have enhanced clinical leadership with the appointment of a new Chief Medical Officer, and the creation of new roles - Chief Primary Care Medical Officer and Primary Care Nurse Advisor. At the end of the 2009/10 year we also embarked on a review of the clinical director structure across the organisation to enhance the level of clinical leadership at this level (a process which has subsequently resulted in the appointment of six clinical directors).
- Shared procurement services. We have partnered with Southern District Health Board to link our procurement activities. This has delivered operational efficiencies generated by the added leverage we now have due to the combined scale of our collective activities.


During the year we have been actively involved in South Island health service planning. This is a very challenging process as it requires all DHBs to critically look at the way services are provided locally and regionally and take account of the likely changes in the population, workforce, technology, and how health services are likely to evolve over the next 10 years. This is challenging because it raises questions about how to map out the future for the South Island, and more importantly for us, how services will be provided for our community into the future.

The fundamental vision for the South Island Health Service Plan is "a clinically and fiscally sustainable South Island health system with services provided as close to people's homes as possible". We are still in the early stages, however we are committed to embracing this process to ensure that we optimise both services provided locally, and those services that are available for our population.

On behalf of the Board I would like to thank the staff and the community for their ongoing support. We are very proud of what we have collectively achieved and remain committed to ensuring that our community continues to benefit from the high level of quality health and disability services we all enjoy.

For and on behalf of South Canterbury District Health Board,


Murray Cleverley
Chair


Ron Luxton
Deputy Chair

Statement of Financial Responsibility

FOR YEAR ENDED 30 JUNE 2010

1. The Board and management of South Canterbury District Health Board accept responsibility for the preparation of the annual financial statements and the statement of service performance and for the judgements used in them.
2. The Board and management of South Canterbury District Health Board accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
3. In the opinion of the Board and management of South Canterbury District Health Board, the annual financial statements and the statement of service performance for the year ended 30 June 2010 fairly reflect the financial position and operations of South Canterbury District Health Board.



Murray Cleverley
Chair
29 October 2010



Ron Luxton
Deputy Chair
29 October 2010



Chris Fleming
Chief Executive
29 October 2010



Our Mission

To enhance the health and independence of the people of South Canterbury

Statement of Significant Accounting Policies

FOR YEAR ENDED 30 JUNE 2010

Reporting Entity

South Canterbury District Health Board (SCDHB) is a Health Board established by the New Zealand Public Health and Disability Act 2000. SCDHB is a crown entity in terms of the Crown Entities Act 2004, owned by the Crown and domiciled in New Zealand. SCDHB is a reporting entity for the purposes of the New Zealand Public Health and Disability Act 2000, the Financial Reporting Act 1993 and the Crown Entities Act 2004.

SCDHB is a public benefit entity, as defined under NZIAS 1.

SCDHB's activities involve delivering health and disability services and mental health services in a variety of ways to the community. In addition, funds administered on behalf of patients have been reported as a note to the financial statements. The group consists of SCDHB and HSC Charitable Trust.

Reporting Period

The reporting period for these financial statements is for the year ended 30 June 2010.

Statement of Compliance

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

These Financial Statements have been authorised for issue by the Board of SCDHB on 29 October 2010. The Board and management are responsible for ensuring that the Financial Statements are prepared using appropriate assumptions and that all disclosure requirements have been met.

Basis of Preparation

The financial statements are prepared on the historical cost basis except that land and buildings are stated at their fair value. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The functional currency of SCDHB is New Zealand dollars.

Critical Accounting Estimates and Assumptions

The preparation of financial statements in conformity with NZIFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The present value of the retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating the liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

Basis for Consolidation

Subsidiaries are entities controlled by the DHB. Control exists when the DHB has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control potential voting rights are taken into account. The financial statements of subsidiaries are included in the consolidated (Group) financial statements from the date that control commences until the date that control ceases.

Accounting Policies

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied consistently in preparing these Financial Statements:

1. Budget Figures

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

2. Goods and Services Tax

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

3. Taxation

SCDHB is exempt from income tax as it is a public authority.

Statement of Significant Accounting Policies

4. Donations and Bequest Funds

Donations and bequests to SCDHB are recognised as revenue when control over assets is obtained. A liability, rather than revenue, is recognised where fulfilment of any restrictions attached to those assets is not probable. Those donations and bequests with restrictive conditions are appropriated from retained earnings to the special funds component of equity. When expenditure is subsequently incurred in respect of these funds it is recognised in the Statement of Comprehensive Income and an equivalent amount is transferred from the special funds component of equity to retained earnings under the separate heading of "Equity from Donated Assets". The balance of that account does not attract a capital charge under new rules adopted in 2006 by the Ministry of Health.

5. Trade and Other Receivables

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

6. Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at the lower of cost and current replacement cost.

The cost of purchased inventory held for distribution is determined using the weighted average cost formula.

Any write down from cost to current replacement cost, or reversal of such a write down, is recognised in the surplus or deficit.

7. Cash and Cash Equivalents

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

8. Property, Plant and Equipment

Classes of Property, Plant and Equipment - The major classes of property, plant and equipment are as follows:

- freehold land
- freehold buildings
- plant, equipment and vehicles
- fixture and fittings
- work in progress

Owned Assets

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

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

When an asset is acquired for nil or nominal consideration the asset will be recognised initially at fair value, where fair value can be reliably determined, with the fair value of the asset received, less costs incurred to acquire the asset, also recognised as revenue in the surplus or deficit.

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 South Canterbury Limited (a Hospital and Health Service) vested in South Canterbury DHB on 1 January 2001. Accordingly, assets were transferred to South Canterbury 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 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.

Statement of Significant Accounting Policies

9. Revaluation of Land and Buildings

Land was revalued as at 30 June 2008 to fair value and buildings were revalued as at 30 June 2006 to fair value. Fair value is determined by an independent registered valuer and based upon market evidence for land and net replacement cost for buildings. Land and Buildings are revalued with sufficient regularity, and at least every five years, to ensure that the carrying amount at balance date is not materially different to fair value. A review of the current valuations which determined that they have not materially changed was conducted as at 30 June 2010. The results of any revaluing are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income and credited to the revaluation reserve for that class of asset. Additions to land and buildings between valuations are recorded at cost.

10. Disposal of Fixed Assets

When a fixed asset is disposed of, any gain or loss is recognised in the surplus or deficit and is calculated as the difference between the sale price and the carrying value of the fixed asset.

11. Depreciation of Fixed Assets

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

Buildings	33 to 65 years	1.5 – 3.0%
Building Fit-outs	3.5 to 20 years	5 – 28.6%
Plant and Equipment	2 to 10 years	10 – 50%
Motor Vehicles	3 to 5 years	20 – 33.3%

Capital 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.

12. Leases

Finance Leases

Leases which effectively transfer to SCDHB substantially all the risks and benefits incident to ownership of the leased items are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the period SCDHB is expected to benefit from their use.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

13. Intangible Assets

Software

Computer software that is acquired by SCDHB is stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on intangible assets is capitalised only when it increases the service potential or future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

Software	2 to 5 years	20-50%
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14. Impairment

The carrying amounts of SCDHB's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the surplus or deficit.

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

A provision for impairment of receivables is established when there is objective evidence that SCDHB will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method. Receivables with a short duration are not discounted.

Statement of Significant Accounting Policies

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

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

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

An impairment loss on items of property, plant and equipment carried at fair value is reversed through the relevant reserve. All other impairment losses are reversed through the surplus or deficit.

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

15. Investments in Equity Securities

SCDHB's investments in equity securities are classified as available-for-sale financial assets and are stated at fair value, with any resultant gain or loss, except for impairment losses, recognised in other comprehensive income. When these assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the surplus or deficit.

16. Employee Benefits

Long Service Leave, Sick Leave, Sabbatical Leave, Medical Education Leave and Retirement Gratuities

SCDHB's net obligation in respect of long service leave, sick leave, sabbatical leave and retirement gratuities is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The entitlement is calculated by discounting the obligation to its present value. The discount rate is the market yield on relevant New Zealand government bonds at the balance sheet date. Note 15 provides an analysis of the expenditure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities

Annual Leave

Annual leave is a short-term obligation and is calculated on an actual basis at the amount SCDHB expects to pay.

SCDHB accrues the obligation for paid absences when the obligation both relates to employees' past services and it accumulates.

Superannuation Schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

SCDHB belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

17. Revenue

Crown Funding

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

Goods Sold and Services Rendered

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

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

Revenue relating to Service Contracts

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

Interest Revenue

Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principle outstanding to determine the interest income each period.

Statement of Significant Accounting Policies

Donated or Subsidised Assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue in the surplus or deficit.

18. Interest Expenditure

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine the interest expense each period.

19. Cost Allocation

SCDHB has arrived at the net cost of service for each significant activity using the following cost allocation system. Direct costs are charged directly to output classes. Indirect costs are charged to output classes based on cost drivers and related activity/usage information. The cost of internal services not directly charged to outputs is allocated as overheads using appropriate cost drivers, such as actual usage, staff numbers and floor area.

20. Interest-bearing Borrowings

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

21. Trade and Other Payables

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

22. Other Liabilities and Provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

23. Financial Instruments

Financial Assets

Financial assets held for trading and financial assets designated at fair value through profit and loss are recorded at fair value with any realised and unrealised gains or losses recognised in the surplus or deficit. A financial asset is designated at fair value through profit and loss if acquired principally for the purpose of selling in the short term. It may also be designated into this category if the accounting treatment results in more relevant information because it either significantly reduces an accounting mismatch with related liabilities or is part of a group of financial assets that is managed and evaluated to fair value basis. Gains or losses from interest, foreign exchange and fair value movements are separately reported in the surplus or deficit.

The equity investment in SISSAL is classified as an available-for-sale financial asset and is stated at its fair value, with any resultant gain or loss, expected for impairment losses, recognised in other comprehensive income. When these assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the surplus or deficit.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Loans and receivables issued with duration less than 12 months are recognised at their nominal value, unless the effect of discounting is material. Allowances for estimated recoverable amounts are recognised when there is objective evidence that the asset is impaired. Interest, impairment losses and foreign exchange gains and losses are recognised in the surplus or deficit.

24. Standards issued but not yet effective

The following new standards, amendments and interpretations to existing standards have been published that are not yet effective for the year ended 30 June 2010, and have not been applied in preparing these consolidated financial statements. The adoption of these standards is not expected to have a material effect on the DHB's consolidated financial statements. NZ IFRS 9 Financial Instruments.

25. Changes in Accounting Policies

There have been no changes in accounting policies. SCDHB has adopted the following revisions to accounting standards during the financial year that have had only a presentational or disclosure effect:

NZ IAS 1, Presentation of Financial Statements (revised). The revised standard required information in the financial statements to be aggregated on the basis of shared characteristics and introduced a statement of comprehensive income.

NZ IAS 23 Borrowings Costs (revised 2007). Public Benefit Entities can elect to defer the adoption of this standard. The revised standard requires the capitalisation of all borrowing costs if they are directly attributable to the acquisition, construction or production of a qualifying asset. The group has elected to defer the application of the standard.

These financial statements have been prepared in accordance with NZ IFRS.

Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT 30 JUNE 2010

IN THOUSANDS OF NEW ZEALAND DOLLARS

	Note	Group			Parent	
		Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Revenue	1	163,127	162,840	157,354	162,840	157,354
Other Operating Income	2	1,615	1,780	1,667	1,837	1,642
Finance Income	4a	547	993	1,466	980	1,449
Total Income		<u>165,289</u>	<u>165,613</u>	<u>160,487</u>	<u>165,657</u>	<u>160,446</u>
Employee Benefit Costs	3	48,612	47,823	46,827	47,823	46,827
Outsourced personnel and other services		10,141	10,588	9,562	10,588	9,562
Clinical supplies		8,742	9,030	9,973	9,030	9,973
Infrastructure and non-clinical expenses		8,832	9,691	8,704	9,636	8,681
Payments to non-DHB health providers		63,500	59,995	57,021	59,995	57,021
IDF Outflows		20,142	22,045	19,578	22,045	19,578
Depreciation and amortisation expense	7	3,258	2,797	2,771	2,796	2,770
Finance costs	4b	139	320	701	320	701
Capital charge	5	1,731	1,961	1,600	1,961	1,600
Other operating expenses	6	606	995	979	995	979
Total Expenses		<u>165,703</u>	<u>165,245</u>	<u>157,716</u>	<u>165,189</u>	<u>157,692</u>
NET SURPLUS (DEFICIT)		<u>(414)</u>	<u>368</u>	<u>2,770</u>	<u>468</u>	<u>2,753</u>
Other Comprehensive Income						
Gains on property revaluations		-	-	-	-	-
Fair value through other comprehensive income financial assets		-	-	-	-	-
Total Other Comprehensive Income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>(414)</u>	<u>368</u>	<u>2,770</u>	<u>468</u>	<u>2,753</u>

The notes form an integral part of and should be read in conjunction with these financial statements

Financial Statements

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

AS AT 30 JUNE 2010

IN THOUSANDS OF NEW ZEALAND DOLLARS

		Group			Parent	
		Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Balance at 1 July 2009		21,597	23,333	20,758	22,991	20,433
Total Comprehensive Income		(414)	368	2,770	468	2,753
Capital Movements						
Repayment to Crown	9	(205)	(216)	(216)	(216)	(216)
Contribution from Crown	9	-	11	22	11	22
Total of Capital Movements		(205)	(205)	(194)	(205)	(194)
Balance at 30 June 2010		<u>20,978</u>	<u>23,496</u>	<u>23,333</u>	<u>23,254</u>	<u>22,991</u>

The notes form an integral part of and should be read in conjunction with these financial statements

Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

IN THOUSANDS OF NEW ZEALAND DOLLARS

		Group			Parent	
		Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Public Equity	<i>Note</i>					
General Funds	9	4,880	4,891	5,096	4,891	5,096
Retained Earnings	9	6,267	8,484	8,019	8,484	8,019
Equity from Donated Assets	9	785	747	785	747	785
Revaluation Reserve	9	8,265	8,265	8,265	8,265	8,265
		20,197	22,387	22,165	22,387	22,165
Special Funds	9	781	1,109	1,168	867	826
Total Equity		<u>20,978</u>	<u>23,496</u>	<u>23,333</u>	<u>23,254</u>	<u>22,991</u>
REPRESENTED BY:						
Current Assets						
Cash and cash equivalents	10	1,587	9,022	8,800	8,694	8,468
Financial Assets	11	465	15,000	10,000	15,000	10,000
Debtors and other receivables	12	6,276	4,981	7,775	5,070	7,772
Inventories	13	1,637	1,135	1,067	1,135	1,067
Patient Trust Funds	10	-	16	13	16	13
Special Fund Assets	9	-	868	827	868	827
Total Current Assets		<u>9,965</u>	<u>31,022</u>	<u>28,482</u>	<u>30,783</u>	<u>28,146</u>
Non Current Assets						
Financial Assets	11	3	3	3	3	3
Property, plant and equipment	7	30,903	28,368	28,483	28,363	28,477
Intangible assets	8	570	271	60	271	60
Total Non Current Assets		<u>31,476</u>	<u>28,642</u>	<u>28,546</u>	<u>28,637</u>	<u>28,540</u>
TOTAL ASSETS		<u>41,441</u>	<u>59,663</u>	<u>57,028</u>	<u>59,420</u>	<u>56,686</u>
LIABILITIES						
Current Liabilities						
Creditors and other payables	14	11,590	13,474	11,503	13,473	11,503
Employee entitlements	15	5,461	7,825	7,536	7,825	7,536
Borrowings	16	-	10,000	10,000	10,000	10,000
Patient Trust Funds	10	-	16	13	16	13
Total Current Liabilities		<u>17,051</u>	<u>31,315</u>	<u>29,052</u>	<u>31,314</u>	<u>29,052</u>
Non Current Liabilities						
Term Loans	16	-	-	-	-	-
Employee Entitlements	15	3,412	4,852	4,643	4,852	4,643
Total Non Current Liabilities		<u>3,412</u>	<u>4,852</u>	<u>4,643</u>	<u>4,852</u>	<u>4,643</u>
TOTAL LIABILITIES		<u>20,463</u>	<u>36,167</u>	<u>33,695</u>	<u>36,166</u>	<u>33,695</u>
NET ASSETS		<u>20,978</u>	<u>23,496</u>	<u>23,333</u>	<u>23,254</u>	<u>22,991</u>

The notes form an integral part of and should be read in conjunction with these financial statements

Financial Statements

CONSOLIDATED STATEMENT OF CASHFLOWS

AS AT 30 JUNE 2010

IN THOUSANDS OF NEW ZEALAND DOLLARS

	Group			Parent	
	Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009
CASH FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from Ministry of Health & Other	165,289	167,298	155,501	167,262	155,473
Interest Received	-	991	1,466	980	1,449
	<u>165,289</u>	<u>168,289</u>	<u>156,967</u>	<u>168,242</u>	<u>156,922</u>
Cash was applied to:					
Payments to suppliers & employees	160,712	157,830	150,216	157,769	150,191
Capital Charge	1,734	1,961	1,725	1,961	1,725
Interest Paid	-	320	701	320	701
GST (net)	-	(185)	352	(174)	351
	<u>162,446</u>	<u>159,927</u>	<u>152,994</u>	<u>159,875</u>	<u>152,968</u>
Net cash inflow/(outflow) from operating activities	17	2,843	8,362	3,973	8,367
CASH FROM INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds from the sale of assets	-	-	-	-	-
Decrease in Special Funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash was applied to:					
Purchase of fixed assets	5,012	2,894	1,304	2,894	1,303
Term Deposits over 3 months	-	5,000	-	5,000	-
Increase in Special Funds	-	41	85	41	85
	<u>5,012</u>	<u>7,935</u>	<u>1,389</u>	<u>7,935</u>	<u>1,388</u>
Net cash inflow/(outflow) from investing activities	(5,012)	(7,935)	(1,389)	(7,935)	(1,388)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
New Borrowings - CHFA	-	-	-	-	-
Proceeds from Equity injections	-	11	22	11	22
	<u>-</u>	<u>11</u>	<u>22</u>	<u>11</u>	<u>22</u>
Cash was applied to:					
Repayment of loans	-	-	-	-	-
Repayment of Equity	205	216	216	216	216
	<u>205</u>	<u>216</u>	<u>216</u>	<u>216</u>	<u>216</u>
Net cash inflow/(outflow) from financing activities	(205)	(205)	(194)	(205)	(194)
Net increase/(decrease) in cash held	(2,374)	222	2,390	226	2,370
Opening Cash and cash equivalents	3,961	8,800	6,410	8,468	6,098
Closing cash and cash equivalents	10	1,587	9,022	8,800	8,694
Made up of:					
Balances at bank	1,587	9,022	8,800	8,694	8,468

The GST (net) component of operating activities reflects net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis as the gross amounts do not provide meaningful information for financial statements purposes.

The notes form an integral part of and should be read in conjunction with these financial statements

Notes to the Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2010 IN THOUSANDS OF NEW ZEALAND DOLLARS EXCEPT WHERE OTHERWISE INDICATED

1. Revenue

Health & Disability Services (MoH contracted Revenue)
ACC Contracted Revenue
Inter District Patient Inflows
Other Health Revenue

Group	
Actual 2010	Actual 2009
155,164	147,824
1,787	1,951
4,266	4,738
1,623	2,841
<u>162,840</u>	<u>157,354</u>

Parent	
Actual 2010	Actual 2009
155,164	147,824
1,787	1,951
4,266	4,738
1,623	2,841
<u>162,840</u>	<u>157,354</u>

2. Other Operating Income

Gain on sale of property, plant and equipment
Donations and bequests received
Rental Income
Other Non-health Revenue

(22)	16
65	61
114	83
1,623	1,507
<u>1,780</u>	<u>1,667</u>

(22)	16
122	37
114	83
1,623	1,507
<u>1,837</u>	<u>1,642</u>

3. Employee benefit costs

Wages and salaries
Contributions to defined contribution plans
Increase /(decrease) in employee benefit provisions

46,592	44,615
734	304
498	1,908
<u>47,824</u>	<u>46,827</u>

46,592	44,615
734	304
498	1,908
<u>47,824</u>	<u>46,827</u>

Employer contributions to defined contribution plans include contributions to Kiwisaver, State Sector Retirement Savings Scheme and the DPB Contributors Scheme

4a. Finance income

Interest Income

993	1,466
<u>993</u>	<u>1,466</u>

980	1,449
<u>980</u>	<u>1,449</u>

4b. Finance costs

Interest Expense

320	701
<u>320</u>	<u>701</u>

320	701
<u>320</u>	<u>701</u>

5. Capital charge

South Canterbury DHB pays a monthly capital charge to the Crown based on the greater of its actual or planned closing equity balance for the month. An annual washup adjustment is done after 30 June each year. The capital charge rate for the year ended 30 June 2010 was 8% (2009: 8%).

6. Other operating expenses

Fees to Auditor:

Audit fees for financial statement audit
Audit fees for NZ IFRS transition
Audit related fees for assurance and related services
Directors' fees and expenses
Impairment of receivables (bad & doubtful debts)
Operating Lease Expense

91	88
0	0
0	0
220	235
83	142
601	514
<u>995</u>	<u>980</u>

91	88
0	0
0	0
220	235
83	142
601	514
<u>995</u>	<u>979</u>

Operating Leases. The DHB leases a number of residential buildings and equipment (including office and clinical equipment). The leases terms vary, typically from one to 5 years. None of the leases include contingent rentals.

Notes to the Financial Statements

7. Property, plant and equipment

Group

Cost or Valuation

	Land	Buildings	Plant/ Equipment	Motor Vehicles	Work in Progress	Total
Balance at 1 July 2008	2,572	25,894	18,782	1,450	2	48,700
Additions		103	1,060	60	62	1,285
Revaluations						
Disposals			(204)	(45)		(249)
Balance at 30 June 2009	2,572	25,997	19,638	1,465	64	49,736
Balance at 1 July 2009	2,572	25,997	19,638	1,465	64	49,736
Additions		275	2,142	58	144	2,619
Revaluations						
Disposals			(113)			(113)
Balance at 30 June 2010	2,572	26,272	21,667	1,523	208	52,242
Accumulated depreciation and impairment losses						
Balance at 1 July 2008		2,588	15,394	842		18,824
Depreciation expense		1,329	1,102	246		2,677
Impairment losses						
Disposals			(204)	(42)		(246)
Revaluations						
Balance at 30 June 2009		3,917	16,292	1,045		21,255
Balance at 1 July 2009		3,917	16,292	1,045		21,255
Depreciation expense		1,342	1,160	209		2,712
Impairment losses						
Disposals			(91)			(91)
Revaluations						
Balance at 30 June 2010		5,259	17,361	1,254		23,874
Carrying amounts						
At 1 July 2008	2,572	23,306	3,387	609	2	29,876
At 30 June and 1 July 2009	2,572	22,080	3,347	420	64	28,483
At 30 June 2010	2,572	21,013	4,306	269	208	28,368

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Notes to the Financial Statements

7. Property, plant and equipment (continued) Parent

Cost or Valuation

	Land	Buildings	Plant/ Equipment	Motor Vehicles	Work in Progress	Total
Balance at 1 July 2008	2,572	25,894	18,762	1,450	2	48,681
Additions		103	1,060	60	62	1,284
Revaluations						
Disposals			(204)	(45)		(249)
Balance at 30 June 2009	2,572	25,997	19,618	1,465	64	49,716

Balance at 1 July 2009	2,572	25,997	19,618	1,465	64	49,716
Additions		275	2,142	58	144	2,619
Revaluations						
Disposals			(113)			(113)
Balance at 30 June 2010	2,572	26,272	21,647	1,523	208	52,222

Accumulated depreciation and impairment losses

Balance at 1 July 2008		2,588	15,380	842		18,810
Depreciation expense		1,329	1,101	246		2,676
Impairment losses						
Disposals			(204)	(42)		(246)
Revaluations						
Balance at 30 June 2009		3,917	16,277	1,045		21,239

Balance at 1 July 2009		3,917	16,277	1,045		21,239
Depreciation expense		1,342	1,160	209		2,711
Impairment losses						
Disposals			(91)			(91)
Revaluations						
Balance at 30 June 2010		5,259	17,346	1,254		23,859

Carrying amounts

At 1 July 2008	2,572	23,306	3,382	609	2	29,871
At 30 June and 1 July 2009	2,572	22,080	3,340	420	64	28,477
At 30 June 2010	2,572	21,013	4,303	269	208	28,363

Impairment

Impairment testing carried out has not revealed any assets requiring write-down due to impairment losses.

Revaluation

Land has been valued to fair value as at 30 June 2008 by an independent registered valuer, John Dunckley, of DTZ New Zealand Ltd a Fellow of the Property Institute and Institute of Valuers of New Zealand. Buildings were last revalued at 30 June 2006. The total fair value of land and buildings valued by the valuer amounted to \$25,877,000 as at 30 June 2008. The valuation conforms to International valuation standards and was based on an optimised depreciation replacement cost methodology.

Restrictions

South Canterbury District Health Board does not have full title to Crown land it occupies, but transfer is arranged if and when land is sold. Some of the Board'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 SCDHB are subject to a memorial in terms of the Treaty of Waitangi Act 1975 (as amended by the Treaty of Waitangi (State Enterprises) Act 1988). The effect on the value of assets resulting from potential claims under the Treaty of Waitangi Act 1975 cannot be quantified.

Notes to the Financial Statements

8. Intangible Assets

Cost

Balance at 1 July 2008
 Additions
 Disposals
 Balance at 30 June 2009

Balance at 1 July 2009
 Additions
 Disposals
 Balance at 30 June 2010

Accumulated amortisation and impairment losses

Balance at 1 July 2008
 Amortisation expense
 Disposals
 Impairment losses
 Balance at 30 June 2009

Balance at 1 July 2009
 Amortisation expense
 Disposals
 Impairment losses
 Balance at 30 June 2010

Carrying amounts

At 1 July 2008
 At 30 June and 1 July 2009
 At 30 June 2010

	Parent and Group		
	Software	Other	Total
Balance at 1 July 2008	524	-	524
Additions	18	-	18
Disposals	0	-	0
Balance at 30 June 2009	542	-	542
Balance at 1 July 2009	542	-	542
Additions	296	-	296
Disposals	0	-	0
Balance at 30 June 2010	838	-	838
Balance at 1 July 2008	388	-	388
Amortisation expense	94	-	94
Disposals	0	-	0
Impairment losses	0	-	0
Balance at 30 June 2009	482	-	482
Balance at 1 July 2009	482	-	482
Amortisation expense	85	-	85
Disposals	0	-	0
Impairment losses	0	-	0
Balance at 30 June 2010	567	-	567
At 1 July 2008	136	-	136
At 30 June and 1 July 2009	60	-	60
At 30 June 2010	271	-	271

There are no restrictions over the title of SCDHB's intangible assets, nor are any intangible assets pledged as security for liabilities. All software has been purchased.

9. Public Equity

Group

Balance at 1 July 2008
 Surplus/(deficit)
 Transfer from retained earnings
 Revaluation of land and buildings
 Contribution from the Crown
 Repayment to the Crown
 Balance at 30 June 2009

	General Funds	Retained Earnings	Equity from Donated Assets	Revaluation Reserve Land	Revaluation Reserve Buildings	Special Funds	Total Equity
Balance at 1 July 2008	5,290	5,312	824	2,269	5,996	1,068	20,759
Surplus/(deficit)		2,753				16	2,769
Transfer from retained earnings		(47)	(39)			84	
Revaluation of land and buildings							
Contribution from the Crown	22						22
Repayment to the Crown	(216)						(216)
Balance at 30 June 2009	5,096	8,019	785	2,269	5,996	1,168	23,333

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Notes to the Financial Statements

9. Public Equity (continued)

	General Funds	Retained Earnings	Equity from Donated Assets	Revaluation Reserve Land	Revaluation Reserve Buildings	Special Funds	Total Equity
Balance at 1 July 2009	5,096	8,019	785	2,269	5,996	1,168	23,333
Surplus/(deficit)		468				(100)	368
Transfer from retained earnings		(3)	(38)			41	
Revaluation of land and buildings							
Contribution from the Crown	11						11
Repayment of equity	(216)						(216)
Balance at 30 June 2010	4,891	8,484	747	2,269	5,996	1,109	23,496
Parent							
Balance at 1 July 2008	5,290	5,312	824	2,269	5,996	742	20,433
Surplus/(deficit)		2,753					2,753
Transfer from retained earnings		(47)	(39)			84	
Revaluation of land and buildings							
Contribution from the Crown	22						22
Repayment to the Crown	(216)						(216)
Balance at 30 June 2009	5,096	8,019	785	2,269	5,996	826	22,991
Balance at 1 July 2009	5,096	8,019	785	2,269	5,996	826	22,991
Surplus/(deficit)		468					468
Transfer from retained earnings		(3)	(38)			41	
Revaluation of land and buildings							
Contribution from the Crown	11						11
Repayment of equity	(216)						(216)
Balance at 30 June 2010	4,891	8,484	747	2,269	5,996	867	23,254

The unspent mental health ring-fence portion of retained earnings decreased to \$0.198 million (30 June 2009: \$0.415 million)

Special funds

Special funds are funds donated or bequeathed for a specific purpose. The use of these assets must comply with the specific terms of the sources from which the funds were derived. The revenue and expenditure in respect of these funds is included in the Statement of Financial Performance. The transfers to and from Retained Earnings reflects these transactions. All special funds are held in a bank account that is separate from SCDHB's normal banking facilities.

	Parent Actual 2010	Parent Actual 2009
Opening Balance	826	742
Transfer from Retained Earnings in respect of:		
Funds Received		
- Interest Received	15	46
- Donations and Other	29	38
Transfer to Retained Earnings in respect of:		
- Funds spent	(3)	
Closing Balance 30 June	867	826

Notes to the Financial Statements

10. Cash and Cash Equivalents

Cash on hand and at bank
Cash equivalents - term deposits
Total cash and cash equivalents

Group		Parent	
Actual 2010	Actual 2009	Actual 2010	Actual 2009
3,722	5,555	3,694	5,468
5,300	3,245	5,000	3,000
<u>9,022</u>	<u>8,800</u>	<u>8,694</u>	<u>8,468</u>

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value. The weighted average effective interest rate for term deposits is 3.14% (2009: 6.64%). SCDHB administers certain funds on behalf of patients. These funds are held in a separate bank account and total \$16,000 (2009: \$13,000)

11. Investments

Current investments are represented by:

Term deposits
Total current portion

Non-current investments are represented by:

Equity investment - SISSAL Share Capital
Total non-current portion

Total Investments

Group		Parent	
Actual 2010	Actual 2009	Actual 2010	Actual 2009
15,000	10,000	15,000	10,000
<u>15,000</u>	<u>10,000</u>	<u>15,000</u>	<u>10,000</u>
3	3	3	3
<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<u>15,003</u>	<u>10,003</u>	<u>15,003</u>	<u>10,003</u>

There were no impairment provisions for investments.

Maturity analysis and effective interest rates of term deposits

Three term deposits have been taken for a term longer than 3 months. Two of the deposits mature on 8 June 2011 and have an effective interest rate of 5.36%. The other deposit matures on 6 December 2010 and has an effective interest rate of 4.8%. The carrying amounts of term deposits with maturities less than 12 months approximate their fair value. Short-term deposits are invested at fixed rates ranging from 3.01% to 3.87%. As these deposits are at a fixed interest rate and measured at cost, an increase or decrease in interest rates during the period would not impact the measurement of the investments and hence there would be no impact on the surplus/deficit or equity.

12. Debtors and other receivables

Trade Debtors
Less: Provision for impairment

Accrued Income
Prepayments

Total receivables & prepayments

1,693	2,137	1,787	2,134
(79)	(316)	(79)	(316)
<u>1,614</u>	<u>1,821</u>	<u>1,708</u>	<u>1,818</u>
3,367	5,954	3,362	5,954
-	-	-	-
<u>4,981</u>	<u>7,775</u>	<u>5,070</u>	<u>7,772</u>

The carrying value of receivables approximates their fair value. Trade debtors have been evaluated for impairment and, where impairment has been identified, provision has been made as shown above.

Notes to the Financial Statements

	Group		Parent	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
13. Inventories				
Pharmaceuticals	357	350	357	350
Theatre supplies	510	349	510	349
Central stores	196	213	196	213
Other supplies	72	155	72	155
Total inventories	<u>1,135</u>	<u>1,067</u>	<u>1,135</u>	<u>1,067</u>
<p>The write-down of inventories held for distribution amounted to \$72,000 (2009: \$84,000). There have been no reversals of write-downs. No inventories are pledged as security for liabilities but some inventories are subject to retention of title clauses (Romalpa clauses).</p>				
14. Creditors and other payables				
Trade creditors	3,173	1,792	3,172	1,792
Capital Charge due	224	145	224	145
Income in advance	238	554	238	554
Accrued expenses	9,839	9,012	9,839	9,012
Total Payables and Accruals	<u>13,474</u>	<u>11,503</u>	<u>13,473</u>	<u>11,503</u>
<p>Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.</p>				
15. Employee entitlements				
Current employee entitlements are represented by:				
Accrued salaries and wages	2,057	2,307	2,057	2,307
Annual leave	4,704	4,309	4,704	4,309
Maternity leave	60	88	60	88
Sick leave	86	66	86	66
Retirement gratuities	416	342	416	342
Senior doctor conference leave	90	67	90	67
Senior doctor sabbatical leave	15	13	15	13
Long service leave	206	184	206	184
Senior doctor study costs	191	160	191	160
Total current portion	<u>7,825</u>	<u>7,536</u>	<u>7,825</u>	<u>7,536</u>
Non-current employee entitlements are represented by:				
Sick leave	247	276	247	276
Retirement gratuities	2,916	2,928	2,916	2,928
Senior doctor conference leave	179	134	179	134
Senior doctor sabbatical leave	327	266	327	266
Long service leave	718	719	718	719
Senior doctor study costs	465	320	465	320
Total non-current portion	<u>4,852</u>	<u>4,643</u>	<u>4,852</u>	<u>4,643</u>
Total employee entitlements	<u>12,677</u>	<u>12,179</u>	<u>12,677</u>	<u>12,179</u>

Employee entitlements for retirement gratuities, senior doctor conference leave, senior doctor sabbatical leave, long service leave, sick leave and senior doctor study costs were actuarially revalued as at 30 June 2010 by Aon Consulting services NZ Ltd.

Notes to the Financial Statements

16. Borrowings

Current borrowings are represented by:

Secured loan - Crown Health Financing Agency (CHFA)

Total current portion

Non Current Portion

Interest rates:

Crown Health Financing Agency

Repayable as follows:

Not later than one year

Later than one, not later than two years

Later than two, not later than five years

Beyond five years

	Group		Parent	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Secured loan - Crown Health Financing Agency (CHFA)	10,000	10,000	10,000	10,000
Total current portion	10,000	10,000	10,000	10,000
Non Current Portion	-	-	-	-
Interest rates:				
Crown Health Financing Agency	3.57%	3.18%	3.57%	3.18%
Repayable as follows:				
Not later than one year	10,000	10,000	10,000	10,000
Later than one, not later than two years	-	-	-	-
Later than two, not later than five years	-	-	-	-
Beyond five years	-	-	-	-
	10,000	10,000	10,000	10,000

The CHFA term liabilities are secured by a negative pledge. Without the CHFA's prior written consent, SCDHB cannot perform the following actions:

- Security Interest: Create any security interest over its assets except in certain defined circumstances or
- Loans and Guarantees: Lend money to another person (except in the ordinary course of business and then only on commercial terms), or give a guarantee, or
- Change of Business: Make a substantial change in the nature or scope of its business as presently conducted, or
- Disposals: Dispose of any of its assets except disposals made in the course of its ordinary business or disposals for full year value.

Borrowing facilities:

SCDHB has an overdraft facility with ANZ Bank for \$1million (2009: \$1million). Additionally, undrawn facilities with CHFA total \$2.788million (2009: \$2.788million).

17. Reconciliation of Net Surplus/(Deficit) to Net Cash From Operating Activities

Net surplus/(deficit) after taxation

Add/(less) non-cash items:

Depreciation and amortisation expense

Total non cash items

Add/(less) item classified as investment activity:

Increase (decrease) in investments

Total investing activity items

Add/(less) movements in working capital items:

(Increase)/decrease in receivables and prepayments

(Increase)/decrease in inventories

Increase/(decrease) in payables and accruals

Increase/(decrease) in employee entitlements

Net working capital movement

Net cash (outflow)/inflow from operating activities

	Group		Parent	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Net surplus/(deficit) after taxation	368	2,770	468	2,753
Add/(less) non-cash items:				
Depreciation and amortisation expense	2,797	2,770	2,796	2,770
Total non cash items	2,797	2,770	2,796	2,770
Add/(less) item classified as investment activity:				
Increase (decrease) in investments	-	-	-	-
Total investing activity items	-	-	-	-
Add/(less) movements in working capital items:				
(Increase)/decrease in receivables and prepayments	2,797	(3,295)	2,702	(3,296)
(Increase)/decrease in inventories	(68)	32	(68)	32
Increase/(decrease) in payables and accruals	2,262	896	2,259	897
Increase/(decrease) in employee entitlements	206	800	209	798
Net working capital movement	5,197	(1,567)	5,102	(1,569)
Net cash (outflow)/inflow from operating activities	8,362	3,973	8,366	3,954

Notes to the Financial Statements

18. HSC Charitable Trust

SCDHB's predecessor was settlor of HSC Charitable Trust. The Board has the right to appoint one of four trustees. The trust has been consolidated into SCDHB's financial statements due to requirements of the Crown Entities Act. The Trust's financial year end has been moved to 30th June to facilitate this change. The purposes of the Trust are:

- To purchase and maintain facilities and equipment for use in the Timaru and Talbot Hospitals.
- To actively foster, promote, encourage and develop the continuing education of health professionals working at or from Timaru or Talbot Hospitals in whatever area and in whichever manner the trustees may time to time decide.
- To fund, foster, promote and encourage medical research and clinical quality assurance by health professionals at Timaru and Talbot Hospitals.

19. Related party transactions and key management personnel

South Canterbury District Health Board is a wholly owned entity of the Crown. The Government significantly influences the role of the Board as well as being its major source of revenue.

South Canterbury District Health Board enters into transactions with Government departments, state-owned enterprises and other Crown entities. Those transactions that occur within a normal supplier or client relationship on terms no more or less favourable than those which it is reasonable to expect SCDHB would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

The following transactions were carried out with related parties other than those outlined above:

Shared Support Services

South Island Shared Services Agency Limited has been set up by all South Island DHBs to provide shared support services to funder operations.

South Canterbury District Health Board paid South Island Shared Services Agency Limited \$255,000 for support with Funder operations during the period (2009 \$194,000). The balance outstanding at year end was \$123,000 (2009 Nil).

HSC Charitable Trust

During the year ended 30 June 2010 the DHB invoiced the Trust a total of \$29,200 (2009 \$4,000) for costs associated with staff and other costs and \$93,200 for donated assets.

Key Management Personnel

There have been no transactions between the members or senior management with the Board in any capacity other than that in which they are employed except as follows:

- Mr J Gilbert, ENT specialist provided locum services to SCDHB to the value of \$41,000 (2009 \$25,000). Mr J Gilbert is also a committee member of the Bidwill Hospital Board. Bidwill Hospital provides services to the SCDHB to the value of \$97,568 during the year. (2009 \$591,311). Mr Gilbert is a spouse of a Board member, Jan Gilbert.
- Presbyterian Support South Canterbury Inc provide aged care, home support, meals on wheels and other services to the SCDHB to the value of \$5.7 million (2009 \$5.4million). Nicola Hornsey is a board member of Presbyterian Support.
- Riche Smith is a director of Klondyke Fresh Limited which supplied milk to SCDHB to the value of \$45,000 during the year (2009 \$28,000).
- Warwick Isaacs is the CEO of Timaru District Council. During the year SCDHB paid Timaru District Council for rates and other municipal services to the value of \$162,000 (2009 not on Board).

No provision has been required, nor any expense recognised for impairment of receivables from related parties (2009 nil).

Key Management Personnel Compensation

Salaries and other short-term employee benefits	1,397	1,148
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Total key management personnel compensation	1,397	1,148

	Actual 2010	Actual 2009
Salaries and other short-term employee benefits	1,397	1,148
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Total key management personnel compensation	1,397	1,148

Notes to the Financial Statements

20. Board Member Remuneration and Committee Member Payments

21. Employee Remuneration

EMPLOYEE REMUNERATION

Range	Actual 2009	Actual 2010*
\$460,001 - \$470,000		1
\$450,001 - \$460,000		
\$440,001 - \$450,000		
\$430,001 - \$440,000		
\$420,001 - \$430,000		
\$410,001 - \$420,000		1
\$400,001 - \$410,000		1
\$390,001 - \$400,000		
\$380,001 - \$390,000		
\$370,001 - \$380,000		
\$360,001 - \$370,000		
\$350,001 - \$360,000		
\$340,001 - \$350,000		
\$330,001 - \$340,000		1
\$320,001 - \$330,000		2
\$310,001 - \$320,000		2
\$300,001 - \$310,000	1	
\$290,001 - \$300,000	2	2
\$280,001 - \$290,000	2	1
\$270,001 - \$280,000	1	3
\$260,001 - \$270,000	1	1
\$250,001 - \$260,000	7	
\$240,001 - \$250,000	2	2
\$230,001 - \$240,000	3	1
\$220,001 - \$230,000	1	3
\$210,001 - \$220,000	3	3
\$200,001 - \$210,000	3	1
\$190,001 - \$200,000	1	1
\$180,001 - \$190,000	1	1
\$170,001 - \$180,000	3	1
\$160,001 - \$170,000		2
\$150,001 - \$160,000	2	
\$140,001 - \$150,000	2	
\$130,001 - \$140,000	1	4
\$120,001 - \$130,000	2	3
\$110,001 - \$120,000	6	9
\$100,001 - \$110,000	5	8
TOTAL	49	54
Clinical staff	35	39
Management & Other Staff	14	15

* Employee remuneration figures for 2010 have been impacted by some senior doctor job sizing during the year. Based on commitments given in 2007, backpay of up to two years was paid to those where job sizing was completed. This has resulted in a number of people earning in excess of \$310,000 in 2010, and will return to normal next year. The current Chief Executive's salary is in the \$290,001 to \$300,000 range.

Member Liability Insurance

SCDHB has effected Directors and Officers Liability, General Liability, Employers Liability and Professional Indemnity insurance cover during the financial year, in respect of the liability or costs of board members and employees.

Termination Payments

During the year ended 30 June 2010, eight employees (2009:0) received compensation and other benefits in relation to the cessation of their employment. The individual amounts were \$7,995, \$6,213, \$12,190, \$10,783, \$11,250, \$8,414, \$11,450 and \$5,236. No board members received compensation or other benefits in relation to cessation of employment (2009: 0).

BOARD MEMBERS PAYMENTS & ATTENDANCE

Member	Fees Paid	Attendance ¹
Neil Anderson	\$15,999	11
Peter Binns	\$15,999	10
Joe Butterfield (chair to Dec 09)	\$13,333	6
Murray Cleverley (chair from Jan10)	\$24,000	12
Jan Gilbert	\$15,999	11
Quentin Hix	\$7,999	5
Nicola Hornsey	\$14,666	10
Warwick Isaacs	\$2,888	3
Terry Kennedy	\$15,999	12
Ron Luxton (deputy chair)	\$20,000	11
Fiona Pimm	\$15,999	10
Richie Smith	0 ²	2
Ngairie Whytock	\$14,666	12
TOTAL	\$177,547	

¹ The board met 12 times in 2009/10. Warwick Isaacs and Richie Smith joined the Board in April, 2010. Joe Butterfield and Quentin Hix left the Board in December, 2009.

²Richie Smith did not receive payment until the 2010/11 year.

COMMITTEE MEMBER PAYMENTS

Member	Fees Paid
Neil Anderson	\$3,500
Peter Bell	\$1,000
Peter Binns	\$2,250
Joe Butterfield	\$ 500
Murray Cleverley	\$1,250
Suzanne Eddington	\$2,000
Jan Gilbert	\$2,250
Quentin Hix	\$1,250
Frances Home	\$ 500
Nicola Hornsey	\$ 500
Warwick Isaacs	\$ 250
Terry Kennedy	\$2,750
William Kora	\$ 750
Trevor Linyard	\$1,250
Ron Luxton	\$3,125
Christine Miller	\$1,250
Graeme Nind	\$ 750
Sharyn Nolan	\$ 250
Fiona Pimm	\$2,125
Karen Smith	\$ 750
Rene Templeton	\$1,000
Koriana Waller	\$1,000
Ngairie Whytock	\$1,563
John Wilson	\$ 500
Kathleen Wright	\$ 500
TOTAL	\$32,813

Notes to the Financial Statements

22. Financial Instrument Risks

South Canterbury District Health Board is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable, trade creditors and loans. The Board has a series of policies providing risk management for interest rates, operating and capital expenditures denominated in a foreign currency, and the concentration of credit. The Board is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions which are speculative in nature to be entered into.

Market Risk

The interest rates on SCDHB's cash and investments are disclosed in notes 10 and 11. Interest rates on borrowings are disclosed in note 16.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. SCDHB's exposure to fair value interest rate risk is limited to its bank deposits and borrowings which are held at fixed rates of interest.

Cash Flow interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of a change in market interest rates. Investments and borrowings issued at variable interest rates expose SCDHB to cash flow interest rate risk. SCDHB's treasury policy requires a spread of investment and borrowing maturity dates and a limit on variable rate percentages of total investments or borrowings. SCDHB currently has no variable interest rate investments or borrowings. SCDHB's treasury policy is conservative and as such tends not to adopt a view as to interest rate outlook. Interest rate derivatives are thus not used to manage interest rate risk.

Sensitivity Analysis

As at 30 June 2010, if the 90 day bank bill rate had been 50 basis points higher or lower, with all other variables held constant, the surplus for the year would have been \$43,000 (2009 \$44,000) higher or lower. This movement is attributable to increased or decreased interest revenue on short term bank deposits. Borrowings and longer term deposits are at fixed rates. The sensitivity is higher in 2010 than 2009 because of increased cash available for short term investment.

Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. SCDHB's Treasury policy allows for exchange hedging. However, there were no foreign currency forward exchange contracts (or option agreements) in place as at 30 June 2010 (30 June 2009 Nil), nor were any hedged transactions undertaken during the course of the last two financial years..

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the board, causing the board to incur a loss. Financial instruments which potentially subject the Board to concentrations of risk consist principally of cash and short term investments, and trade receivables. The maximum exposure to credit risk exposure for each class of financial instrument is as follows:

	Group		Parent	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Cash at bank and term deposits	24,906	19,640	24,577	19,307
Debtors and Other Receivables	4,981	7,775	5,070	7,772
	<u>29,887</u>	<u>27,415</u>	<u>29,647</u>	<u>27,079</u>

The Board invests in high quality financial institutions, local and government stock and limits the amount of credit exposure to any one financial institution. Accordingly, the Board does not require any collateral or security to support financial instruments with organisations it deals with.

Concentration of credit risk with respect to accounts receivable are high due to the reliance on the Ministry of Health for 95% (2009: 95%) of South Canterbury District Health Board's revenue. However the Ministry of Health is a high credit quality entity, being the Government-funded purchaser of health and disability support services.

Notes to the Financial Statements

Credit Quality of Financial Assets:

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

	Group		Parent	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Counterparties with Credit Ratings				
Cash at bank and term deposits				
AA rating	24,906	19,640	24,577	19,307
Total cash at bank and term deposits	24,906	19,640	24,577	19,307

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

	Receivables	Gross	Receivables	Gross
	2010	Impairment 2010	2009	Impairment 2009
Trade receivables				
Not past due	1,065	-	542	-
Past due 0-30 days	495	-	126	-
Past due 31-120 days	132	79	343	32
Past due 121-365 days	-	-	1,126	284
Past due more than 1 year	-	-	-	-
Total	1,693	79	2,137	316

All impairments stated above have been calculated on individual accounts. No collective impairments have been included.

Liquidity Risk

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

Contractual maturity analysis of financial liabilities	Group				Parent			
	Carrying Amount	Contractual Cashflow	Less than one year	More than one year	Carrying Amount	Contractual Cashflow	Less than one year	More than one year
Creditors and other payables	13,474	13,474	13,474	-	13,473	13,473	13,473	-
Employee Entitlements	12,677	12,677	7,825	4,852	12,677	12,677	7,825	4,852
Patient Trust Funds	16	16	16	-	16	16	16	-
Borrowings - CHFA	10,000	10,000	10,000	-	10,000	10,000	10,000	-
Total	36,167	36,167	31,315	4,852	36,166	36,166	31,314	4,852
2009								
Creditors and other payables	11,503	11,503	11,503	-	11,503	11,503	11,503	-
Employee Entitlements	12,179	12,179	7,536	4,643	12,179	12,179	7,536	4,643
Patient Trust Funds	13	13	13	-	13	13	13	-
Borrowings - CHFA	10,000	10,000	10,000	-	10,000	10,000	10,000	-
Total	33,695	33,695	29,052	4,643	33,695	33,695	29,052	4,643

Notes to the Financial Statements

Classification and fair values

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

	Note	Group				Parent			
		Amortised Cost	Available for sale	Carrying amount actual	Fair Value actual	Amortised Cost	Available for sale	Carrying amount actual	Fair Value actual
2010									
Financial Assets									
Cash and cash equivalents	10	9,022		9,022	9,022	8,694		8,694	8,694
Term Deposits >3 <12 months	11	15,000		15,000	15,000	15,000		15,000	15,000
Trade and other receivables	12	4,981		4,981	4,981	5,070		5,070	5,070
Equity investments	11	-	3	3	3	-	3	3	3
		29,003	3	29,006	29,006	28,764	3	28,767	28,767
Financial Liabilities									
Trade and other payables	14	13,474		13,474	13,474	13,473		13,473	13,473
Employee Entitlements	15	12,677		12,677	12,677	12,677		12,677	12,677
Patient Trust Funds	10	16		16	16	16		16	16
Loan from CHFA	16	10,000		10,000	10,000	10,000		10,000	10,000
		36,167	0	36,167	36,167	36,166	0	36,166	36,166
2009									
Financial Assets									
Cash and cash equivalents	10	8,800		8,800	8,800	8,468		8,468	8,468
Term Deposits >3 <12 months	11	10,000		10,000	10,000	10,000		10,000	10,000
Trade and other receivables	12	7,775		7,775	7,775	7,772		7,772	7,772
Equity investments	11	-	3	3	3	-	3	3	3
		26,575	3	26,578	26,578	26,240	3	26,243	26,243
Financial Liabilities									
Trade and other payables	14	11,503		11,503	11,503	11,503		11,503	11,503
Employee Entitlements	15	12,179		12,179	12,179	12,179		12,179	12,179
Patient Trust Funds	10	13		13	13	13		13	13
Loan from CHFA	16	10,000		10,000	10,000	10,000		10,000	10,000
		33,695	0	33,695	33,695	33,695	0	33,695	33,695

23. Capital Management

SCDHB's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets. SCDHB is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives. SCDHB manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure SCDHB effectively achieves its objectives and purpose, whilst remaining a going concern.

24. Post Balance Date Events

There have been no significant post balance date events of which the Board is aware.

25. Explanation of Significant Variances Against Budget

Explanations for significant variations from SCDHB's budgeted figures in the Statement of Intent are as follows:

Total revenue was more than budgeted by \$0.3m. Revenue from health services was \$0.3m less than budget but this was offset by finance income received \$0.4m greater than budget.

Employee benefit costs were less than budgeted by \$0.8m but conversely outsourced personnel costs were \$0.6m greater (net \$0.2m less).

Infrastructure and non-clinical expenses were \$0.8m higher than budget due to a general escalation of costs over a wide range of services.

Payments to non DHB health providers were \$3.4m less than budget due to lower demand for some services.

Inter District outflows were \$1.8m greater than budget due to patient demand for tertiary level care.

Statutory Information

Shares or Interest Held

South Island Shared Service Agency Limited (SISSAL) 60 fully paid ordinary shares, 6% interest held.

Donations

No donations were made.

Capital Invested \$2,894,000

Partnerships, Joint Ventures or Other Involvements None

Statutory Information

GOOD EMPLOYER

Leadership, Accountability and Culture : Leadership, particularly clinical leadership, is a key component to provide oversight and to contribute to positive patient outcomes. SCDHB has established a Clinical Council to take on the important oversight of clinical practices and standards. The organisation is also following a structured approach to develop current and future clinical leaders.

All controlled documents - policies, protocols, procedures and guidelines, are required to be prepared in a standardised format, reflecting best practice, are reviewed regularly and are appropriately consulted on.

Recruitment, Selection and Induction : SCDHB considers strategies to support the attraction and retention of staff as a priority. We also support the development of regional and national relationships to improve recruitment efforts and establish an employer brand.

We value the contribution a diverse workforce with different skills, experiences and perspectives can make and this is reflected in our approach to recruitment and the work environment we provide.

Safe and Healthy Environment: SCDHB aims to maintain a safe and healthy environment and therefore participates in the ACC Workplace Safety Management Practices Programme, achieving tertiary level status in 2009.

SCDHB embarked on a number of staff wellness initiative including the offer of subsidised gym membership, access to swimming pools and various other free or low cost physical activities. Free health checks and online access to health reports and health and wellness topics are planned for the immediate future.

The organisation does not tolerate any form of harassment or workplace bullying and ensures all staff are aware of policies and procedures to deal with such a situation. This includes discussions with new employees at orientation, information and the training of managers to facilitate early intervention.

Remuneration and Recognition: SCDHB endeavours to remunerate all staff fairly and consistently, linking it to the principles of performance, employee competency development and organisation affordability.

Employee Development: Our performance review process provides a means for two-way communication whereby all employees review their performance, progress, career development and gain clear direction for the future. Managers are committed to the ongoing process of coaching, constructive feedback and formal appraisals which are linked to organisation goals and enable our organisation to move forward and grow.

Flexibility and work design: SCDHB has a formal request process based on the Act for employees with caring responsibilities but other individual requests for flexibility are considered on a case by case basis. Currently 32% of staff are full-time employees, 44% are part-time and 24% are casual.

WORKFORCE AT JULY 1, 2010

Staff Ethnicity	Number
African	7
American	2
Asian (unidentified)	1
Other (Asian)	7
Filipino	5
Australian	2
British/Irish	35
Chinese	2
Cook Island	2
Tongan	1
Other Pacific Island	1
Dutch	1
German	1
Indian	5
Middle Eastern	3
South East Asian	4
Sri Lankan	2
European	64
Other (European)	40
NZ European	592
NZ Maori	39
Other	20
Not Available	122
Object	5
TOTAL	963

Staff Mix by Gender	Number	Percentage
Female	817	85
Male	146	15
TOTAL	963	100

Staff Mix by Hours of Work (FTE)	Percentage
Casual/Pool	24
Less than 0.25FTE	2
0.25 to 0.49 FTE	7
0.5 to 0.74 FTE	18
0.75 to 0.99 FTE	17
1 FTE	32

Staff Mix by Average Age	Age
Administration/Management	48.4
Allied Health	47.1
Medical	43.3
Nursing	46.3
Support Personnel	44.8

Statement of Service Performance

As a Crown entity, South Canterbury District Health Board is required to report annually on its service performance. Outlined on the following pages are the Board's achievements against the service performance measures described in its Statement of Intent for 2009/10. The measures are aligned to the Board's key strategic objectives, which are:

- Reduce inequalities in health status.
- Reduce the burden of chronic disease.
- Increase the number of people with healthy lifestyles, in order to reduce the incidence of disease.
- Improve/increase primary and population health services.
- Maintain the range and volume of hospital and related services.
- Assure the quality of services SCDHB funds and provides.
- Maintain financial viability.

The following service performance measures include national measures, which are consistent across DHBs and reflect the Minister's priorities for 2009/10, together with local measures and targets.

CHILDHOOD IMMUNISATION

LONG TERM OBJECTIVE	INDICATOR	ACHIEVEMENT (AND LAST YEARS RESULT)
95% of two-year-old children will be fully immunised.	Target for 2009/10: 1. 92% of Maori children fully immunised at age two.	1. Not Achieved - 85% (7% of children have had immunisations declined or have opted off the National Immunisation Register. Parents of remaining 4 children still being followed up). Last Year - 89%
	2. 92% of total children fully immunised at age two.	2. Achieved - 92% Last Year - 89%

BREASTFEEDING

LONG TERM OBJECTIVE	INDICATOR	ACHIEVEMENT (Data comes from 2009 calendar year)
Increase the percentage of mothers who are breastfeeding their babies at six months	Target for 2009/10: 1. 71% of babies fully breastfed at six weeks.	1. Not Achieved - 68% 2008 Year - 68%
	2. 55% of babies fully breastfed at three months.	2. Not Achieved - 54% 2008 Year - 53%
	3. 27% of babies fully breastfed at six months.	3. Not Achieved - 26% 2008 Year - 25%

Statement of Service Performance

SMOKING

LONG TERM OBJECTIVE	INDICATOR	ACHIEVEMENT*
Reduce the incidence and impact of smoking on health in South Canterbury.	Target for 2009/10:	
	1. Smoking rate of total population 20.2% 2. Smoking rate of Maori population 40% 3. Proportion of "never smokers" among Year 10 students 62.8%	1. No updated data on district smoking rates is available. 2. No updated data on district smoking rates is available. 3. Achieved - 64.9%
	Smoking Health Target 80% of hospitalised smokers will be provided with advice to quit by July 2010.	Partially Achieved - 93% for month of June, 2010. Fourth quarter result - 75% (Although the target was introduced in July 2009, the DHB's data collection process was not properly established until 2010. Progress from quarter to quarter has been significant (from Q1 to Q4: 10%, 17%, 38%, 75%) and up to 93% in the month of June

*No comparable data is provided because the measurement has changed since the last report.

DIABETES

LONG TERM OBJECTIVE	INDICATOR	ACHIEVEMENT (AND LAST YEARS RESULT)
An increased number of people with diagnosed diabetes will access free annual checks, and an increased percentage of those people will have good diabetes management.	Target for 2009/10:	
	1. Diabetes patients accessing free annual checks. a. Maori 55% b. Other 66% c. Total 65%	1. Diabetes patients accessing free annual checks* a. Maori 52.7% Not Achieved b. Other 63.4% Not Achieved c. Total 62.35% Not Achieved Last year a. Maori 53% b. Other 72% c. Total 71%
	2. People diagnosed with diabetes accessing free annual checks with good diabetes management. i.e. HBZ1c 8% or less. a. Maori 75% b. Other 83% c. Total 83%	2. People diagnosed with diabetes accessing free annual checks with good diabetes management. Maori 71.6% Not Achieved Other 83.2% Achieved Total 82.7% Partially Achieved Last year a. Maori 67% b. Other 82% c. Total 81%

*While not reaching the annual targets for 2009/10 there is significant year on year improvement in the actual number of diabetes checks completed in South Canterbury. For Maori there were an additional seven checks in 2009/10, above what was performed in 2008/09, and for the total population an additional 80 checks.

Statement of Service Performance

ELECTIVE SURGERY

LONG TERM OBJECTIVES	INDICATOR	ACHIEVEMENT
Elective surgical outputs will be delivered as agreed with the Minister of Health, and the provider arm will meet all Elective Service Performance Indicator (ESPI) requirements.	Target for 2009/10:	
	1. Number of elective surgical discharges 2,283	1. Achieved Number of elective surgical discharges 2,611
	2. ESPI requirements are met 100%	2. Not Achieved Orthopaedic ESPI 5 was non-compliant from January, 2010. At the whole DHB level, ESPI 5 was non-compliant in April. Orthopaedic ESPI 7 was non-compliant from January, 2010.

AMBULATORY SENSITIVE HOSPITALISATIONS/AVOIDABLE ADMISSIONS

LONG TERM OBJECTIVE	INDICATORS	ACHIEVEMENT(AND LAST YEARS RESULTS)
Reduce the rate of admissions that are avoidable or preventable by primary health care, in age groups where admissions in South Canterbury are higher than the standardised national average.	Targets for 2009/10:	
	1. Reduce and maintain ambulatory sensitive (avoidable) admission rates in South Canterbury for Maori and all other population groups at less than 95% of the national standardised discharge rates for the following age groups:	
	Age 0-74 Maori - Less than 95 Other - Less than 117	Age 0-74 Maori - 78.5 Achieved Other - 116.6 Achieved Last Year Maori - 107.7 Other - 119.4
	Age 0-4 Maori - Less than 110 Other - Less than 105	Age 0-4 Maori - 61.4 Achieved Other - 96 Achieved Last Year Maori - 120.2 Other - 101.5
	Age 45-64 Maori - Less than 95 Other - Less than 122	Age 45-64 Maori - 79.8 Achieved Other - 123.2 Not Achieved Last Year Maori - 81.3 Other - 125.9

Statement of Service Performance

PRIMARY CARE PRESENTATIONS AT EMERGENCY DEPARTMENT

LONG TERM OBJECTIVES	INDICATOR	ACHIEVEMENT*
Provision of timely emergency services for all presentations at the DHB's Emergency Department	Target for 2009/10:	
	1. 100% of people presenting at ED receive treatment within six hours of presentation.	1. Not Achieved 96%
Appropriate use of the emergency department through the effective use of primary care.	2. 25% reduction in the number of triage 4 and 5 presentations over 2008/09.	2. Achieved Monthly average, triage 4 and 5 presentations, Nov 08 to Apr 09: 1018 Monthly average, triage 4 and 5 presentations, Nov 09 to Apr 10: 753 The equals a reduction of 27%

*No comparable data is provided because the measurement has changed since the last report.

GENERAL MEDICAL ADMISSIONS

LONG TERM OBJECTIVE	INDICATORS	ACHIEVEMENTS (AND LAST YEARS RESULTS)
A reduction in the number of general medical admissions to hospital.	Targets for 2009/10:	
	1. Reduce and maintain ambulatory sensitive (avoidable) admission rates in South Canterbury for Maori and all other population groups at less than 95% of the national standardised discharge rates for the following age groups:	
	Age 0-74 Maori - Less than 95 Other - Less than 117	Age 0-74 Maori - 78.5 Achieved Other - 116.6 Achieved Last Year Maori - 107.7 Other - 119.4
	Age 0-4 Maori - Less than 110 Other - Less than 105	Age 0-4 Maori - 61.4 Achieved Other - 96 Achieved Last Year Maori - 120.2 Other - 101.5
	Age 45-64 Maori - Less than 95 Other - Less than 122	Age 45-64 Maori - 79.8 Achieved Other - 123.2 Not Achieved Last Year Maori - 81.3 Other - 125.9

Statement of Service Performance

OLDER PEOPLE ARE SUPPORTED TO REMAIN IN THEIR OWN HOMES

LONG TERM OBJECTIVE	INDICATOR	ACHIEVEMENT*
Older people are supported to remain in their own homes.	Target for 2009/10: The number of patients assessed with non complex, and complex (significant needs and critical needs) who are assisted to remain in their own homes with individual packages of support services is 1,300.	Achieved 1,300 or more patients were assisted to remain in their own homes with individual packages of support services.

*No comparable data is provided because the measurement has changed since the last report.

HOSPITAL BENCHMARK INFORMATION INDICATORS

LONG TERM OBJECTIVE	INDICATOR	ACHIEVEMENT (AND LAST YEARS RESULT)
The provider arm demonstrates high all-round performance.	Target for 2009/10: Ranking is within the top third of all DHBs.	Achieved SCDHB was in the top third of all DHBs with 11 out of 17 HBI indicators (See page 37 for details) Last Year: SCDHB was in the top third of all DHBs with 12 out of 16 HBI indicators.

FINANCIAL PERFORMANCE

LONG TERM OBJECTIVE	INDICATOR	ACHIEVEMENT (AND LAST YEARS RESULT)
Achieve financial break-even or better (with planned and actual deficits in any one or more years being acceptable to offset any prior accumulated surpluses).	Target for 2009/10: Financial break-even or better.	Achieved Audited year-end financial result is within plan (or is materially close to plan). See page 36. Last Year: A \$2.75 million surplus was achieved, compared to a budgeted \$385,000 deficit.

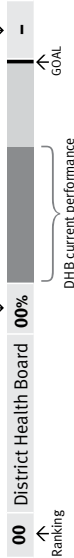
Health Target Results from Ministry of Health

Your District Health Board

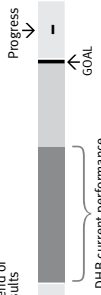
2009/10 END OF YEAR RESULTS



How to read the graphs



2009/10 end of year results



DHB current performance

2009/10 end of year results



Progress against plan (discharges)



Shorter stays in Emergency Departments

The target is 95 percent of patients will be admitted, discharged, or transferred from an Emergency Department (ED) within six hours. The target is a measure of the efficiency of flow of acute (urgent) patients through public hospitals, and home again. To achieve this target with good, sustainable improvements is expected to take up to two years for many hospitals.



Improved access to elective surgery

The target is an increase in the volume of elective surgery by an average of 4000 discharges per year.
 * *DHBs planned to deliver 131,748 discharges and have delivered 662,8 discharges more. This is an increase of 8562 discharges above 2008/09.*



Shorter waits for cancer treatment radiotherapy

The target is everyone needing radiation treatment will have this within six weeks of their first specialist assessment by the end of July 2010 and within four weeks by December 2010. Six regional oncology centres provide radiation oncology services. These centres are in Auckland, Hamilton, Palmerston North, Wellington, Christchurch and Dunedin.

Ranking	2009/10 end of year results	2009/10 end of year results	Progress from quarter one
1	West Coast	100%	▲
2	Nelson Marlborough	98%	▲
3	Wairarapa	97%	▲
4	Counties Manukau	97%	▲
5	South Canterbury	97%	▲
6	Whanganui	94%	▲
7	Taranaki	93%	▲
8	Hawke's Bay	93%	▲
9	Tairāwhiti	92%	▲
10	Canterbury	92%	▲
11	Lakes	88%	▲
12	Hutt Valley	87%	▲
13	Northland	86%	▲
14	Southland	85%	▲
15	Bay of Plenty	84%	▲
16	MidCentral	84%	▲
17	Waikato	83%	▲
18	Auckland	80%	▲
19	Capital & Coast	80%	▲
20	Waitemata	74%	▲
21	Otago	74%	▲
All DHBs	87%	▲	



Increased immunisation

The national immunisation target is for 85 percent of two-year olds* to be fully immunised by July 2010; 90 percent by July 2011; and 95 percent by July 2012.

* This result includes children who turned two years between April and June 2010 and who were fully immunised at that stage.

Ranking	2009/10 end of year results	Progress from quarter one
1	Southland	95%
2	Wairarapa	94%
3	Otago	93%
4	Hawke's Bay	92%
5	Hutt Valley	91%
6	South Canterbury	91%
7	Canterbury	91%
8	Capital & Coast	89%
9	MidCentral	89%
10	Nelson Marlborough	89%
11	Waitemata	87%
12	Auckland	87%
13	Whanganui	87%
14	Lakes	87%
15	Counties Manukau	86%
16	Waikato	86%
17	West Coast	85%
18	Tairāwhiti	85%
19	Taranaki	85%
20	Northland	77%
21	Bay of Plenty	76%
All DHBs	87%	



Better help for smokers to quit

The target is that 80 percent of hospitalised smokers will be provided with advice and help to quit by July 2010; 90 percent by July 2011; and 95 percent by July 2012. The data covers patients presenting to Emergency Departments, day stay and other hospital based interventions.

Ranking	2009/10 end of year results	Progress from quarter one
1	Wairarapa	87%
2	Hutt Valley	83%
3	Hawke's Bay	75%
4	South Canterbury	75%
5	Tairāwhiti	64%
6	Southland	62%
7	Waikato	62%
8	Counties Manukau	59%
9	Waitemata	57%
10	Canterbury	57%
11	Lakes	57%
12	West Coast	57%
13	Northland	55%
14	MidCentral	53%
15	Otago	52%
16	Nelson Marlborough	52%
17	Bay of Plenty	51%
18	Auckland	49%
19	Capital & Coast	46%
20	Whanganui	42%
21	Taranaki	40%
All DHBs	57%	



Better diabetes and cardiovascular services

This graph represents the average progress made by a DHB towards three target indicators: (a) an increased percent of the eligible adult population will have had their cardiovascular disease risk assessed in the last five years; (b) an increased percent of people with diabetes will attend free annual checks; (c) an increased percent of people with diabetes will have satisfactory or better diabetes management.

Ranking	2009/10 end of year results	Progress from quarter one
1	Wairarapa	75%
2	MidCentral	74%
3	Taranaki	74%
4	Hutt Valley	72%
5	Hawke's Bay	71%
6	Whanganui	70%
7	Northland	70%
8	Capital & Coast	69%
9	South Canterbury	69%
10	Counties Manukau	69%
11	Southland	69%
12	West Coast	69%
13	Otago	69%
14	Waitemata	68%
15	Lakes	67%
16	Waikato	66%
17	Nelson Marlborough	66%
18	Auckland	65%
19	Tairāwhiti	65%
20	Canterbury	64%
21	Bay of Plenty	64%
All DHBs	68%	

This information should be read in conjunction with the details on the website www.moh.govt.nz/healthtargets

New Zealand Government

Cost of Services

SUMMARY OF REVENUE AND EXPENSES BY OUTPUT CLASS

IN THOUSANDS OF NEW ZEALAND DOLLARS

	Hospital		Primary and Community		Public Health		Support		Total DHB	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenue	83,790	83,885	48,979	47,454	1,783	1,917	26,839	28,140	161,391	161,396
IDF Inflow	2,208	1,985	1,141	1,052			917	856	4,266	3,893
Total Revenue	85,998	85,870	50,120	48,506	1,783	1,917	27,756	28,996	165,657	165,289
NGO	1,556	1,436	36,696	37,834	629	818	21,113	23,412	59,994	63,500
IDF Outflow	17,919	16,315	3,834	3,626			291	202	22,044	20,143
Provider Arm	67,616	66,771	6,261	6,258	998	1,068	5,371	5,303	80,246	79,400
Governance	1,555	1,348	840	788	29	31	481	493	2,905	2,660
Total Expenditure	88,646	85,870	47,631	48,506	1,656	1,917	27,256	29,410	165,189	165,703
Profit/(Loss)	(2,648)	-	2,489	-	127	-	500	(414)	468	(414)

Output Classes:

Hospital Services comprise services that are delivered by the secondary provider using public funds.

Primary and Community Services comprise services that are delivered by a range of health and allied health professionals in various private, not for profit and government service settings including general practice, community and Maori health services, pharmacy services, community pharmaceuticals (the Schedule) and child and adolescent oral health and dental services.

Public Health Services are publically funded services that protect and promote health in the whole population or identifiable sub-populations.

Support Services comprise services that are delivered following a needs assessment process and coordination input by NASC for a range of services including palliative care, home based support services and residential care services.

Hospital Benchmarking Information

To assure an overall high level of Provider Arm performance, South Canterbury District Health Board's goal is to rank in the top third (i.e. top seven) of district health boards on the Ministry of Health's Hospital Benchmarking Information (HBI) indicators, except for the four financial indicators where the goal is to meet internal targets.

South Canterbury District Health Board was among the top seven district health boards on 11 out of 17 HBI indicators (2008/09 12 of 16).

The table below shows how South Canterbury District Health Board's average score for the year ranks against the same for New Zealand's 19 other district health boards.

INDICATOR	2009/2010			2008/09	
	Achieved	Average Score	Ranking	Average Score	Ranking
Organisational Health					
Staff Turnover (<i>number of staff resigned ÷ total number of staff</i>)	Yes	1.86%	3	2.08%	3
Sick Leave (<i>% of work time taken as sick leave</i>)	No	2.7%	8 #	2.9%	NA
Staff Work Injuries (<i>per 1 million hours</i>)	No	9.86	13	19.22	21
Quality and Patient Satisfaction					
Overall Patient Satisfaction	Yes	91.3%	3	90.4%	5
Hospital-acquired Blood Stream Infections (<i>rate per 1000 bed days</i>)	Yes	0.003	4	0.003	3=
Emergency Department triaged times:					
Triage Level 1 (<i>patient seen immediately</i>)	Yes	100%	1=	100%	1
Triage Level 2 (<i>patient seen within 10 minutes</i>)	Yes	82%	7	84%	5
Triage Level 3 (<i>patient seen within 30 minutes</i>)	Yes	81%	5	78%	5
Acute Readmissions* (<i>within 7 days of discharge per 1000 patients</i>)	No	64.2	14	57.1	9
Process and Efficiency					
Casemix Adjusted Average Length of Stay (ALOS)* (<i>% variance from NZ average</i>)	No	4.0%	18	-0.4%	14
Casemix Adjusted Elective Daycase Procedures* (<i>% variance from NZ average</i>)	Yes	9.9%	3	12.2%	2
Casemix Adjusted Day of Surgery Admissions (DOSAs)* (<i>% variance from NZ average</i>)	Yes	11.2%	2	15.2%	1
Did Not Attend (DNAs)* (<i>% patients not attending specialist clinic appointment</i>)	Yes	3.4%	1	3.3%	1
Financial					
Revenue to Fixed Assets Ratio*	Yes	2.7	1 #	2.6	1
Staff Cost Ratio (\$1000 per FTE)	No	79.7	8 #	77.1	6
Capital Expenditure to Depreciation	No	1.03	8 #	0.47	2
Debt to Debt+Equity	Yes	29.7	6	31.2	8

* Data provided to the Ministry of Health for use in compiling the Hospital Benchmarking Information (HBI) has not been audited.

One or two DHBs had not provided results for this indicator at the time the report was compiled, so are not accounted for in the overall ranking.

Audit Report

To the readers of South Canterbury District Health Board and group's financial statements and statement of service performance for the year ended 30 June 2010

The Auditor-General is the auditor of South Canterbury District Health Board (the Health Board) and group. The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Health Board and group for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Health Board and group on pages 6 to 28:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Health Board and group's financial position as at 30 June 2010; and
 - the results of operations and cash flows for the year ended on that date.
- The statement of service performance of the Health Board and group on pages 30 to 37:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the expected revenues and proposed output expenses included in the statement of forecast service performance at the start of the financial year.

The audit was completed on 29 October 2010, and is the date at which our opinion is expressed. The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of opinion

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

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

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

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

Audit procedures generally include:

Audit Report

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

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

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

Responsibilities of the Board and the Auditor

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

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

Independence

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

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



Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



High Street, Private Bag 911, Timaru, New Zealand
TELEPHONE: 03 687 2100 FACSIMILE: 03 688 0238
EMAIL: ceo@timhosp.co.nz WEB: www.scdhb.health.nz

