Southern District Health Board

2011
ANNUAL REPORT

DIRECTORY

Current Board Members

Joe Butterfield	Chairman (appointed December 2010)
Paul Menzies	Deputy Chairman
Neville Cook	
Sandra Cook	(appointed August 2011)
Kaye Crowther QSO	
Mary Flannery	(term commenced Dec 2010)
Malcolm Macpherson	
Tahu Potiki	
Branko Sijnja	
Richard Thomson	
Tim Ward	

Stuart McLauchlan Crown Monitor
(Reappointed on 6 Dec 2010 to 31 Dec 2011)

Former Board Members

Helen Algar	(term completed Dec 2010)
Peter Barron	(term completed Dec 2010)
Sajan Bhatia	(term completed Dec 2010)
Louise Carr	(term completed Dec 2010)
Karen Goffe	(term completed Dec 2010)
Susie Johnstone	(term completed Dec 2010)
Fiona McArthur	(term completed Dec 2010)
Judith Medlicott	(term completed Dec 2010)
Errol Millar	(term completed Dec 2010)
Katie O'Connor	(term completed Dec 2010)
Louise Rosson	(term completed Dec 2010)
Dot Wilson	(term completed Dec 2010)

The Current Board Membership of the Committees is as follows:

Hospital Advisory Committee

Paul Menzies	Chairman
Neville Cook	
Malcolm Macpherson	
Branko Sijnja	
Richard Thomson	
Tim Ward	

Iwi Governance Committee

Paul Menzies
Tahu Potiki

Community and Public Health Advisory Committee & Disability Support Advisory Committee (Joint Meetings)

Malcolm Macpherson	Chairman
Neville Cook	
Kaye Crowther QSO	
Mary Flannery	

Audit and Risk Committee

Tim Ward	Chairman
Joe Butterfield	
Mary Flannery	
Paul Menzies	

Clinical Advisory Committee

Branko Sijnja Chairman
Richard Bunton – Chief Medical Officer, Otago
Michael Furlong – Elected Member, Senior Medical Staff, Otago
Charles Luecker – Chair of Senior Medical Staff, Southland
Lynda McCutcheon – Director of Allied Health, Otago
Roland Meyer – Elected Member, Senior Medical Staff, Southland
David Perez – Chair of General Medical Staff, Otago
Andre van Rij – Representative, School of Medicine, University of Otago
Leanne Samuel – Chief Nursing & Midwifery Officer
David Tulloch – Chief Medical Officer, Southland

Acting Chief Executive Officer

Lexie O'Shea

Executive Management Team

Brian Rousseau	Chief Executive Officer (Until 16th September 2011)
John Adams	Dean – Dunedin School of Medicine
Vivian Blake	Chief Operating Officer (Otago)
Richard Bunton	Chief Medical Officer (Otago)
Alan Clarke	Acting General Manager Human Resources
Donovan Clarke	Kaiwhakahaere Hauora Māori (General Manager, Māori Health)
Ian Macara	Chief Executive Officer, Southern Primary Health Organisation
Robert Mackway-Jones	General Manager, Finance and Funding
Leanne Samuel	Chief Nursing & Midwifery Officer
John Simpson	Chief Information Officer
David Tulloch	Chief Medical Officer (Southland)

Registered Offices

Dunedin Hospital	Southland Hospital
201 Great King Street	Kew Road
DUNEDIN	INVERCARGILL

Postal Addresses

Private Bag 1921	P O Box 828
DUNEDIN 9054	INVERCARGILL 9840

Contact Numbers

	Telephone	Facsimile
Dunedin Hospital	03 474 0999	03 474 7640
Wakari Hospital	03 476 2191	03 474 7640
Southland Hospital	03 218 1949	03 214 5742
Lakes District Hospital	03 441 0015	03 442 3305

Auditor

Andy Burns
Audit New Zealand on behalf of the Controller and Auditor-General

Bankers

ASB Bank	Bank of New Zealand
Level 9, ASB Bank Centre	Dunedin North Branch
135 Albert Street	304 George Street
PO Box 35	DUNEDIN
AUCKLAND	

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FOREWORD FROM THE CHAIR AND ACTING CHIEF EXECUTIVE

Joe Butterfield – Chair

Lexie O'Shea – Acting CEO

Welcome to Southern DHB's Annual Report and Year in Review 2011, which highlights our goals throughout the 2010/11 year.

At the end of its first full financial year the Southern DHB recorded a surplus of $0.2 million against a budgeted deficit of $14.9 million. This is a very pleasing result, but it is important to note the result included a number of one off items that have impacted favourably at year end, with some of these items having associated costs in subsequent years.

It is still an excellent result in difficult times and shows that the DHB is working hard to address the financial difficulties and challenges it faces.

Most importantly, we achieved this favourable result while still maintaining an excellent range and level of access to health services available to our Southern population. This included meeting our elective surgery targets.

Throughout the year various efficiency improvement projects within the Provider Arm (Southland, Dunedin, Wakari and Lakes District Hospitals) contributed significantly to our clinical and financial results as well as innovative changes in the primary health sector.

We also ensured our projects and strategies were based soundly on the Government's policy direction of "Better, Sooner, More Convenient" healthcare.

Efficiency gains were made with the merging of Southland and Otago's nine Primary Health Organisations (PHOs) into a single PHO, the Southern PHO, which came into effect in October 2010. The former Mornington PHO continued to run as its own entity until January 2011, when it officially joined the new PHO.

The DHB continued to investigate a new model of care for the Wakatipu Basin, that would meet the unique health needs of the Wakatipu community now and into the future.

We commenced work with community providers, stakeholders, community representatives and consumers to explore how to expand and develop services in the community so older people can be better supported to live safely in their own homes for as long as possible. This is part of our key Ageing in Place strategy. The project looked at what services are already offered in the Otago-Southland community, identified what works well, what can be improved upon and how best to fill any service gaps.

Southern DHB commenced development on a Mental Health and Addiction Plan in collaboration with local sector-wide representatives which will inform all future development and planning for this health area for the next five years. The Ageing in Place strategy and Mental Health and Addiction Plan are progressing well and work will continue throughout 2011/12 to finalise these.

A key highlight of the year was the retention of Neurosurgery at Dunedin Hospital. We were delighted when the South Island Neurosurgery Expert Panel decided in November 2010 the South Island Regional Neurosurgical Service should be delivered from two sites, Christchurch and Dunedin respectively. A Governance Board was established to oversee the development of the service and the service is making good progress with Dunedin having recently made one of the first of its permanent appointments to the Dunedin site.

We once again would like to thank the expert panel for deciding on a model which will deliver the best outcomes for patients and their families as well as attracting and retaining clinicians to our region.

Another milestone in 2010/11 was the signing of a Principles of Relationship Agreement between Murihiku and Araiteuru Rūnaka and Southern DHB. The overall purpose of this agreement is to ensure the Southern region's seven Rūnaka and the DHB will work together in good faith to safeguard and improve health outcomes for Māori in Otago and Southland, reduce inequalities and promote the mutual interests of all parties in achieving this goal.

Southern DHB had a change of Governance midway through the 2010/11 year, and it is at this point that we would like to thank and pay tribute to our past Chair Errol Millar and our former Board Members who served the DHB throughout their terms. They all played vital roles in the establishment of Southern DHB, as well as many of the achievements of the past year.

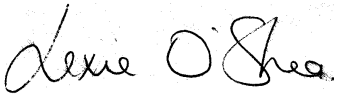
The Board would also like to pay tribute to the enormous contribution of CEO Brian Rousseau, who left the DHB in September 2011 after eight and a half years as CEO, to take up a new position in Adelaide.

We may have seen a lot of changes this year but the level of skills, enthusiasm and commitment of our staff here at Southern DHB remain.

The Board and Executive Management Team wish to thank and acknowledge each and every one of our staff for their efforts. We would also like to acknowledge community-based services and stakeholders who play an important role in striving to improve the health of our population.

Joe Butterfield
Chairman

Lexie O'Shea
Acting Chief Executive Officer



THE YEAR IN REVIEW

Regional Collaboration

The South Island District Health Boards have produced a South Island Regional Services Plan and agreed on a process for collective decision-making that provides direction for the type and level of service that will be required to best meet the needs of the South Island population.

The plan, which was signed by all five South Island DHBs, sets priorities for the whole of the South Island. These priorities include child health, older people, mental health, cancer support services and information technology.

Southern DHB will be working closely with the other South Island DHBs in an alliance framework which will change the dynamics of our DHB relationships. This structure will be further developed and embedded during 2011/12, as our regional planning processes mature.

A number of the regional clinical networks and work streams that already exist will be supported to move to alliance models in the coming year and extend membership across the sector, bringing in colleagues from primary and community services to further expand their experience and expertise.

This step up to a regional alliance will better support clinical networks, provide clear long term signals around regional service planning and capital investment and improve the use of shared resources – increasing service capacity across the South Island. The South Island Health Services Plan can be accessed on the Southern DHB website at www.southerndhb.govt.nz
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Establishment of the Southern Primary Health Organisation

On 1 October 2010 a single Primary Health Organisation (PHO) came into effect to replace nine PHOs across the Southern District. The former Mornington PHO continued to run as its own entity until January 2011, when it officially joined the new Southern PHO.

PHOs are funded by District Health Boards to provide essential primary health care services in the communities they serve. The decision to merge the nine PHOs had been made by the Southland and Otago DHB Boards the prior year to create better efficiencies, avoid duplication of health services, improve co-ordination between health providers and provide greater integration between hospital-based services and those in the community. This is in line with the Minister of Health's strategy for PHOs to increase their capacity and capability to take on a much greater role in primary care, so providers can then deliver more personalised care, closer to home and reduce pressure on hospitals.

Southern PHO is governed by a Trust, led by independent Chair Conway Powell and has three advisory groups who offer advice to the trust. These are the Māori Health, Clinical Governance and Community Advisory Groups. The PHO has three offices located in the Southern region. The head office is based in Dunedin while the other two offices are in Invercargill and Alexandra.

Delivering Wakatipu Health Services in the Future

In 2010/11 the DHB continued to investigate a new model of care for the Wakatipu Basin, based on the Government's policy direction of "Better, Sooner, More Convenient" healthcare, that would meet the unique health needs of the Wakatipu community now and into the future.

In March 2011 the DHB put forward a proposal to its Lakes District Hospital staff, the Association of Salaried Medical Specialists and other unions with a model of care for the region. The model, which was based on feedback from a past consultation with the Wakatipu community, attracted much interest and was widely discussed.

In May 2011 Southern DHB asked the National Health Board (NHB) to work with the Wakatipu Community to develop accelerated planning for future health care services which would best fit the area's needs. The NHB assisted us by providing a Panel to undertake further consultation and provided a report with a number of recommendations. The DHB will now be working to implement these recommendations along with key stakeholders for the delivery of health care in the Wakatipu.

Clinical Leadership

Southern DHB is committed to creating greater clinical leadership in the public health system. In 2010/11 the DHB introduced a series of mechanisms to ensure this priority was strengthened.

In 2011 a new Clinical Advisory Committee was established. This committee includes representation from Southern DHB clinicians and the University of Otago's Dunedin School of Medicine. Their objective is to give the Board advice on matters of clinical significance such as the development and implementation of Southern Clinical Services on the 'single service, many sites' model for Southern DHB provided services.

The DHB's Provider Arm framework gives the clear mandate that clinician-manager partnership teams have joint accountability for decision making. Planning and Funding has also introduced three clinical advisor positions. This is to ensure clinical advice is provided at the outset and is an integral part of the planning processes for the planning and funding arm.

Better Supporting Older Persons to live Safely in Their Own Homes

A piece of work was commissioned to identify how to expand and develop services in the community so older people can be better supported to live safely in their own homes for as long as possible.

Supporting Older People to live safely in their own homes is part of our Ageing in Place strategy which is a key priority. We know most older people would prefer to live at home for as long as possible and the DHB aims to ensure people are well supported to safely continue to do so.

In 2011 a series of meetings were held with the DHB, Non-Government Organisations and relevant stakeholders to review services already offered in the Otago-Southland community, to identify what worked well, what could be improved upon and how best to fill any service gaps.

A steering group, including representatives of Grey Power and Age Concern, was put in place to oversee the review process. Following the review a final report with recommendations for the Southern District was produced. A number of workstreams have now been operationalised to look at how the recommendations received can be implemented.

Trend Care – the Way of the Future

Southern DHB Nursing is phasing into its hospitals an exciting new software product called Trendcare. The product will help our staff analyse important factors such as patient acuity, the numbers and types of nurses we have providing care 24/7, help us maintain safe staffing levels and most importantly quality patient care.

The software was originally piloted in Southland Hospital's inpatient mental health unit, paediatrics, neo-natal and maternity units from February to May 2011. In Dunedin the pilot commenced in wards 4C (Surgery – DOSA/Vascular/Gynaecology/Urology), the Intensive Care Unit, the 7th floor (Respiratory, Cardiothoracic/Coronary Care and Renal/Cardiology) and 9B (Acute Forensic Ward at Wakari Hospital).

The software proved to be an extremely useful tool which provided the DHB with robust and valuable data, therefore the decision was made to implement it across all wards.

Trendcare features many other modules including those that Allied health staff can utilise potentially in the future. The software is also used in 50 hospitals across Australasia, which means Southern DHB will be able to benchmark itself in real time against these other trend care sites.

Development of a Sector-Wide Mental Health and Addictions Plan

Southern DHB is developing a mental health and addiction plan in collaboration with local sector-wide representatives which will inform all future development and planning for this health area for the next five years.

While the DHB does not presently have a mental health plan, various mental health and addiction planning processes had previously been undertaken. However it became clear there was a need for a plan that covered the newly formed Southern DHB boundary.

A successful stakeholder meeting attended by over 100 people from NGOs, DHB services and community groups was held. We listened to people who deliver services, as well as those who use them or care for those who do. From feedback at that meeting, we received the mandate to go ahead with the planning process for the development of a five year sector-wide plan.

Much work has occurred since. A core planning group was established, with representatives including stakeholders, consumers and family members across the mental health sector. A situational analysis and needs assessment has been completed along with a workforce survey, review of pathways to care and a gap analysis undertaken. Stakeholders have been kept informed via dedicated website pages and presentations have also been given across the wider Southern DHB geographical area. The steering group is now working on a draft plan and a consultation process will be held in the near future. For more information and resources visit www.southerndhb.govt.nz under the Health, Strategy and Planning section.

Southern DHB Emergency Response Following the Canterbury Earthquake

On 22 February 2011 following the tragic 6.3 magnitude earthquake in Canterbury Southern DHB, along with other DHBs throughout the country, immediately swung into Emergency Response mode to provide assistance to our Canterbury colleagues and their community. Our Incident Management Team of staff worked around the clock coordinating the response across all sectors of DHB services.

Southern DHB accommodated patients from Canterbury and other regions who would normally be transferred to Christchurch and continued to accept these referrals for up to two months after the earthquake.

A large number of residential aged care facility residents whose normal place of residence had been damaged were transferred to Otago and Southland. Southern DHB took a lead in co-ordinating this effort across the South Island.

Our region, along with other centres, also dealt with the affects of the population increase as people began migrating from Christchurch. GPs accomodated addtional patients from Canterbury and pharmacies were on hand to provide prescriptions at no charge for those who had left Christchurch in a hurry.

Our Public Health team also provided significant South Island co-ordination and support for the Canterbury Public Health Team for several months. This included redirecting business as usual functions to Otago and tracking trends, providing situation updates and information for displaced people.

TE WAKAHAUORA Public Health South

Southern DHB also deployed a number of staff to Canterbury DHB to assist our colleagues as well as additional work to ensure we could fully staff our own hospitals to care for the increased population.

Significant Milestones Achieved for Local Iwi and Southern DHB

The development of a clear pathway to improve health outcomes for Māori was achieved in 2010/11 with significant milestones being accomplished.

At an Executive level Southern DHB appointed a new Kaiwhakahaere Hauora Māori (General Manager, Māori Health), Donovan Clarke, in January. This leadership will ensure Māori Health remains a key focus for the DHB.

On 31 May a milestone in relations with local Iwi was achieved when Murihiku and Araiteuru Rūnaka and Southern DHB signed a collective Principles of Relationship agreement. The agreement's purpose is for all parties to work together in good faith to safeguard and improve health outcomes for Māori in the Southern region.

A robust Māori Health Action Plan for the Southern region was also created which consists of 15 health priorities that Southern DHB will focus on in 2011/12. Key priority areas include chronic conditions, smokefree cessation through to workforce development. Other priorities included in the plan for immediate action are reducing the asthma hospitalisation rate and the collection and accuracy of ethnicity data.

Wakatipu Patients Able to Receive Chemotherapy Closer to Home

Wakatipu domiciled cancer patients undergoing chemotherapy can now receive treatment at nearby Dunstan Hospital, instead of making the five hour return journey to Southland Hospital for medical oncology services.

The first clinic Wakatipu patients attended was held in May 2011. Dunstan Hospital holds two medical oncology clinics a month for Central Otago and Wakatipu patients.

When the Southern Blood and Cancer Service was formed, one of the key aims was to ensure equity of access to treatment for all patients across Otago-Southland and to deliver care as close to patients' homes as possible.

The Southern Blood and Cancer Service would like to thank Dunstan Hospital for its support in allowing this service to come into fruition.

While Wakatipu patients can receive their treatment at Dunstan Hospital, complex cases and those patients classified as high risk still need to be treated at either Dunedin or Southland Hospitals.

Southern Patients Now Receiving World Class Eye Surgery Locally

Southern DHB is now offering its patients ground breaking vitreoretinal surgery, which as well as improving a patient's vision can reduce a patient's time in theatre, allow the ophthalmologist to perform two different types of eye surgery in one session and provide services closer to home instead of transferring patients to Christchurch. The new Ultra VR Service has been up and running since December 2010 and in that time has treated over 70 patients, with over half requiring acute surgery for retinal detachments. Previously these patients would have travelled to Christchurch for this procedure.

Cataracts often occur in association with vitreoretinal disease and need to be removed at the time of vitrectomy. Luckily for Southern patients our state of the art equipment features the latest cataract surgery technology within the same unit. This means we have the ability to treat someone who needs both retinal surgery and cataract surgery in the same procedure.

Successful Clearance of Radiology Wait Lists

Patients at both Southland and Dunedin Hospitals now have significantly better waiting times for radiology procedures, in particular ultrasound and Magnetic Resonance Imaging (MRI) and Computed Tomography (CT) for routine referrals, thanks to the dedication of the Diagnostics and Medical Imaging Teams at Southern DHB.

A number of issues had been identified which created delays for patients. A number of initiatives have been undertaken since then to improve wait times, including outsourcing to address the backlog and changes to improve the number of patients seen.

These initiatives have paid off, as seen by examples such as ultrasound referrals across the Dunedin and Southland sites, which had originally been over six months. Patients now receive an appointment within four weeks. There is still further work to be undertaken to ensure that access to radiology meets patients' clinical needs in the future.

E-Prescribing Pilot a Great Success

An electronic prescribing quality initiative piloted at Dunedin Hospital has been so successful in reducing inpatient medication prescription errors that Southern DHB hopes to stage the system's implementation across all wards throughout the Southern DHB District.

Southern DHB was chosen by the Ministry of Health in August 2009 to participate in the National Health IT Board's eMedicines Programme.

The pilot commenced in January 2010 and went live in Dunedin Hospital's Internal Medicine wards, 8A and 8B, in October 2010. The pilot guidelines have continued to be used on these wards for nearly a year.

E-prescribing involves clinicians entering a patient's prescription and medicine administration details into a computer programme rather than using hand written paper charts.

This process reduces errors by filling in and checking correct doses in common medications, and shows whether the planned medication is likely to cause a problematic interaction with some other drug the patient may be taking. Amongst its many other high tech features the programme means staff difficulties in reading ambiguous handwriting on prescriptions will be a thing of the past.

During the pilot several common errors were eliminated at Dunedin Hospital, including mistakes involving patient identification, unreadable drug names and incorrect or missing prescriber information. The programme also proved to be at least 98% effective in reducing errors inherent in paper charts.

Medication error is a nationwide problem, with previous research estimating 5,000 serious adverse medication events in New Zealand hospitals and up to 150 inpatient deaths every year.

Southern DHB's Medical Director of Information Technology and Internal Medicine Specialist Dr Andrew Bowers, who led the pilot at Southern, would like to see this innovative system eventually implemented throughout New Zealand as it will genuinely improve clinical safety and harm reduction.

"This is potentially the largest quality improvement project seen for many years. Using proven technology along with clinical expertise and leadership is the formula for success," says Dr Bowers.

Top Notch Child and Adolescent Oral Health Care Available to our Youth

Southern DHB continues to successfully roll out its project to replace existing school-based dental clinics with state-of-the-art fixed clinics and mobile clinics across the Southern District. These new clinics are at the forefront of dental technology.

The DHB commissioned six new and two refurbished dental clinics during 2010/11 and added a third new mobile clinic to the fleet. An additional 21 mobile clinic sites were also completed and construction commenced on a further two fixed clinics. Preparatory work continued on implementing a new electronic patient management system which is now planned for late 2011.

The DHB also successfully concluded negotiations with Otago-based staff that will enable clinics to remain open during school holidays. This change was critical to delivering on the new model of care and providing year-round access for patients. Overall the project to re-orientate oral health services was 80% complete by year-end, and costs continue to track below budget.

As well as new facilities, the DHB has adopted a new national-wide approach in which parents are encouraged to accompany their children to check-ups, with the benefit parental support can be gained on the spot and treatment completed in a single visit. Our dental therapists can talk to parents and care-givers about what they can do to help prevent tooth decay. The whole approach reflects a greater emphasis on prevention and education, which is the core of the new service.

Redesign of the surgical pre-admission process in Southland

Southland Hospital has improved the pre-admission process for patients booked to have arranged surgery, with patients now being assessed and measures put in place to ensure they are fit for surgery and precious theatre sessions are being well used.

In 2010 Southland received funding from the Ministry of Health to trial a pilot to redesign the pre-admission process for arranged surgery.

Previously patients on the waiting list for surgery would meet with their anaesthetist a week or two before surgery for a full medical check to ensure they were fit for their anaesthetic and operation. However if problems were found, such as the patient's blood pressure was too high, or the patient needed to lose weight before undergoing surgery, their surgical date would be postponed.

Unfortunately given these appointments were postponed two weeks prior, it was too short notice to book and pre-admit another patient for surgery in that time, meaning valuable theatre time which had been booked ahead went unused.

Now Southern DHB has established a more patient focused service, which sees patients attending a pre-admission nurse led clinic from their first appointment with the surgeon before they go onto the waiting list.

If any problems are found the nurse is able to refer them back to their GP or another specialist for these problems to be managed. Once fit they will go on the waiting list. Two to four weeks prior to surgery they will be booked to meet with their anaesthetist. This process ensures that patients are well prepared for surgery in a timely manner prior to their operation date.

The pilot, which came into effect in May after months of planning, has met with great feedback from GPs, clinical staff and patients alike. It has especially enhanced communication between primary (community) and hospital based services so that they can work together for the good of the patient.

Maternity Quality and Safety Project to lead to Further Enhancements in Care

In September 2010 the Ministry of Health called for expressions of interest from DHBs wishing to be part of a six month Maternity Quality and Safety Project (MQSP), with Southern DHB being chosen out of a number of applicants to enhance its performance.

The pilot placed emphasis on clinical leadership, working together across disciplines and inclusion of the public who use our maternity services and other stakeholders.

This project has been an excellent example of services working together across the Southern district. Tremendous gains have been made to date and new quality initiatives planned to enhance the services we deliver to our community.

These initiatives include developing effective ways for consumers of maternity services to be involved in the implementation of maternity quality improvement activities. There will be a particular emphasis on participation from high-need populations including Māori, Pacific and young mothers. Other findings have included identifying the need for more visible and broader clinical quality improvement activities in maternity services and developing local maternity networks so that practitioners working in maternity services across the community and hospital settings are brought together via a co-ordinated network.

The final MQSP report was submitted at the end of July as per the project brief.

Children's Health Services at Dunedin Hospital to be Given a New and Improved Home

In February 2011 Southern DHB received Ministry of Health sign off to implement Stage One of the Dunedin Hospital Master Site Plan. This includes commencing the Children's Health Inpatient Relocation Project (CHIRP) which will co-locate Neonatal Intensive Care, the Children's Ward and Paediatric Outpatients near each other for better liaison between services.

The adjacent location of a tertiary level (specialised) Neonatal Intensive Care Unit (NICU) and paediatric inpatient services will provide many patient and staff benefits.

The new inpatient facility is expected to be completed towards the end of 2013. The redevelopment will provide a sustainable future proofed facility underpinned by a Family Centred Care approach as the guiding principle.

Giving our Children a Head Start

Southern DHB is giving Southern Children the best possible start to their health and development with a range of initiatives in place to see that they reach their full potential.

Immunisation Rates Success

In 2010/11 the Southern District continued to have one of the highest rates of immunisation coverage in the country for children turning two years old, with the DHB exceeding the National Immunisation Health Target of 90% for 2010/2011.

This means that 93% of our children aged two years are protected against eleven vaccine preventable diseases, which has a positive impact on the health of the whole community.

This year has also seen the establishment of the Southern DHB Vaccine Preventable Disease (VPD) Team, which has involved the bringing together of staff dedicated to supporting immunisation coverage. The team is guided by the newly formed Steering Group and with their help we are confident of achieving the new national target of 95%.

B4 School Checks

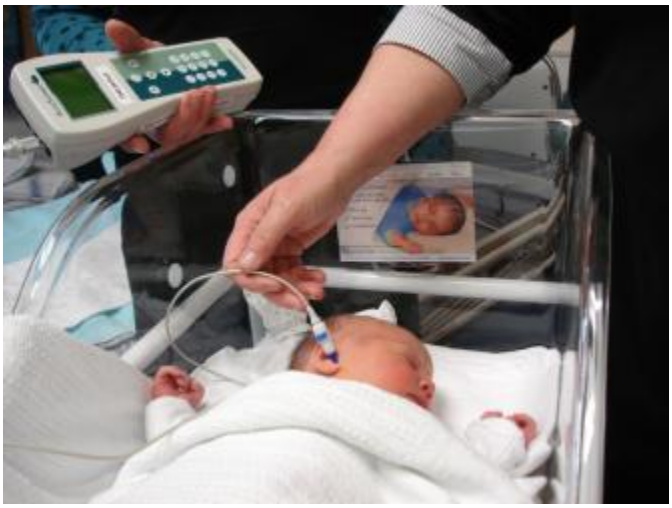
Southern children have the opportunity to start school healthy and ready to learn with the continuation of B4 School Checks (B4SC).

The B4SC is a free check for four year olds. It is performed by child health nurses and vision hearing technicians within Well Child Services and Public Health Nursing. The B4SC promotes health and wellbeing in preschool children and aims to identify concerns that may adversely affect the child's ability to learn in the school environment.

Southern DHB provided a total of 3,102 checks (102 % of targeted volume) in 2010/2011, of which 371 (105% of targeted volume) were for our high need priority children. The focus continues to be on children whom would most benefit from the B4 School Check i.e. high needs children (Quintile 5) and referrals from other services.

In addition the services have continued to working closely with Early Childhood Sector, Immunisation Outreach, Oral Health Service and Vision Hearing Technicians.

Newborn Hearing Screening Programme



Newborns across the Southern region are being offered free hearing screens to ensure any hearing loss is diagnosed and interventions are put in place before it effects their future development.

The Universal Newborn Hearing Screening and Early Intervention Programme is a jointly led programme by the Ministries of Health and Education which is delivered by the Southern DHB's Screening Team.

During the year 3665 babies were offered screening in the Southern District during our first year of operation at clinics in Oamaru, Dunedin, Balclutha, Alexandra, Wanaka, Queenstown, Lumsden, Tuatapere, Gore, Winton, and Invercargill. Hearing screens are offered before newborns are discharged from hospital or at an outpatient appointment within the first month of life.

Those babies who need a follow-up from screening have an audiology assessment carried out by three months of age. If they do have hearing loss they will receive family centred support and interventions, such as hearing aids and cochlear implants, which will be initiated soon after diagnosis and no later than six months after birth.

Picking up a hearing loss at an early stage provides the best opportunity to assist families with their child's speech and language development. Diagnosis and intervention is essential for their child's future learning and literacy as well as social and emotional well-being.

Antenatal HIV Screening Programme

Southern DHB commenced the national Antenatal HIV screening programme in July 2010. This programme aims to ensure all women are offered HIV screening along with their first pregnancy blood tests so that transmission of the virus from mother to baby can be prevented. Over the past year 3974 women in our DHB were offered this blood screening as a routine part of their antenatal care.

Early diagnosis of HIV in pregnancy and the subsequent treatment reduces the risk of a baby contracting HIV from 31.5 per cent to less than 1 per cent. Treatment will enable the mother to stay healthier for longer. It will also help avoid further transmission of the virus to her partner or future babies.

There have so far been no babies infected with HIV in New Zealand during pregnancy, birth or postnatally who were born to mothers who were diagnosed during or before pregnancy, treated during pregnancy and did not breast feed their baby.

Contact Details:

B4 School Checks:
For further information ring the Well Child Service on 03 2145773 (Southland) or Otago Public Health Nurses on 03 476 9842.

Newborn Hearing Screening:
If you would like to make an appointment for a hearing screen, or would like more information, please contact the newborn hearing screening team on 0800 88 55 44.

Antenatal HIV Screening Programme :
For more information, visit the National Screening Unit website: www.nsu.govt.nz, the NZ AIDS Foundation website: www.nzaf.org.nz or www.positivewomen.org.nz.

Immunisation Information
Call your local Immunisation Co-ordinator:
Otago 03 476 9845 or Southland 03 214 8260.

Spotlight on Older Person's Health

At Southern DHB a vast number of projects and initiatives are underway or have been completed to improve service access and care for the elderly, in line with local and national strategies. Here are just a few of the numerous projects that have occurred during 2010/11.

Southern Aged Care Needs Assessment and Service Coordination (NASC) to merge into one Care Coordination Centre/ Introduction of InterRAI

A project is underway to incorporate referral management and assessment processes for aged care, including Needs Assessment and Service Coordination (NASC) and all other DHB funded community supports through one DHB wide Care Coordination Centre. This is proposed to include a single point of entry for referrals and service facilitation, with assessment processes maintained at multiple sites across the region. This is being managed in conjunction with the implementation of the international clinical based tool InterRAI.

InterRAI is a system which will greatly enhance the needs assessment process of the elderly and the allocation of support services across all Southern DHB sites.The web based tool, is clinically based and objectively assesses an individual's full range of needs. Once a person's needs are identified the information will be used to allocate appropriate community based care such as personal care or home help.

Early Supported Discharge Programme - Older Peoples Health (OPH)

The specialist Older Person's Health Community Rehabilitation Service has commenced a programme which allows older patients to be discharged a few days earlier than usual from the hospital or emergency department by providing intensive short term rehabilitation support in the community setting. The rehabilitation service allows patients a few days of nurse monitoring as well as assistance from a multidisciplinary team of physiotherapists, occupational therapists, a social worker, consultant geriatrician and health care/rehab assistants as needed. This service will be evaluated in October 2011.

Residential Sector/ Dunedin Hospital Forum – Transition of Care Initiative

A combined forum has been established between residential providers (rest homes), hospital services and Southern DHB's planning and funding team to identify and address issues raised related to communication and transition of care between the hospital and residential care services.

An initiative is being implemented that provides standardised documentation and a consistent process for communicating patient information on admission and discharge. Named the "Yellow Envelope", the documentation has been signed off by residential providers and hospital clinical staff. This is being implemented initially on the Otago site with the view to becoming Southern wide.

Older Persons Mental Health Service Southland

Older members of the Southland community who are experiencing a mental health problem are now receiving an enhanced service through Southern DHB's Mental Health Service which has assumed responsibility for this patient group. Strong links between the Mental Health Service and Southland Hospital's Assessment, Treatment and Rehabilitation (A,T&R) unit for the elderly mean that care is more coordinated with easier access to specialist services for inpatients and community patients. Robust clinical pathways underpin this development which will support improved health outcomes for older people in our community.

Providing Improved Environments and Processes for our Mental Health Patients to Achieve Wellness

Southern DHB acute mental health patients and patients with intellectual disabilities are soon to be relocated to new and improved premises. Acute Mental Health patients are to be shifted from their current premises at Dunedin Hospital to a new fit for purpose ward with more than adequate space for its residents at Wakari Hospital.

The new ward forms part of the Master Site Planning Project which was approved by the Minister in June 2010. Planning and construction is well advanced with the timeframe for relocation expected to be January 2012. The new unit will provide a safer environment for patients and staff.

We are also delighted the Ministry of Health, at their request, is funding the construction of a four bed medium-secure transition unit on the Wakari campus for people with an Intellectual Disability.

The unit will allow the transition of Intellectual Disability (Compulsory Care & Rehabilitation) Act 2003 clients from the secure unit, also based at Wakari, back into the community setting to become active participants in their communities again. This unit is expected to be completed in early 2012.

Creating A More Healthy, Fit and Active Community

Better Help for Southern Smokers to Quit Available Now!

The Southern DHB Smokefree Programme team successfully ensured more hospitalised smokers in the Southern district were given help and support to quit smoking in 2010/11, with 6,434 patients being offered help.

The ABC approach offers more opportunities for smokers to make a supported quit attempt, and is one of the Minister of Health's key health targets. The Smokefree team also supported the implementation of the ABC approach for smoking cessation within primary (community) settings. General practices are now using the ABC approach with smokers.

As well as the ABC approach, this year the Southland Public Health South team promoted World Smokefree Day (31 May) with a very successful campaign using text messaging and Nicotine Replacement Therapy (NRT) to support and encourage smokers in the district to make an attempt to quit.

Public Health South staff set up a text service, promotion material and advertised their campaign on local radio stations.

On receipt of a text message, a Manaaki pack (containing a sheet of trial/sample NRT and a card listing all the cessation services in Southland) was sent to the person. Research has shown that using NRT doubles the chance of a successful quit attempt so this has informed our work in terms of promoting quit attempts.

The promotion began on 18 April and by 31 May, 174 texts and 110 requests for packs had been received. Analysis of the calls indicated that at least 80% of requests received were from priority areas including South Invercargill, Eastern Southland and Bluff. Due to the excellent response, the promotion was extended by another month with support from partners in Smokefree Murihiku, the National Heart Foundation, Cancer Society and the Health Sponsorship Council.

Supporting Healthy Eating Healthy Action (HEHA)

Healthy Eating Healthy Action – Oranga Kai Oranga Pumau (HEHA) is a nationwide health strategy designed to improve nutrition, increase physical activity and achieve a healthy body weight for all New Zealanders. The merger of Southland and Otago District Health Boards allowed the development of a new Southern Plan to achieve these goals across the Southern District. Below is a snapshot of the many happenings to address HEHA at Southern DHB.

Health Promoting Environments

Having access to both nutritious food and knowing how to cook it are extremely important skills needed to meet dietary requirements. Therefore HEHA funded programmes including a Food Security Project, Super Kai Kitchen and Senior Chef. These initiatives focused on supplying our priority groups, including Māori, Pacific and people living in high deprivation areas, with low cost locally grown fruit and vegetables and providing cooking classes to increase nutrition knowledge and cooking skills.

Māori Community Action Project

During the past year, the HEHA Māori Community Action Project Grant scheme has funded 28 projects worth a total of $251,126.77 which support whānau to lead healthy and active lifestyles. These projects aim to empower local Māori community organisations and groups to be actively involved in the promotion of healthy food and physical activity in their communities. Several different workforce development opportunities have also been offered around nutrition and physical activity.

Breastfeeding

Across the Southern region, 59 grants distributing $81,818.98 were awarded through the HEHA Breastfeeding Fund to help promote and support women to initiate and maintain breastfeeding. In addition, HEHA has funded Peer Counsellor Training, with 34 women now qualified as Breast Feeding Peer Counsellors and we have coordinated and funded the development of free Antenatal Breastfeeding classes.

Check Out www.southerndhb.govt.nz to find out all about us and our services

Southland DHB's website www.southerndhb.govt.nz is the port of call for all the latest news and information on our

services. The site features patient and consumer information, Southern DHB staff, local health professionals and members of the community. The site also includes information on recruitment, corporate details, health and strategy planning, information for health providers and more! The site is also the home of the Southern DHB Bulletin – where you can read all the latest news on health services in our community.

BOARD MEMBERS

Joe Butterfield, F.C.A.

Chairman

Joe Butterfield is a chartered accountant who has spent his working life as a partner/director of the accounting firm Footes Ltd Chartered Accountants (and its predecessors) to which he is now a consultant.

Joe, who is from Timaru, has a strong interest in health and welfare matters. He was Chairman of South Canterbury District Health Board (SCDHB) from 2000-2009, until he stood down after his term had expired. He was a member of Health South Canterbury (the predecessor to SCDHB) and served as its Chairman from 1996 until 2000. He has also served on the Ministry of Health National Capital Committee and District Health Boards New Zealand.

As well as roles in health and finance, Joe has extensive experience in the transport and agricultural sector and has held directorships in companies including Intercity Holdings Ltd and its subsidiaries, Ritchie's Transport Holdings, the Port of Timaru and the South Canterbury Regional Development Board. Joe is also a Fellow of the NZ Institute of Directors and a Chartered Member of the Institute of Logistics and Transport.

Paul Menzies, LLB

Deputy Chairman (Southland Constituency)

Paul Menzies is a Winton-based lawyer who has been a partner at Menzies Forrest Marshall Solicitors since 1983.

Paul, an elected member of the Board since 2001, was appointed as Chair of Southland DHB on 10 March 2009, and Deputy Chair of Southern DHB on 10 December 2010 following the merger of Otago and Southland DHBs.

He has served on a number of public and private sector boards and committees over the years. Positions include previous Chair of the Southland Hospital Advisory Committee (HAC) from 2001-2010 Otago DHB HAC member from 2001-2007 and current Chair of the Southern DHB HAC. Paul is a past President of the Southland Law Society and was appointed Chairman of Rugby Southland this year.

Neville Cook, MBA

Elected Member (Southland Constituency)

Neville Cook was a member of the NZ Police for 36 years, retiring as District Commander of the Southland District in 1999. He practiced as a financial advisor for three years and later as a public event organiser until 2004 when he took over management of the Readings Cinema Complex in Invercargill. He has a Master's degree in Business Administration (1998).

Neville was originally appointed to the Southland DHB Board in 1998 as a community representative. He was reappointed by the Minister of Health for a further term, but later successfully stood for election. He has also served as Chair of the DHB's Disability Support Advisory Committee, then was made a member of the joint Disability Support and Community and Public Health Committees, has served on the Hospital Advisory and Audit and Risk Committees and has been Deputy Chair of Southland DHB.

Neville was District Governor for Rotary in 2000 for the Southern area and has been actively involved with DARE and Victim Support organisations since their inception in the 1980's. Neville is currently a member of the Invercargill Licensing Trust, the Invercargill Licensing Trust Foundation and a Councillor for Environment Southland.

Sandra Cook LLB

Appointed Member

Sandra Cook is Otautau based and is affiliated to the Iwi of Ngāi Tahu. She is currently employed as Principal Advisor for the Office of the CEO of Te Rūnanga o Ngāi Tahu. Sandra, who holds a Bachelor of Laws (LLB) has been actively involved with Ngāi Tahu and Māori affairs since 1995. Her roles have included providing legal and policy advice on the protection of the customary rights of Ngāi Tahu as the co-manager of the Settlement Implementation Unit (which later became the Legal and Risk Services Unit) Whānui within the Ngāi Tahu organisation. She also was employed as an external consultant to a variety of clients such as Government Departments, Te Rūnanga o Ngāi Tahu, other Iwi organisations and private commercial companies.

Sandra has significant local health governance experience, including having served as a Director for the Takitimu Primary Health Organisation (PHO), as a member and then Chairperson of the Murihiku PHO Māori Governance Group and was a ministerial appointment on the Primary Health Organisation Community Council.

Kaye Crowther QSO

Elected Member (Southland Constituency)

Kaye is a Retirement and Agency Services Consultant for WHK Southern, Invercargill, with over 40 years' experience in Estate, Trust and Financial Services together with 35 years' experience in the health and social sectors. Kaye has been an elected member of the Southland DHB Board since 2007 and was re-elected to the Southern DHB Board in 2010. She is also a member of Southern DHB's Community and Public Health Advisory Committee and from 2007-10 served on the Iwi Governance, Hospital Advisory, Community and Public Health and Complaints Review committees.

Kaye is a past New Zealand President and Board member of the Royal NZ Plunket Society (Inc) (1996-2007), council member of Water Safety New Zealand and was a member of the Ministry of Health National Breast Feeding Advisory Committee.

She is also a member of the Invercargill City Council's Child Friendly City Initiative Committee, serves on the Advisory Panel for Number 10 Youth One Stop Shop, is a Member of Invercargill South Rotary and the National Council of Woman. Kaye was awarded the Queens Service Order (QSO) for services to Children and the Community in 2008.

Mary Flannery, LLB

Elected Member (Otago Constituency)

Mary Flannery is an Alexandra-based lawyer who has been an Associate for Bodkins Alexandra since 2004. She and her husband Wes also run a sheep and cattle farm in the Ida Valley, Central Otago.

Mary has been involved in health services at a governance level in Central Otago for the past 12 years. She has been a trustee of the Rural Otago Primary Health Organisation and Immediate Past Chairperson of Central Otago Health Incorporated, the sole shareholder of the company that runs Dunstan Hospital. This is Mary's first term as an elected Board member of Southern DHB.

As well as health, Mary has governance experience in the community and educational sectors, as a former member of the Vincent Community Board (an amalgamation of the Earnscleugh Manuherikia and Alexandra Community Boards) for nine years and as Chairperson of the Poolburn School Board of Trustees.

Malcolm Macpherson, BSc, Post Grad Dip Sci, PhD

Elected Member (Otago Constituency)

Malcolm Macpherson has spent more than twenty years working on community health issues as a trust member, district councillor, and former mayor of Central Otago District Council (2001-2010). He spent a period as Communications Officer for Healthcare Otago.

Malcolm served four terms on the Otago District Health Board and then Southern DHB (his fifth term). He has also been a member of the Otago Hospital Advisory Committee, Rural Consultative Subcommittee and chaired the Central Otago Rural Health Advisory Group. He has served on the Otago/Southland combined Disability Support Advisory Committee and now chairs Southern DHB's combined Disability Support and Community and Public Health Committees.

Malcolm has extensive governance and managerial experience in the education and business sectors, including current membership of the Otago Polytechnic Council, Central Lakes Trust (owner of Pioneer Generation), and the Otago Community Hospice board. He is a shareholder of Medco Properties Ltd (owners of the Alexandra Medical Centre) and director of Centennial Health Ltd. He is president of Central Stories Museum and Art gallery, chairman of the Jolendale Park Charitable Trust and a member of the Roxburgh Gorge Trail Charitable Trust.

Tahu Potiki

Appointed Member

Tahu Potiki is Otago based and is affiliated to the Iwi of Kai Tahu and Kati Mamoe. He has spent many years working in Māori development and was the CEO of Te Rūnanga o Ngāi Tahu for six years. In this role he was responsible for the overall strategic leadership of the tribe's corporate operations. Tahu also has a background in Māori Health and worked as a qualified social worker for many years.

Tahu has served on four South Island District Health Boards (DHBs), including as a Ministerial appointment on both the Otago and Southland DHBs, before being appointed to the Southern DHB Board. He has also been a member of Southland and Otago DHBs' Hospital Advisory and Audit Finance and Risk Committees and is a member of Southland DHB's Iwi Governance Committee (IGC).

Tahu is a board member of the Māori Television Service, New Zealand Council for Educational Research, Relationship Services NZ and Environmental Science and Research. He is also the Ōtākou representative to Te Rūnanga o Ngāi Tahu.

Branko Sijnja, MBChB, Dip Obst, FRNZCGP, FNZMA, PGDipRPHP

Elected Member (Otago Constituency)

Dr Branko Sijnja has worked in rural hospitals and has been a General Practitioner in Balclutha for over 30 years. He practices part-time at Balclutha General Practitioners Ltd and is a Director of the Otago University's Rural Medical Immersion Programme, training medical students to work in rural New Zealand. He is also employed by Clutha Community Health Company Ltd as a Medical Advisor.

This is Branko's third term on the DHB Board, the first two with Otago DHB and then Southern DHB following the merger. He has been a member of the Otago DHB's Community and Public Health Committee in 2005, 2008 and since June 2010 has been a member of the Southern DHB Hospital Advisory Committee and the combined Community and Public Health and Disability Support Advisory Committees. He is also the Chair of Southern DHB's Clinical Advisory Committee.

Branko has a long involvement in the reform and delivery of health services (primary and secondary) at a local and national level. He is a Board member of the Clutha Community Health Company Ltd, Clutha Health Incorporated (which owns Balclutha's Hospital Clutha Health First) and is an executive member of the Otago Division of the New Zealand Medical Association. He has also served on various Ministry of Health Steering Committees and Reference Groups.

Richard Thomson BA (hons), MA, and Dip. Clin. Psych

Elected Member (Otago Constituency)

Richard is a Dunedin-based businessman who owns and runs the Acquisitions national chain of retail stores. Prior to this he was a lecturer in psychological medicine at the Dunedin School of Medicine, Otago University. He has also worked in private practice as a clinical psychologist.

Richard has been an elected member of the Otago DHB, now Southern DHB, for the past 11 years. He spent seven of these as Chair of the Otago DHB and has chaired most Board committees, including the Otago DHB Community and Public Health, Disability Support and Hospital Advisory Committees. Richard is also an elected member of the Dunedin City Council, a trustee of the Healthcare Otago Charitable Trust and is Chairperson of the Hawksbury Community Living Trust.

Richard is a strong advocate for health issues. He played a key role, alongside the Southland DHB Chair, in the progressive coming together of the Otago and Southland DHBs.

Tim Ward, B Com, C A (PP)

Appointed Member

Tim Ward has been a partner (Business Advisory and Tax) at Chartered Accountancy Firm BDO New Zealand Ltd since 1987 and has both private and public sector governance experience.

Tim was appointed to the Southland DHB Board by the Minister of Health in September 2009 and was then appointed to the Southern DHB Board in December 2010. He has been a member of the DHB's Hospital Advisory and Audit, Finance and Risk Committees since 2009. Tim was also Chairman of the Spicer and Oppenheim National Partnership for a three year term that concluded at the time of the merger to form BDO. He has also been a member of BDO's National Management Board until he retired from this position in April 2008.

Other positions include membership of the Institute of Chartered Accountants, the role of Proprietor's Appointee to the Verdon College Board of Trustees since 1991 and membership of the Southern Institute of Technology's Business Consultative Group. Tim was a Minister's appointee to the council of Southern Institute of Technology (SIT) in April 2010 and stood down from membership of the advisory group at the time of that appointment.

THE SOUTHERN DHB

Southern DHB is responsible for the planning, funding and provision of publicly funded health care services to a population of approximately 304,000 people throughout the Southern DHB catchment area.

The statutory (New Zealand Public Health & Disability Act 2000 - NZPHD Act 2000) purpose of Southern DHB is to:

- Improve, promote and protect the health of its population
- Promote the integration of health services across primary and secondary care services
- To reduce health outcome disparities
- Manage national strategies and implementation plans
- Develop and implement strategies for the specific health needs of the local population.

Southern DHB encompasses the Territorial Local Authorities (TLAs) of the Central Otago District Council, the Clutha District Council, the Dunedin City Council, the Invercargill City Council (ICC), the Southland District Council (SDC), the Gore District Council (GDC), the Queenstown Lakes District Council (QLDC) and the Waitaki District Council.

The population profile shows that 58% of the population lives in Dunedin and Invercargill. The population is projected to increase by 2.8% by 2021, which is lower than the average growth projections in NZ, however the Central Otago and Queenstown Lakes Districts are projected to have considerable population growth and have high numbers of tourists and visitors. Consideration for providing health services for this growing population will be important in the future.

THE BOARD

The Board provides governance to overall Southern DHB operations. Southern DHB's Board consists of seven elected members (four from the Otago constituency and three from the Southland constituency) and three members appointed by the Minister of Health. The Minister also appoints the Board Chair and Deputy Chair.

The Board has three committees who play an advisory and monitory role and are established under the NZPHD Act 2000:

- Community and Public Health Advisory Committee (CPHAC)
- Disability Support Advisory Committee (DSAC)
- Hospital Advisory Committee (HAC)

In addition the Board has established four committees that advise on delegated portfolios:

- Audit, and Risk (A&R) Committee
- Iwi Governance Committee
- Appointments and Remuneration Advisory Committee
- Clinical Advisory Committee (CAC)

Southern DHB consists of three distinct arms, each charged with specific functions and accountability.

Governance Arm

The Governance Arm is responsible for the development of policy and strategy. In addition, this Arm is accountable for ensuring that the needs of the population are identified and services are prioritised accordingly. Through the Delegation of Authority, policy matters pertaining to operational management are designated to the Chief Executive Officer (CEO), who in turn is supported by an Executive Management Team (EMT).

Provider Arm

The Provider Arm of Southern DHB provides tertiary, secondary, community, disability, and mental health care services to the Southern region.

The DHB operates the following hospitals:

- Dunedin Hospital
- Lakes District Hospital (Queenstown / Frankton)
- Southland Hospital (Invercargill)
- Wakari Hospital (Dunedin).

The services provided by these hospitals includes:

- Acute services

Acute services are for illnesses that have an abrupt onset. It is usually of short duration, rapidly progressive, and in need of urgent care

- Emergency Services

Emergency Departments are operated at Dunedin Hospital and Southland Hospital which have the main admitting specialties available to provide definitive care for most patients who require admission.

- Elective Services

Elective services (booked surgery) are for patients who do not require immediate hospital treatment.

Our DHB is committed to meeting the government's expectations around elective services, particularly the key principles underlying the electives system:

clarity – where patients know whether or not they will receive publicly funded services

timeliness – where services can be delivered within the available capacity, patients receive them in a timely manner; and

fairness – ensuring that the resources available are directed to those most in need.

- Non admitted Services

Generally known as outpatient services, the DHB provides a wide range of specialties to ensure patient referrals are managed within appropriate timeframes and contribute to the outcome that people with early conditions are treated and managed earlier with illness progression reduced.

Funder Arm

The Funder Arm of the DHB has the following functions:

- Manage the strategic planning and funding of services including undertaking health needs assessment
- Manage a funding budget by prioritising and allocating funding within National, South Island and local purchasing and pricing frameworks
- Monitoring provider compliance to quality and performance standards and contract requirements
- Relationship and contract management of providers

Partnership with Iwi

The NZPHD Act 2000 outlines the responsibilities Southern DHB has in honouring the principles of the Treaty of Waitangi. The DHB acknowledges the special relationship between Iwi and the Crown and as a Crown agent recognises it has responsibility to assist the Crown in fulfilling its obligations under the Treaty of Waitangi.

As an organisation, Southern DHB commits to adhere to the principles and objectives outlined in the Māori Health Strategy – He Korowai Oranga and the Māori Health Action Plan – Whakatātaka. Southern DHB will continue to participate in the development of these strategies as they relate to improving the health status of Māori in the district.

Relationships between Murihiku and Araiteuru Rūnaka and Southern DHB were further strengthened in June 2011 with the DHB and Otago and Southlands seven Rūnaka signing a Principles of agreement.

The overall purpose of this agreement is to ensure all parties will work together in good faith to safeguard and improve health outcomes for Māori in Otago and Southland, as well as promoting the mutual interests of all parties in achieving this goal.

VISION & VALUES

The Southern DHB Vision and Values

A new vision statement and single set of values for Southern DHB will be consulted on over the coming year. Until these are created the existing vision and value sets from the Otago and Southland DHBs remain in place. They are as follows.

Visions

"Working together to promote wellness and independence"

"Quality and Humanity in Health"

Values

- **Integrity**

  Being honest and treating all people with respect and dignity, valuing individual and cultural differences and diversity.

- **Professionalism**

  Acting with integrity and embracing the highest ethical standards and excellence.

- **Innovation**

  Constantly seeking and striving for new ideas and solutions.

- **Teamwork**

  Achieving success by working together and valuing each other's skills and contributions.

- **Responsibility**

  Using and developing our capabilities to achieve outstanding results and taking accountability for our individual and collective actions.

"I CARE"

- **Integrity:**

  We are open and honest with each other and our patients; our actions reflect our words; and we honour our commitments.

- **Collaboration:**

  We work together, across disciplines, to meet the needs of our patients, staff and wider community.

- **Accountability:**

  We accept personal responsibility for our own actions and results and for the impact that they have on others.

- **Respect:**

  We treat others with the same personal and professional consideration we expect for ourselves.

- **Empathy:**

  We seek to understand and act with care and respect for the concerns of others.

STATEMENT OF RESPONSIBILITY

FOR THE TWELVE MONTHS ENDED 30 JUNE 2011

The Board and management of Southern DHB accept responsibility for the preparation of the financial statements and the statement of service performance and the judgements used in them.

The Board and management of Southern DHB accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting. In the opinion of the Board and management of Southern DHB, the financial statements for the year which ended on 30 June 2011, fairly reflect the financial position and operations of Southern DHB.

Joe Butterfield
Chairman
Date: 7 October 2011

Paul Menzies
Deputy Chairman
Date: 7 October 2011

Lexie O'Shea
Acting Chief Executive Officer
Date: 7 October 2011

Robert Mackway-Jones
General Manager
Finance and Funding
Date: 7 October 2011

GOVERNANCE AND ACCOUNTABILITY STATEMENT

Role of the Board

The Board's governance responsibilities include:

- Communicating with Ministers and stakeholders to ensure their views are reflected in Southern DHB's planning
- Delegating responsibility for the achievement of specific objectives to the Chief Executive Officer (CEO)
- Monitoring the organisation's progress towards achieving objectives
- Reporting to stakeholders on plans and progress made towards fulfilling those plans; and
- Maintaining effective systems of internal control

Structure and Philosophy of Southern DHB

Board Membership

The Board is made up of elected and appointed members. All Board members are required to act in the best interests of the District Health Board. Members acknowledge that the Board must stand unified behind its decisions and individual members have no separate governing role outside the boardroom.

Operations

The Board has appointed a single employee, the CEO, to manage overall operations. All other employees have been appointed by the CEO. The Board directs the CEO by delegating responsibility and authority for the achievement of objectives through setting policy.

Division of Responsibility between the Board and Management

Key to the efficient running of Southern DHB is having a clear division between the roles of the Board and management. The Board concentrates on setting policy, approving strategy, and monitoring progress towards meeting objectives. Management implements policy and strategy. The Board has clearly distinguished these roles by ensuring the delegation of responsibility and authority to the CEO is concise and complete.

Connection with Stakeholders

The Board acknowledges its responsibility for keeping in touch with stakeholders and acknowledges the expectations of the Minister of Health and Associate Ministers of Health.

Board Committees

The Board has several standing committees to focus in detail on particular issues. Each committee has been delegated governance responsibility to advise the Board on policies and monitor the DHB's progress towards meeting its objectives. Committees do not get involved in day-to-day operational matters. The Board and its standing committees (including the statutory, permanent advisory committees) are:

Committee	Meets
Southern DHB Board	Monthly
Audit and Risk Committee	Bi-Monthly
Community and Public Health Advisory Committee	Bi-Monthly
Clinical Advisory Committee	Monthly
Disability Support Advisory Committee	Bi-Monthly
Hospital Advisory Committee	Monthly
Iwi Governance Committee	Monthly

Quality Improvement Programme

Southern DHB has embraced and developed quality and risk management programmes supporting ongoing accreditation status against Quality Health New Zealand (QHNZ) Standards.

The following quality principles are embedded into all Southern DHB activities:

- the patient/client comes first
- all work is part of a process
- quality improvement is ongoing
- prevention is achieved through planning
- quality happens through people

The quality improvement programme:

- fosters a quality structure which supports clinical and non-clinical systems improvements
- enhances reporting, feedback and communication amongst the service groups and the quality and risk management committee
- facilitated building of a clinical governance relationship across all clinical specialties and teams

Risk Management

The Board acknowledges it is ultimately responsible for the management of risks to Southern DHB. The Board has charged the CEO through its risk management policy with establishing and operating a risk management programme in line with the "Guidelines for Managing Risk in the Australian and New Zealand Public Sector SAA/NZSHB 143:1999."

Southern DHB's risk management programme aims to identify issues and manage risks within the DHB's financial and clinical constraints. Southern DHB has adopted effective strategies for handling risk to protect patients, families, staff and the organisation to the best of its ability.

Risk management mainly involves the quality of management and operational systems, clarification of individual roles and responsibilities and providing a healthy, safe and secure environment for patients, families and staff.

The risk management programme involves:

- a risk management team, which advises managers and the overall organisation about the development of risk management strategies and links into other health providers
- core policies, procedures and guidelines, including identifying staff's training needs
- ensuring guidelines and practices identify risks and manage them in a timely manner
- identifying the implications of amended and new laws to ensure compliance

Accountability

The Board holds monthly meetings to monitor progress towards its strategic objectives and ensure Southern DHB is operating in line with its policies.

Conflicts of Interest

The Board has an Interests Register and ensures Board members are aware of their obligations to declare any potential conflicts of interest. The Executive Management Team also has an Interests Register.

Internal Audit

While many of the Board's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Board. Internal controls include the policies, systems and procedures set up to ensure the Board's specific objectives are achieved. The Board and management acknowledged their responsibility by signing the Statement of Responsibility.

Southern DHB has an internal audit function which monitors its systems of internal control and the quality and reliability of financial and other information reported to the Board. Internal Audit is independent of management and reports its findings to the Audit and Risk Committee. Internal Audit liaises closely with the external auditors, who review systems of internal control to the extent necessary for its audit.

Legislative Compliance

The Board acknowledges its responsibility to ensure the organisation complies with all laws. The Board has delegated responsibility to the CEO for a programme to systematically identify compliance issues and to ensure staff are aware of the relevant legal requirements.

Human Resources Employment Relations / Good Employer Objectives

The DHB's human resources (staff) are its most valuable asset.

Workforce development and strong organisation health are central to our DHB to ensure that we provide high quality effective services and meet the continued challenges of the health needs of our community.

Southern DHB is committed to developing a workforce profile and understanding the needs and expectations of its workforce. We are committed to promoting leadership opportunities and a positive culture for our organisation.

Southern DHB remains fully supportive of collaborative workforce activity through the Workforce New Zealand. Southern DHB will also be progressing a number of local initiatives based on the potential to add value, while recognising that investment in workforce development is inherently medium to longer term.

Under the Crown Entities Act 2004, the DHB has to report whether it is meeting its Good Employers objectives. Southern DHB has several policies which relate to the "Good Employer" Framework promoted by the Human Rights Commission. The following table demonstrates policy coverage under this framework.

Framework Area	DHB Policy and Activity
Leadership, Accountability and Culture.	Southern DHB has a clinical governance framework to ensure appropriate engagement for management and clinical staff pertaining to quality and safety of services. The DHB's Executive Management Team promotes the organisation's visions and values and encourages staff involvement in decision making which affects them, through formal change management protocols.
Recruitment, Selection and Induction.	A suite of Equal Employment Opportunity policies are complemented by an orientation programme for new staff.
Employee Development, Promotion and Exit.	The DHB has annual performance and development reviews for staff. Considerable funds are committed to staff education and development each year. The DHB promotes quality and innovation through workforce development, which includes having annual awards and scholarships.
Flexibility and Work Design.	The DHB has numerous part-time staff, some "job-shared" roles and tries to be flexible about staff's on-site and off-site commitments. The DHB employs around 4,300 staff (around 3,500 Full Time Equivalents during the year).
Remuneration, Recognition and Conditions.	Southern DHB's Human Resources aims to contribute to the development of an organisation which shares common values and ensures staff are recognised and valued in ways meaningful to them, because that is key to recruiting and retaining a highly skilled workforce.
Harassment and Bullying Prevention.	Southern DHB has adopted a zero tolerance stance towards harassment and bullying, supported by appropriate policies which include a Code of Conduct and Integrity policy.
Safe and Healthy Environment.	Dedicated Health and Safety staff take a proactive approach, through an accredited Accident Compensation Corporation partnership programme. A strong culture of workplace safety and consultation networks continues, including elected health and safety representatives on committees throughout the DHB. Southern DHB has strong and proactive management of health and safety issues. Southern DHB continually seeks to improve its ability to understand, measure and prevent incidents. The organisation also has an independent contracted employee assistance programme supported by staff mentors and advisors if needed.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011
(In thousands of New Zealand Dollars)

	Note	2011 Actual	2011 Budget	2010 Actual
Revenue	1	802,008	798,288	133,142
Other operating income	2	10,247	8,826	1,336
Finance income	5a	2,080	1,353	226
Total income		**814,335**	**808,467**	**134,704**
Employee benefit costs	4	297,475	298,050	50,037
Depreciation and amortisation expense	7,8	19,397	20,946	3,278
Outsourced services		18,556	22,975	4,283
Clinical supplies		70,232	69,237	11,501
Infrastructure and non-clinical expenses		40,710	42,579	6,671
Payments to non-health board providers		350,824	353,065	58,123
Other operating expenses	3	3,663	2,629	631
Finance costs	5b	5,000	5,305	886
Capital charge	6	8,336	8,582	1,005
Total expenses		**814,193**	**823,368**	**136,415**
Share of profit/(loss) in associates	10	88	-	53
Surplus/(deficit) for the year	13	**230**	**(14,901)**	**(1,658)**
Other Comprehensive income				
Gains on property revaluations	13	-	-	-
Total other comprehensive income		-	-	-
Total Comprehensive income	22	**230**	**(14,901)**	**(1,658)**

Explanation of major variances against budget are provided in note 22

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011
(In thousands of New Zealand Dollars)

	Note	2011 Actual	2011 Budget	2010 Actual
Equity at beginning of the year		**107,437**	**107,384**	**-**
Contribution from the Crown being the net assets transferred to Southern DHB from the Otago and Southland DHBs on 1 May 2010		-	-	98,479
Total comprehensive income		230	(14,901)	(1,658)
Capital contributions from the Crown (Deficit Support and Project Equity Funding)	13	10,029	25,919	10,616
Other equity movements	13	(771)	-	-
Equity at end of the year		**116,925**	**118,402**	**107,437**

The comparative figures reflect the two month period beginning 1 May 2010 as this was when the Southern DHB came into existence

Accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011
(In thousands of New Zealand Dollars)

	Note	2011 Actual	2011 Budget	2010 Actual
Assets				
Property, plant and equipment	7	257,960	271,084	258,228
Intangible assets	8	5,492	11,720	5,832
Investments in associates	10	326	185	238
Total non-current assets		**263,778**	**282,989**	**264,298**
Inventories held for distribution	9	4,605	4,202	4,202
Trade and other receivables	11	28,844	23,707	25,047
Cash and cash equivalents	12	37,294	16,090	30,084
Total current assets		**70,743**	**43,999**	**59,333**
Total assets		**334,521**	**326,988**	**323,631**
Equity				
Crown equity	13	32,810	150,390	22,781
Property revaluation reserves	13	85,362	86,314	86,314
Retained earnings / (losses)	13	(1,247)	(118,302)	(1,658)
Total equity		**116,925**	**118,402**	**107,437**
Liabilities				
Interest-bearing loans and borrowings	14	93,570	71,232	73,726
Employee benefits	15	14,698	14,561	14,576
Total non-current liabilities		**108,268**	**85,793**	**88,302**
Cash and cash equivalents	12	-	-	-
Interest-bearing loans and borrowings	14	8,144	29,099	29,925
Trade and other payables	16	47,072	44,088	46,960
Employee benefits	15	50,281	46,007	47,407
Custodial & special purpose funds		3,831	3,599	3,600
Total current liabilities		**109,328**	**122,793**	**127,892**
Total liabilities		**217,596**	**208,586**	**216,194**
Total equity and liabilities		**334,521**	**326,988**	**323,631**

The comparative figures reflect the two month period beginning 1 May 2010 as this was when the Southern DHB came into existence

Accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ending 30 June 2011
(In thousands of New Zealand Dollars)

	Note	2011 Actual	2011 Budget	2010 Actual
Cash flows from operating activities				
Cash receipts from Ministry of Health and patients		807,840	808,303	133,578
Cash paid to suppliers		(484,045)	(490,283)	(79,793)
Cash paid to employees		(295,015)	(302,034)	(48,040)
Cash generated from operations		**28,780**	**15,986**	**5,745**
Interest received		2,080	1,353	226
Interest paid		(4,697)	(5,231)	(923)
Net taxes refunded/ (paid) (goods and services tax)		413	(622)	(1,207)
Capital charge paid		(7,819)	(8,389)	(1,191)
Net cash flows from operating activities	12	**18,757**	**3,097**	**2,650**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		55	-	
Acquisition of property, plant and equipment		(18,888)	(38,980)	(2,181)
Net appropriation from trust funds		231		53
Net cash flows from investing activities		**(18,602)**	**(38,980)**	**(2,128)**
Cash flows from financing activities				
Proceeds from equity injection		10,029	25,919	10,616
Repayment of borrowings		(2,974)	(4,030)	(373)
Net cash flows from financing activities		**7,055**	**21,889**	**10,243**
Net increase in cash and cash equivalents		7,210	(13,994)	10,765
Cash and cash equivalents at beginning of year		30,084	30,084	19,319
Cash and cash equivalents at end of year	12	**37,294**	**16,090**	**30,084**

The comparative figures reflect the two month period beginning 1 May 2010 as this was when the Southern DHB came into existence

Accompanying notes form part of these financial statements.

STATEMENT OF CONTINGENCIES AND COMMITMENTS

As at 30 June 2011
(In thousands of New Zealand Dollars)

Contingent Liabilities	2011 Actual	2010 Actual
Legal proceedings against Southern DHB	7	20
Personal grievances	-	-
	7	**20**

Contingent Assets	2011 Actual	2010 Actual
Legal proceedings by Southern DHB	-	-
	-	**-**

Southern DHB has been notified of two claims.

Southern DHB has one potential claim, but the amount of this claim has not yet been quantified

As at 30 June 2011
(In thousands of New Zealand Dollars)

	2011 Actual	2010 Actual
Capital Commitments	**13,019**	**6,459**
Non-cancellable commitments - provider commitments		
Not more than one year	63,145	74,659
One to two years	38,161	47,154
Two to three years	34,458	36,339
Three to four years	32,344	34,734
Four to five years	33,097	34,081
Over five years	948	33,958
	202,153	**260,925**
Non-cancellable commitments - operating lease commitments		
Not more than one year	1,408	2,160
One to two years	560	1,501
Two to three years	189	517
Three to four years	43	220
Four to five years	0	57
Over five years	0	3
	2,200	**4,458**

Accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Reporting Entity

Southern District Health Board (Southern DHB) is a Health Board established by the New Zealand Public Health and Disability Act 2000. Southern DHB is a Crown entity in terms of the Crown Entities Act 2004, owned by the Crown and domiciled in New Zealand.

Southern DHB is a reporting entity for the purposes of the New Zealand Public Health and Disability Act 2000, the Financial Reporting Act 1993, the Public Finance Act 1989 and the Crown Entities Act 2004.

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

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

Basis of Preparation

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.

Functional and presentation currency

The financial statements are presented in New Zealand Dollars (NZD), rounded to the nearest thousand.

Measurement base

The assets and liabilities of the Otago and Southland DHBs were transferred to the Southern DHB at their carrying values which represent their fair values as at 30 April 2010. This was deemed to be the appropriate value as the Southern District Health Board continues to deliver the services of the Otago and Southland District Health Boards with no significant curtailment or restructure of activities. The value on recognition of those assets and liabilities has been treated as capital contribution from the Crown.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value, financial instruments classified as available-for-sale, land and buildings and investment property, and certain borrowings.

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

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

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

Comparatives

As the Southern DHB was formed on 1 May 2010 the comparative figures represent the two months ending 30 June 2010.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted.

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

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

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

Significant Accounting Policies

Associates

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

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

Foreign Currency Transactions

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

Budget Figures

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

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 fixture and fittings
- computer equipment
- vehicles
- work in progress.

Owned assets

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

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

Additions to property, plant and equipment between valuations are recorded at cost.

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.

Disposal of Property, Plant and Equipment

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

Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Southern DHB and the cost of the item measured reliably.

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

Leased assets

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

Subsequent costs

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

Depreciation

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	15 to 80 years	1.25-6.67%
Plant and Equipment	5 to 15 years	6.67-20%
Computer Equipment	3 to 10 years	10-33%
Motor Vehicles	5 years	20%

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.

The residual value of assets is reassessed annually, and adjusted if applicable, at each financial year-end.

Intangible assets

Intangible assets that are acquired by Southern DHB are stated at cost less accumulated amortisation and impairment losses. Intangible assets with finite lives are subsequently recorded at cost less any amortisation.

Amortisation

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

Type of asset	Estimated life	Amortisation rate
Software	3 to 10 years	10-33%

Investments

Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance.

Other financial instruments held by Southern DHB are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of financial performance. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of financial performance.

Financial instruments classified as held for trading or available-for-sale investments are recognised / derecognised by Southern DHB on the date it commits to purchase / sell the investments.

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.

Inventories

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

Inventories held for distribution

Inventories held for distribution are stated at the lower of cost and current replacement cost.

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 Southern DHB's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment

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

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

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

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

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

Calculation of recoverable amount

The estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is calculated differently depending on whether an asset generates cash or not. For an asset

that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

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

Reversals of impairment

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

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

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

Interest-bearing and Interest-free borrowings

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

Employee Benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of financial performance as incurred.

Long service leave, sabbatical leave and retirement gratuities

Southern DHB's net obligation in respect of long service leave, sabbatical leave and retirement gratuities is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated by AON New Zealand Ltd, using accepted actuarial principles and complies with all requirements of NZ IAS. The discount rates adopted are in accordance with NZ IAS 19.

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

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

Provisions

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

Restructuring

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

Onerous contracts

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

Trade and other payables

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

Insurance

ACC Partnership Programme

Southern DHB belongs to the ACC Partnership Programme whereby Southern DHB accepts the management and financial responsibility of work related illnesses and accidents of employees. Under the ACC Partnership Programme Southern DHB is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to accidents and illnesses occurring up to the balance sheet date for which Southern DHB has responsibility under the terms of the Partnership Programme.

The liability for claims reported prior to balance date has been determined by assuming that the future experience for each current claim is consistent with historical claim information since the commencement of the programme. The liability for injuries or illnesses that have occurred up to balance date, but not yet reported or not enough reported, has been determined by reference to historical information of the time it takes to report injury or illness.

The value of the liability is measured at the present value of the future payments for which Southern DHB has responsibility using a risk free discount rate. The value of the liability includes a risk margin that represents the inherent uncertainty of the present value of the expected future payments.

Revenue relating to service contracts

Southern DHB is required to expend all monies appropriated within certain contracts during the year in which it is appropriated. Should this not be done, the contract may require repayment of the money or

Southern DHB, with the agreement of the Ministry of Health, may be required to expend it on specific services in subsequent years. The amount unexpended is recognised as a liability.

Income tax

Southern DHB is a crown entity under the New Zealand Public Health and Disability Act 2000 and is exempt from income tax under section CW38 of the Income Tax Act 2007.

Goods and services tax

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

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 Southern DHB has transferred to the buyer the significant risks and rewards of ownership of the goods and Southern DHB does not retain either continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

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

Expenses

Operating lease payments

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

Finance lease payments

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

Net financing costs

Net financing costs comprise interest paid and payable on borrowings calculated using the effective interest rate method, interest received and receivable on funds invested calculated using the effective interest rate method, dividend income and gains and losses on hedging instruments that are recognised in the statement of financial performance.

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

Non-current assets held for sale

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

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

Custodial/Trust and Bequest Funds

Donations and bequests to Southern DHB 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 trust funds component of equity. When expenditure is subsequently incurred in respect of these funds it is recognised in the statement of financial performance and an equivalent amount is transferred from the trust funds component of equity to retained earnings.

Financial Instruments

Southern DHB is party to financial instruments as part of its normal operations. Financial instruments are contracts which give rise to assets and liabilities or equity instruments in another equity. These financial instruments include bank accounts, short-term deposits, investments, interest rate swaps, debtors, creditors and loans. All financial instruments are recognised in the balance sheet and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance. Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Cost of Service Statements

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

Cost Allocation

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

Cost Allocation Policy

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

Criteria for Direct and Indirect Costs

"Direct costs" are those costs directly attributable to an output class. "Indirect costs" are those costs which cannot be identified in an economically feasible manner with a specific output class. Indirect costs are therefore charged to output classes in accordance with prescribed Hospital Costing Standards based upon cost drivers and related activity/usage information.

NOTES TO THE FINANCIAL STATEMENTS

1 Revenue

	2011 Actual	2010 Actual
Health and disability services (MOH contracted revenue)	758,775	125,988
ACC contract	8,471	1,627
Inter district patient flows	26,275	4,062
Other revenue	8,487	1,465
	802,008	**133,142**

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

2 Other operating income

	2011 Actual	2010 Actual
Gain on sale of property, plant and equipment	47	-
Donations and bequests received	671	40
Rental income	1,780	314
Other	7,749	982
	10,247	**1,336**

3 Other operating expenses

	Note	2011 Actual	2010 Actual
Impairment of trade receivables (doubtful debts)		715	-
Bad debts written off		50	57
Loss on disposal of property, plant and equipment		21	1
Audit fees (for the audit of financial statements)		175	47
Audit related fees (for assurance and related services)		-	-
Fees paid to other auditors for assurance and related services including internal audit		122	53
Board member fees	19	402	92
Operating lease expenses		2,175	380
Koha		3	1
		3,663	**631**

4 Employee benefit costs

	2011 Actual	2010 Actual
Wages and salaries	294,601	48,443
Increase/ (decrease) in employee benefit provisions	2,874	1,594
	297,475	**50,037**

5a Finance income

	2011 Actual	2010 Actual
Interest income	2,080	226
	2,080	**226**

5b Finance costs

	2011 Actual	2010 Actual
Interest expense	5,000	886
	5,000	**886**

6 Capital charge

Southern DHB pays a monthly capital charge to the Crown based on the greater of its actual or budgeted closing equity balance for the month. The capital charge rate for the period ended 30 June 2011 was 8 per cent. The amount charged during the period was $8,336 (2010: $1,005).

7 Property, plant and equipment

Cost	Freehold land (at valuation)	Freehold buildings (at valuation)	Plant and equipment	Vehicles	Leased Assets	Work in progress	Total
Balance at 1 May 2010	25,263	199,023	115,403	259	16,429	1,596	**357,973**
Additions	-	55	980	-	-	1,136	**2,171**
Disposals	-	-	(300)	-	(675)	-	**(975)**
Transfers	-	-	900	-	11	(911)	**-**
Revaluations	-	-	-	-	-	-	**-**
Balance at 30 June 2010	**25,263**	**199,078**	**116,983**	**259**	**15,765**	**1,821**	**359,169**
Balance at 1 July 2010	25,263	199,078	116,983	259	15,765	1,821	**359,169**
Additions	-	214	3,635	-	685	14,551	**19,085**
Disposals	(32)	(16)	(7,244)	-	(1,094)	-	**(8,386)**
Transfers	-	3,334	3,534	455	15	(8,068)	**(730)**
Revaluations & impairment	-	(771)	-	-	-	-	**(771)**
Balance at 30 June 2011	**25,231**	**201,839**	**116,908**	**714**	**15,371**	**8,304**	**368,367**
Depreciation and impairment losses							
Balance at 1 May 2010	-	-	89,638	204	9,027	-	**98,869**
Depreciation charge for the year	-	1,162	1,257	3	618	-	**3,040**
Impairment losses	-	-	-	-	-	-	**-**
Reversal of impairment losses	-	-	-	-	-	-	**-**
Disposals	-	-	(293)	-	(675)	-	**(968)**
Transfers	-	-	-	-	-	-	**-**
Revaluations	-	-	-	-	-	-	**-**
Balance at 30 June 2010	**-**	**1,162**	**90,602**	**207**	**8,970**	**-**	**100,941**
Balance at 1 July 2010	-	1,162	90,602	207	8,970	-	**100,941**
Depreciation charge for the year	-	6,912	8,041	53	2,818	-	**17,824**
Impairment losses	-	(41)	-	-	-	-	**(41)**
Reversal of impairment losses	-	-	-	-	-	-	**-**
Disposals	-	-	(7,223)	-	(1,094)	-	**(8,317)**
Transfers	-	-	117	8	(125)	-	**-**
Revaluations	-	-	-	-	-	-	**-**
Balance at 30 June 2011	**-**	**8,033**	**91,537**	**268**	**10,569**	**-**	**110,407**

7 Property, plant and equipment (continued)

Carrying amounts							
At 1 May 2010	25,263	199,023	25,765	55	7,402	1,596	**259,104**
At 30 June 2010	**25,263**	**197,916**	**26,381**	**52**	**6,795**	**1,821**	**258,228**
At 1 July 2010	25,263	197,916	26,381	52	6,795	1,821	258,228
At 30 June 2011	**25,231**	**193,806**	**25,371**	**446**	**4,802**	**8,304**	**257,960**

Impairment

There were no impairment losses recognised in the 2011 year

Revaluation

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

The revaluation of land and buildings of the Otago and Southland District Health Boards was carried out as at 30 April 2010 by Tony Chapman, an independent registered valuer with Chapman Consultancy and a member of the New Zealand Institute of Valuers. That valuation conformed to International Valuation Standards and was based on an optimised depreciation replacement cost methodology. The valuer was contracted as an independent valuer. The land and buildings were transferred to Southern DHB at these values.

Restrictions

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

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

8 Intangible assets

Cost	Software
Balance at 1 May 2010	11,703
Additions	18
Disposals	(1)
Balance at 30 June 2010	**11,720**
Balance at 1 July 2010	11,720
Additions	1,233
Disposals	(77)
Balance at 30 June 2011	**12,876**

8 Intangible assets (continued)

Amortisation and impairment losses	
Balance at 1 May 2010	5,650
Amortisation charge for the year	238
Impairment losses	-
Reversal of impairment losses	-
Disposals	-
Balance at 30 June 2010	**5,888**
Balance at 1 July 2010	5,888
Amortisation charge for the year	1,573
Impairment losses	-
Reversal of impairment losses	-
Disposals	(77)
Balance at 30 June 2011	**7,384**
Carrying amounts	
At 1 May 2010	6,053
At 30 June 2010	**5,832**
At 1 July 2010	5,832
At 30 June 2011	**5,492**

Impairment

There were no impairment losses recognised in the 2011 year

9 Inventories held for distribution

	2011 Actual	2010 Actual
Pharmaceuticals	1,363	508
Surgical & Medical supplies	3,242	3,694
	4,605	**4,202**

The carrying amount of inventories held for distribution carried at current replacement cost at 30 June 2011 was $4,605 (2010 $4,202).

The write-down of inventories held for distribution amounted to $0 for 2011, while reversals of write-downs were $0 for 2011 (2010: $0 and $0). No inventories are pledged as security for liabilities but some inventories are subject to retention of title clauses (Romalpa clauses). The value of stocks subject to such clauses cannot be quantified due to the inherent difficulties in identifying the specific inventories affected at year-end.

10 Investments in associates

Southern DHB has the following investments in associates:

a) General information

Name of entity	Principal activities	Interest held at 30 June 2011	Balance Date
South Island Shared Service Agency Limited	Support the activities of DHBs' in providing: • health services planning and review, • provider and stakeholder management, • contract management, • project management, • contract audit and monitoring, and • financial analysis and planning	30%	30 June

SISSAL as an entity is to be disestablished with the staff transferred to Canterbury DHB. The functions of SISSAL will be conducted by South Island DHB's under an agency arrangement.

b) Summary of financial information on associate entities (100%)

2011 Actual	Assets	Liabilities	Equity	Revenues	Profit/ (loss)
South Island Shared Service Agency Limited	2,229	1,142	1,087	2,877	295
	2,229	1,142	1,087	2,877	295

2010 Actual	Assets	Liabilities	Equity	Revenues	Profit/ (loss)
South Island Shared Service Agency Limited	2,290	1,498	792	2,834	35
	2,290	1,498	792	2,834	35

c) Share of profit of associate entities

	2011 Actual	2010 Actual
Share of profit/ (loss) before tax	88	53
Less: tax expense	-	-
Share of profit/ (loss) after tax	**88**	**53**

d) Investment in associate entities

	2011 Actual	2010 Actual
Carrying amount at beginning of year	238	185
Acquisition of new investments	-	-
Disposal of investments	-	-
Share of total recognised revenue and expenses	88	53
Dividends	-	-
Other movements	-	-
	326	**238**

e) Share of associates' contingent liabilities and commitments

	2011 Actual	2010 Actual
Contingent liabilities	-	-
Contracted capital commitments	-	-
Other contracted commitments	-	-

11 Trade and other receivables

	2011 Actual	2010 Actual
Trade receivables from non-related parties	3,051	4,951
Ministry of Health receivables	2,082	3,172
Accrued income	21,622	15,483
Prepayments	2,089	1,441
	28,844	**25,047**

Trade receivables are shown net of provision for doubtful debts amounting to $1,426 arising from identified debts unlikely to be recovered (2010: $711).

12 Cash and cash equivalents

	2011 Actual	2010 Actual
Bank balances	3,838	347
Call deposits	33,442	29,725
Cash and cash equivalents	14	12
Bank overdrafts	-	-
Cash and cash equivalents in the statement of cash flows	**37,294**	**30,084**

Working capital facility

The bank overdrafts are secured by a negative pledge which requires Southern DHB to comply with certain covenants such as limitations on borrowings, secured liabilities and disposal of assets. The facilities available total $10 million.

Reconciliation of (deficit)/ surplus for the year with net cash flows from operating activities

	Note	2011 Actual	2010 Actual
(Deficit) / surplus for the period		230	(1,658)
Add back non-cash items:			
Depreciation and assets written off		19,397	3,278
Share of profit/ (loss) after tax from associate companies	10	(88)	(53)
Other non cash items			
Increase/ (decrease) in fair value		338	60
Increase/ (decrease) in provision for doubtful debts		715	-
Add back items classified as investing activity:			
Net loss/ (gain) on disposal of property, plant and equipment		(26)	1
Movements in working capital:			
(Increase)/ decrease in trade and other receivables		(4,512)	(186)
(Increase)/ decrease in inventories		(403)	86
Increase/ (decrease) in trade and other payables		112	(472)
Increase/ (decrease) in employee benefits		2,994	1,594
Net movement in working capital		**(1,809)**	**1,022**
Net cash inflow/ (outflow) from operating activities		**18,757**	**2,650**

13 Capital and reserves

	Crown equity	Property revaluation reserve	Retained earnings	Total equity
Balance at 1 May 2010	-	-	-	-
Contribution from the Crown being the net assets transferred to Southern DHB from the Otago and Southland DHBs on 1 May 2010	12,165	86,314		98,479
Capital contributions from the Crown (Deficit Support and Project Equity Funding)	11,323	-	-	11,323
Equity repayment to the crown	(707)	-	-	(707)
Movement in revaluation of land and buildings	-	-	-	-
Transfers from revaluation of land and buildings on disposal	-	-	-	-
Surplus for the period	-	-	(1,658)	(1,658)
Balance at 30 June 2010	**22,781**	**86,314**	**(1,658)**	**107,437**
Balance at 1 July 2010	22,781	86,314	(1,658)	107,437
Capital contributions from the Crown (Deficit Support and Project Equity Funding)	10,736	-	-	10,736
Equity repayment to the crown	(707)	-	-	(707)
Movement in revaluation of land and buildings	-	-	-	-
Transfers from revaluation of land and buildings on impairment		(771)	-	(771)
Transfers from revaluation of land and buildings on disposal	-	(181)	181	-
Surplus for the period	-	-	230	230
Balance at 30 June 2011	**32,810**	**85,362**	**(1,247)**	**116,925**

14 Interest-bearing loans and borrowings

	2011 Actual	2010 Actual
Non-current		
Secured loans	90,189	68,480
Unsecured loans	789	642
Finance lease liabilities	2,592	4,604
	93,570	**73,726**
Current		
Current portion of secured loans	5,100	26,804
Current portion of finance lease liabilities	2,599	2,802
Current portion of unsecured loans	445	319
	8,144	**29,925**

14 Interest-bearing loans and borrowings (continued)

Secured loans

Southern DHB has a secured loan with the Crown Health Financing Agency.

The details of terms and conditions are as follows:

Interest rate summary	2011 Actual	2010 Actual
Crown Health Financing Agency	3.65% to 6.96%	2.43% to 6.96%

Repayable as follows:	2011 Actual	2010 Actual
Within one year	5,546	27,123
One to two years	38,045	919
Two to three years	10,806	22,919
Three to four years	6,976	680
Four to five years	16,720	6,850
Later than five years	20,004	39,604

Term loan facility limits	2011 Actual	2010 Actual
Crown Health Financing Agency	97,400	97,400
Term loan facility	-	-

Security and terms

The term loan is a secured loan.

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

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

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

From November 2007 all covenants in application over the loan from the Crown Health Financing Agency were waived. However the Crown Health Financing Agency retains the right to reinstate the covenants at any time.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2011 Actual	Interest 2011 Actual	Principal 2011 Actual	Minimum lease payments 2010 Actual	Interest 2010 Actual	Principal 2010 Actual
Less than one year	2,910	268	2,642	3,252	450	2,802
Between one and five years	2,693	300	2,393	5,156	552	4,604
More than five years	176	4	172	-	-	-
	5,779	**572**	**5,207**	**8,408**	**1,002**	**7,406**

Under the terms of the lease agreements, no contingent rents are payable.

15 Employee benefits

	2011 Actual	2010 Actual
Non-current liabilities		
Liability for long-service leave	3,069	2,848
Liability for sabbatical leave	1,109	994
Liability for retirement gratuities	10,520	10,734
	14,698	**14,576**
Current liabilities		
Liability for long-service leave	3,169	3,173
Liability for sabbatical leave	113	112
Liability for retirement gratuities	2,045	1,235
Liability for annual leave	26,780	25,515
Liability for sick leave	257	241
Liability for continuing medical education	5,901	5,242
Salary and wages accrual	12,016	11,889
	50,281	**47,407**

16 Trade and other payables

	2011 Actual	2010 Actual
Trade payables due to associates	-	-
Trade payables to non-related parties	2,849	6,688
GST payable	6,098	5,684
Income in advance relating to contracts with specific performance obligations	1,168	2,388
Capital charge due to the Crown	796	209
Other non-trade payables and accrued expenses	36,161	31,991
	47,072	**46,960**

17 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:	2011 Actual	2010 Actual
Less than one year	1,408	2,160
Between one and five years	792	2,295
More than five years	0	3
	2,200	**4,458**

During the year ended 30 June 2011, $2,175 was recognised as an expense in the statement of financial performance in respect of operating leases (2010: $380).

18 Financial instruments

Exposure to credit, interest rate and currency risks arise in the normal course of Southern DHB's operations.

Credit risk

Financial instruments, which potentially subject the health board to concentrations of risk, consist principally of cash, short-term deposits and accounts receivable.

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

Concentrations of credit risk from accounts receivable are limited due to the large number and variety of customers. The Ministry of Health is the largest single debtor (approximately 31.7 per cent). It is assessed to be a low risk and high-quality entity due to its nature as the government funded purchaser of health and disability support services.

The Crown Retail Deposit Guarantee Scheme for deposits held with banks that have opted into the scheme provides a guarantee of $1million per depositor per guaranteed institution. Deposits beyond this level are not covered by this scheme.

18 Financial instruments (continued)

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

Trade receivables	Gross Receivable	Impairment	Gross Receivable	Impairment
Not past due	3,604	(57)	5,689	
Past due 0-30 days	719	(22)	355	
Past due 31-120 days	766	(366)	1,598	(48)
Past due 121-360 days	470	(146)	577	(216)
Past due more than 1 year	1,000	(835)	615	(447)
Total	**6,559**	**(1,426)**	**8,834**	**(711)**

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

Trade receivables	2011 Actual	2010 Actual
Gross trade receivables	6,559	8,834
Individual impairment	(1,426)	(711)
Collective impairment	-	-
Net total trade receivables	**5,133**	**8,123**

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

Liquidity risk

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

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

2011	Balance sheet	Contractual cash flow	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Secured loans	95,289	117,752	7,228	2,645	32,071	42,297	33,511
Unsecured loans	1,234	1,343	223	223	445	452	-
Finance lease liabilities	5,191	5,779	1,599	1,311	1,404	1,289	176
Loan from associate	-	-	-	-	-	-	-
Unsecured bank facility	-	-	-	-	-	-	-
Trade and other payables	47,072	47,072	47,072	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-
Total	**148,786**	**171,946**	**56,122**	**4,179**	**33,920**	**44,038**	**33,687**
Forward exchange contracts							
Inflow							
Outflow	148,786	171,946	56,122	4,179	33,920	44,038	33,687

18 Financial instruments (continued)

Liquidity risk (continued)

2010	Balance sheet	Contractual cash flow	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Secured loans	95,284	121,629	29,313	2,112	4,521	39,037	46,646
Unsecured loans	961	1,036	159	159	319	399	-
Finance lease liabilities	7,406	8,408	1,672	1,580	2,660	1,970	526
Loan from associate	-	-	-	-	-	-	-
Unsecured bank facility	-	-	-	-	-	-	-
Trade and other payables	46,960	46,960	46,960	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-
Total	**150,611**	**178,033**	**78,104**	**3,851**	**7,500**	**41,406**	**47,172**
Forward exchange contracts							
Inflow							
Outflow	150,611	178,033	78,104	3,851	7,500	41,406	47,172

Interest rate risk

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

Southern DHB adopts a policy of ensuring that interest rate exposure will be managed by an appropriate mix of fixed rate and floating rate debt.

Effective interest rates and repricing analysis

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

	2011 Actual						
	Effective interest rate (%)	Total	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Cash and Cash Equivalents	2.50%	-	-	-	-	-	-
Secured bank loans:							
NZD fixed rate loan *							
Crown health Funding Agency*	0.00%	6,004	300	300	600	1,800	3,004
Crown health Funding Agency*	3.65%	4,500	4,500	-	-	-	-
Crown health Funding Agency*	3.88%	5,000	-	-	5,000	-	-
Crown health Funding Agency*	4.28%	10,000	-	-	10,000	-	-
Crown health Funding Agency*	4.90%	5,000	-	-	5,000	-	-
Crown health Funding Agency*	6.96%	5,000	-	-	5,000	-	-
Crown health Funding Agency*	6.11%	12,000	-	-	12,000	-	-
Crown health Funding Agency*	4.75%	10,000	-	-	-	10,000	-
Crown health Funding Agency*	5.06%	10,000	-	-	-	10,000	-
Crown health Funding Agency*	5.75%	6,000	-	-	-	6,000	-
Crown health Funding Agency*	6.55%	6,250	-	-	-	6,250	-
Crown health Funding Agency*	5.22%	7,000	-	-	-	-	7,000
Crown health Funding Agency*	6.42%	10,000	-	-	-	-	10,000
Finance lease liabilities*	3.34%-8.93%	5,207	1,440	1,202	1,265	1,128	172
Unsecured Bank Loans	0.00%	1,343	223	223	445	452	-
Bank overdraft	3.50%-5.42%	-	-	-	-	-	-

* These assets/ liabilities bear interest at fixed rates

18 Financial instruments (continued)

Effective interest rates and re-pricing analysis (continued)

	2010 Actual						
	Effective interest rate (%)	Total	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Cash and Cash Equivalents	2.50%	30,084	30,084	-	-	-	-
Secured bank loans:							
NZD fixed rate loan *							
Crown health Funding Agency *	2.43%	4,500	4,500	-	-	-	-
Crown health Funding Agency *	5.80%	22,000	22,000	-	-	-	-
Crown health Funding Agency *	0.00%	6,308	152	152	600	1,800	3,604
Crown health Funding Agency *	6.96%	5,000	-	-	-	5,000	-
Crown health Funding Agency *	6.55%	6,250	-	-	-	6,250	-
Crown health Funding Agency *	4.90%	5,000	-	-	-	5,000	-
Crown health Funding Agency *	6.11%	12,000	-	-	-	12,000	-
Crown health Funding Agency *	6.42%	10,000	-	-	-	-	10,000
Crown health Funding Agency *	5.99%	20,000	-	-	-	-	20,000
Crown health Funding Agency *	5.75%	6,000	-	-	-	-	6,000
Finance lease liabilities*	3.34%-8.93%	7,406	1,420	1,382	2,413	1,708	483
Unsecured Bank Loans	0.00%	1,036	159	159	319	399	-
Bank overdraft	3.25%-8.90%	-	-	-	-	-	-

* These assets/ liabilities bear interest at fixed rates

Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Southern DHB is exposed to foreign currency risk on sales, purchases that are denominated in a currency other than NZD. The currencies giving rise to this risk are primarily United States and Australian Dollars.

Capital management

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

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

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

Sensitivity analysis

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

At 30 June 2011, it is estimated that a general change of one percentage point in interest rates would increase or decrease Southern DHB's operating result by approximately $959 (2010: $963).

Classification and fair values

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

		Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount Actual	Fair value Actual
2011	**Note**							
Trade and other receivables	**11**	-	-	28,844	-	-	28,844	28,844
Cash and cash equivalents	**12**	-	-	37,294	-	-	37,294	37,294
Secured loans	**14**	-	-	101,714	-	-	101,714	93,435
Finance lease liabilities	**14**	-	-	5,191	-	-	5,191	5,089
Unsecured liabilities	**14**	-	-	1,234	-	-	1,234	1,234
Trade and other payables	**16**	-	-	47,072	-	-	47,072	47,072
Bank overdraft	**12**	-	-	-	-	-	-	-
2010								
Trade and other receivables	**11**	-	-	25,047	-	-	25,047	25,047
Cash and cash equivalents	**12**	-	-	30,084	-	-	30,084	30,084
Secured loans	**14**	-	-	103,651	-	-	103,651	95,177
Finance lease liabilities	**14**	-	-	7,406	-	-	7,406	6,354
Unsecured liabilities	**14**	-	-	961	-	-	961	961
Trade and other payables	**16**	-	-	46,960	-	-	46,960	46,960
Bank overdraft	**12**	-	-	-	-	-	-	-

Estimation of fair values analysis

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

Interest-bearing loans and borrowings

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

Finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogenous lease agreements. The estimated fair values reflect change in interest rates.

Trade and other receivables/payables

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

Interest rates used for determining fair value

The entity uses the government yield curve as of 30 June 2011 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2011 Actual %	2010 Actual %
Finance Leases	9.25%	9.25%
Loans and borrowings	6.00%	6.10%

19 Related parties

Ownership

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

Identity of related parties

Southern DHB has a related party relationship with its subsidiaries, associates, joint venture and with its board members, directors and executive officers.

Board members' authorised remuneration, either paid or accrued, during the period was:

	Board Members Fees $'000	
	2011 Actual	2010 Actual
Helen Algar	11	4
Peter Barron	11	4
Sajan Bhatia	-	4
Joe Butterfield	30	-
Louise Carr	11	4
Neville Cook	28	4
Kaye Crowther QSO	26	4
Mary Flannery	16	-
Karen Goffe	10	4
Susie Johnstone	12	5
Malcolm Macpherson	26	4
Fiona McArthur	11	5
Judith Medlicott	10	4
Paul Menzies	38	7
Errol Millar	24	9
Katie O'Connor	10	4
Tahu Potiki	24	4
Louise Rosson	10	4
Branko Sijnja	28	4
Richard Thomson	27	5
Tim Ward	28	5
Dot Wilson	11	4

The remuneration paid relates solely to Board members' role on the Board and various statutory committees.

19 Related parties (continued)

Compensations

The key management remuneration is as follows:	2011 Actual	2010 Actual
Salary and short-term benefits	2,420	498
Superannuation	12	2
	2,432	**500**

The compensations above excludes amounts paid to board members as these are separately shown above

The FTE associated with key personnel was 10.1 (2010: 7.9)

Employee Termination Payments

Seventeen employees received remuneration in respect of the termination or personal grievance relating to their employment with Southern DHB. The total payments were $359,173 (2010: 3 employees totalling $43,797).

2011	2010
69	41
60	2
30	1
24	
22	
22	
21	
21	
18	
16	
14	
14	
13	
10	
4	
1	
0	

19 Related parties (continued)

Employee Remuneration

The number of employees who received remuneration and other benefits of $100,000 or more for the year ending 30 June 2011 were:

Total Remuneration and Other Benefits $000	Number of Employees	
	2011	2010
100 - 110	69	1
110 - 120	44	
120 - 130	42	
130 - 140	27	
140 - 150	22	
150 - 160	18	
160 - 170	15	
170 - 180	16	
180 - 190	14	
190 - 200	11	
200 - 210	10	
210 - 220	9	
220 - 230	11	
230 - 240	19	
240 - 250	8	
250 - 260	8	
260 - 270	9	
270 - 280	9	
280 - 290	9	
290 - 300	7	
300 - 310	9	
310 - 320	6	
320 - 330	4	
330 - 340	2	
340 - 350	3	
350 - 360	5	
360 - 370	2	
460 - 470	1	
510 - 520	1	
580 - 590	1	
820 - 830	1	

Of the 412 employees shown above are or 326 were medical/dental employees (2010: 1 employee was medical/ dental). If the remuneration of part-time employees was grossed-up to a Full Time Equivalent (FTE) basis, the total number with FTE salaries of $100,000 or more would be 635, compared with the actual total number of 412.

The Chief Executive's remuneration and other benefits, either paid or accrued are in the band $510-$520.

19 Related parties (continued)

Transactions with Board Members

Board Members	2011 Purchased by Southern DHB	2011 Purchased from Southern DHB	2011 Owed by Southern DHB	2011 Owed to Southern DHB	2010 Purchased by Southern DHB	2010 Purchased from Southern DHB	2010 Owed by Southern DHB	2010 Owed to Southern DHB
Helen Algar								
Waitaki District Council (A)	42	-	-	-	2	-	-	-
Waitaki District Health Services (A)	10,644	298	2	6	1,702	45	7	21
Peter Barron								
Aspiring Pharmacy (S)	502	0	-	-	69	0	-	0
Associated Chemists Ltd (Urgent Pharmacy Dunedin) (S)	529	0	-	-	89	0	0	0
Central Otago Pharmacy Limited (S & D)	1,042	-	-	-	177	-	-	-
Dunedin Pharmacy Limited (S)	756	-	-	-	114	-	-	-
Southland Pharmacy Limited (S & D)	2,576	0	-	0	358	-	-	-
Sajan Bhatia								
Mobile Surgical Services Limited (D)	-	1	-	-	-	0	-	-
Mobile Medical Technology Limited (D)	-	-	-	-	16	0	-	0
Joe Butterfield								
Corstophine Baptist Community Trust (F)	1,998	-	-	-	Board term commenced 2011			
Louise Carr								
PACT Group (CEO)	4,049	1	-	-	658	-	3	-
Uruuruwhenua Health Incorporated (E)	162	-	-	-	30	-	-	-
Neville Cook								
Environment Southland	0	-	-	-	-	-	-	-
Invercargill Licencing Trust (B)	-	1	-	-	-	-	-	-
Kaye Crowther								
WHK (NZ) Ltd (E)	82	-	-	-	31	-	-	-
Royal New Zealand Plunket Society Southland (C)	9	-	-	-	-	-	-	-
Mary Flannery								
Rural Otago Primary Health Organisation (T)	2,759	-	-	-	Board term commenced 2011			
Karen Goffe								
Nga Kete Matauranga Pounamu Charitable Trust (E)	790	16	-	8	159	-	16	-

19 Related parties (continued)

	2011				2010			
	Purchased by Southern DHB	Purchased from Southern DHB	Owed by Southern DHB	Owed to Southern DHB	Purchased by Southern DHB	Purchased from Southern DHB	Owed by Southern DHB	Owed to Southern DHB
Board Members								
Susie Johnstone								
Clutha Health First (A)	5,981	396	1	29	973	64	7	40
Otago Polytechnic (DC)	67	-	-	43	10	58	0	1
Roxburgh District Medical Services Trust Board (F)	316	-	-	-	45	-	-	-
Tuapeka Community Health Co Ltd (F)	608	-	-	-	111	-	-	-
West Otago Health Limited (F)	229	-	-	-	39	-	-	-
Wyndham Rest Home (F)	314	-	-	-	48	-	-	-
Malcolm Macpherson								
ACC (F)	2,236	9,741	-	1,086	-	1,545	-	809
Centennial Health (F)	28	-	-	-	13	-	-	-
Central Otago District Council - Mayor	52	-	-	-	2	-	-	-
Otago Community Hospice (T)	2,485	2	-	-	381	0	-	0
Otago Polytechnic (B)	67	135	3	43	10	58	0	1
Judith Medlicott								
Ashburn Hall Charitable Trust (T)	352	1	-	-	38	-	-	-
Errol Millar								
Southern Community Laboratories Otago Southland Ltd (D)	33,625	1,218	-	104	5,408	148	26	62
Tahu Potiki								
Arai Te Uru Whare Hauora Ltd (D)	676	0	-	0	113	-	-	-
Te Runanga O Ngai Tahu (Representative)	1	-	-	-	-	-	-	-
Branko Sijnja								
Balclutha General Practitioners Limited (E)	58	-	-	-	6	-	-	-
Clutha Health First (B)	5,981	396	1	29	973	64	7	40
University of Otago (Rural Immersion Programme) (D)	10,244	3,191	682	219	1,537	490	413	353
Richard Thomson								
Dunedin City Council (Co)	795	-	93	-		Interest began 2011		
Hawksbury Community Living Trust (C & T)	-	0	-	0	-	0	-	0
Healthcare Otago Charitable Trust (T)	7	30	-	-	0	-	-	-
Tim Ward								
Southern Institute of Technology (B)	6	228	-	225	0	2	-	122

C = Chairperson; DC = Deputy Chairperson; B = Board members; CEO = Chief Executive Officer; E = Employee; A = Associated with organisation; S = Shareholder; D = Director; Co = Councillor; F = Family member or spouse; T = Trustee

20 Mental Health Ringfence

The Mental Health blueprint is a model that proposes levels of funding required for effective Mental Health Services. Within the context of the blueprint model the Mental Health ringfence policy is designed to ensure that funding allocated for Mental Health is expended in full for mental health services. The Mental Health ringfence is calculated by taking the expenditure base in the previous year, adding specific 'blueprint' funding allocations and adding a share of demographic funding growth plus a share of any inflationary growth funding. Any underspend resulting in a surplus within the service must be reinvested in subsequent periods.

The year ended 30 June 2011 has resulted in a deficit of $3.3 million for Mental Health services. Additionally Southern DHB has a brought forward under spend of $3.4 million meaning that $0.1 million will be expended during the next financial year.

21 Accounting estimates and judgements

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

Critical accounting judgements in applying the Southern DHB's accounting policies

In preparing these financial statements Southern DHB has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

22 Explanation of financial variances from budget

The favourable variance in comprehensive income against budget for the year ended 30 June 2011 was $15.1m.

At a very high level, the following items (unfavourable variances shown as negatives) contribute to the overall $15.1m favourable variance to budget:

- $0.9m of prior year elective service funding
- $1.9m of revenue for clinical equipment purchase with costs to flow in 2011/12 and beyond
- $1.7m of below budget mental health expenditure from unfilled FTE positions
- $2.4m of lower pharmaceutical costs (both community schedule and pharmaceutical cancer treatment)
- $1.4m of Service to Improve Access funding and after hours funding not utilised in current year
- $1.5m of lower depreciation charges due to capital expenditure timing
- $0.6m of increased provision for doubtful debts
- $0.9m of lower other infrastructure costs including interest and capital charges
- $1.0m of lower admin salaries from lower FTE and other variations
- $1.1m of increased revenues with no associated cost offset (interest, donations)
- $1.2m lower outsourced costs, partly due to electives work outsourced being less than budgeted
- ($1.3m) of net increased Disability Support Services expenditure (excluding Inter District Flows impacts)

23 Events after the balance date

There were no significant events after the balance date.

STATEMENT OF FORECAST SERVICE PERFORMANCE

1) Public Health Services Output Class

This section outlines the Public Health services we intend to deliver to our population.

These outputs are aggregated into the following main areas of performance in the Public Health Services output class: Health Promotion and Education services; Statutory and Regulatory Services; Population Based Screening Programmes; Immunisation services.

Main areas of performance in Public Health Service output class	Main measures of performance (includes quantity, quality, timeliness and effectiveness of outputs)	Targets		
		Baseline 09/10	10-11	Achievement
Health Promotion Services	The % of infants that are exclusively and fully breastfeed	At 6 weeks, 66% At 3 months, 55% At 6 months, 32%	At 6 weeks, 72% At 3 months, 57% At 6 months, 34%	Not Achieved, result was 68% Achieved, result was 58% Achieved, result was 34%
	Reducing smoking by providing hospitalised smokers with advice and help to quit	<30%	90% by end June 2011	Not achieved 79% (Quarter 4) 84% (June 2011)
	Reducing smoking by providing patients attending GP primary care consultations with advice and help to quit	Being implemented	80% by end June 2011	This target is effective from July 2011
Health Protection Services	Proportion of Communicable disease notifications investigated	100%	100%	Achieved. All communicable diseases notifications received were investigated
	Proportion of hazardous substances inspections and audits completed	100%	100%	This is now completed by a third party and is not the responsibility of the DHB.
	The number of controlled purchase operations and compliance checks carried out on tobacco retailers per annum from total	10%	10%	Achieved. Actual was 34%
Screening Programmes	Breast Screening Programme that measure the % screened in a two yearly cycle of eligible women	71%	73%	Achieved actual was 73%
Immunisation Services	Total number of 2 year old children who are fully immunised	90%	92%	Achieved actual was 93%

2) Primary and Community Services Output Class

This section outlines the Primary and Community services we intend to deliver to our population. Some of these services are provided by us while others are funded by us through a range of contracts and provided by PHOs and other NGOs. These services include personal health services, mental health services, Māori and Pacific health services and disability support services.

These outputs are aggregated into the following main areas of performance in the Primary and Community Services output class; Oral Health Services, Primary and Community Care Programs; Pharmacist Services; Community Referred Test/Diagnostic Services

Main areas of performance in Primary and Community Service output class	Main measures of performance (includes quantity, quality and effectiveness of outputs)	Targets		
		Baseline 09/10	10-11	Achievement
Primary Health Care Services (capitation/first contact)	% of enrolled population compared to DHB population group	97.5%	97.5%	Not achieved result was 93%
	GP utilisation for high needs people (ratio should be >1)	1.09	1.10	Not achieved result was 1.08
	Flu Vaccination of the high needs enrolled population	69.5%	70%	Not achieved actual was 65%
	Avoidable Hospital Admissions by age bands	0-4, 20% above NZ average	7.5 to 10% reduction	Not achieved actual 31% above national average
		45-64, at national average	Maintain rate	Achieved 5% below NZ average
		0-74, at national average	Maintain rate	Not achieved actual 3% above national average
Oral Health Services	No's of enrolled pre-school and school children and adolescents	51,558	53,793	Achieved, actual was 59,002
Chronic Conditions Management	Cardiovascular Disease (CVD) Risk Detection by the proportion of the priority group who have their 5-year absolute CVD risk recorded	Total 65%	Total 73%	Achieved actual was 75%
		Māori 55%	Māori 62%	Achieved actual was 64%
	The number of people with diabetes who have satisfactory or better management i.e. HBA1c < 8	Total 83%	Total 83%	Achieved actual was 95%
		Māori 72%	Māori 72%	Achieved actual was 78%
	Diabetes detection of those on diabetes register with type I & II that access the free annual check-up	Total 60%	Total 61%	Not achieved actual 52%
		Māori 40%	Māori 43%	Achieved actual was 43%

Main areas of performance in Primary and Community Service output class	Main measures of performance (includes quantity, quality and effectiveness of outputs)	Targets		
		Baseline 09/10	10-11	Achievement
Community Referred Test/Diagnostic Services	Laboratory test turnaround times in hours: Biochemistry	< 24	< 24	Achieved
	Laboratory test turnaround times in hours: Immunology	< 48	< 48	Achieved
	Laboratory test turnaround times in hours: Haematology	< 24	< 24	Achieved
	Laboratory test turnaround times in hours: Cytology	< 72	< 72	Achieved
	Laboratory test turnaround times in hours: Histology	< 72	< 72	Achieved
	Laboratory test turnaround times in hours: Microbiology	< 72	< 72	Achieved
	CT & MRI scanning waiting times between referral and actual scan (Cat A are urgent, Cat B is semi urgent and Cat C are routine)	Cat A, same day Cat B, 2-3 weeks Cat C, 5 weeks	Cat A, same day Cat B, 2-3 weeks Cat C, 6-8 weeks	Not Achieved Not Achieved Not Achieved
Pharmacist Services	No's of dispensed items	4.761m	5.187m	5.050m
Mental Health Services	% of the DHB population that access mental health services	Age 0-19: 2.78% Age 20-64: 3.27% Age 65+: 1.13%	Age 0-19, 3.05% Age 20-64: 3.55% Age 65+: 1%	Achieved. Result was 3.51% Achieved. Result was 3.86% Achieved. Result was 1.1%
	% of people with enduring mental health illness who have an up to date crisis prevention / relapse plan	90.6%	91%	Not achieved, result was 88.4%

3) Hospital Services Output Class

This section outlines the hospital-based services we intend to deliver to our population. It also outlines those hospital services we intend to fund others to provide for our population. Hospital services include all personal health services, mental health services, Māori health services, services for older people and disability support services through Southern DHB's provider-arm and through other DHBs via interdistrict flows (IDFs).

These outputs are aggregated into the following main areas of performance in the Hospital service output class: Mental Health Services; Electives Services; Acute Services; Maternity Services; Assessment, Treatment and Rehabilitation Services.

Main areas of performance in Hospital Services output class	Main Measures of Performance (includes quantity, quality and effectiveness of outputs)	Targets		
		Baseline 09/10	10-11	Achievement
Electives Services (inpatient, outpatient)	Numbers of total elective discharges (CWDs)	14,498	14,710	Achieved, discharges were 14,737
	Average elective length of stay in hospital	DH 4.45 days SH 3.92 days	4.2 days	3.8 days
	No's of First Specialist Assessments (EI target)	33,561	35,957	Not Achieved actual was 35,146
	ESPI 5 indicator (Waiting time for treatment once commitment given)	< 6 months	< 6 months	Partly Achieved. With SH ENT not meeting targets
	% of Day Surgery cases from those eligible	DH 56% SH 61%	65%	Not achieved, 57.9%
	Cancer treatment waiting times	< 4 Weeks	< 4 Weeks	Not achieved. Up to November 2010 the DHB health target was that cancer wait times were not longer then 6 weeks, for this period the target was achieved for all five months. From December 2010 the health target was lowered to wait times were not longer then 4 weeks the DHB achieved this target in five of the seven months.
Assessment Treatment and Rehabilitation Services	Waiting time for referral until transfer in to service	2 days	90% < 1 day	Not being captured on Southland site

Main areas of performance in Hospital Services output class	Main Measures of Performance (includes quantity, quality and effectiveness of outputs)	Targets		
		Baseline 09/10	10-11	Achievement
Acute Services (emergency department, inpatient, outpatient)	Numbers of acute discharges (CWDs) *(The goal is for targets to remain static or reduce)*	32,000	32,459	Not Achieved Actual was 31,191
	Numbers of non-admitted ED attendances (Dunedin & Southland Base hospitals) *(targets reduce supporting effective primary care management and effective use of ED for emergencies)*	55,806	56,965	52,951
	Average length of stay for acute procedures DH = Dunedin Hospital, SH = Southland Hospital	DH 4.45 days SH 3.92 days	4 days	Actual was 4.06 days
Acute Services (emergency department, inpatient, outpatient) (continued)	Acute re-admission to hospital (per 1,000 discharges)	DH 8.11 SH 9.15	DH 8 SH 8.5	Actual was 9.16
	% of ED attendances with an ED length of stay less than 6 hours	DH 73% SH 82%	95%	Not Achieved Actual was 83%
	Reducing ED triage waiting times (Triage 1 = immediate, Triage 2 = within 10 minutes, Triage 3 = within 30 mins) Baseline measure taken YTD March 2010	Dunedin T1 100% T2 60.1% T3 39.3% Southland T1 100% T2 48% T3 47%	 T1, 100% T2, 70% T3, 60% T1, 100% T2, 70% T3, 60%	Dunedin T1 100% - achieved T2 54.9% - not achieved T3 33.5% - not achieved Southland T1 100% - achieved T2 61% - not achieved T3 60% - achieved
	Overall inpatient satisfaction – Dunedin Hospital (measured by survey (Q4) that rate as either good or very good)	82.7% 08/09 89% YTD Mar 2010	90%	Not achieved, actual was 86.1%
	Overall inpatient satisfaction – Southland Base Hospital (measured by survey (Q4) that rate as either good or very good)	89% 07/08 85.8 08/09 87.5% Q2	90%	Not achieved actual was 88.1%

4) Support Services Output Class

This section outlines the Support services we intend to deliver to our population. Each aggregate includes people with long-term disabilities; people with mental health problems and people who have age-related disabilities.

These outputs are aggregated into the following main areas of performance in the Support Services output class: NASC Services; Home Based Support Services; Aged Residential Care Bed Services; Day Services; Respite Care Services; Palliative Care Services.

Main areas of performance in Support Services output class	Main measures of performance (include quantity, quality and effectiveness of outputs)	Volumes		
		Baseline 09/10	10-11	Achievement
NASC Services	No's of assessments completed	10,700 approx clients	80% of clients reassessed within 12 months	Not achieved
Day Services	No's of days attended *(increases to support ageing in place strategy)*	7,820	8,180	Not achieved
Palliative Care Services	No's of patients assessed and supported (Liverpool Care Pathway)	Being Implemented	180	Currently being implemented Not achieved

EXPENDITURE BY OUTPUT CLASS

The following table shows revenue and expenditure by the four output classes

	2011 Actual	2011 Budget
Income		
Public health	12,705	14,274
Primary & Community	186,320	189,943
Hospital Services	518,402	512,686
Support Services	96,909	91,565
Total income	**814,335**	**808,468**
Expenditure		
Public health	12,705	14,274
Primary & Community	189,617	194,969
Hospital Services	510,402	514,404
Support Services	101,470	99,722
Total expenditure	**814,193**	**823,369**
Share of profit/(loss) in associates	88	-
Surplus/(Deficit)for the year	**230**	**(14,901)**

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

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

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

We have audited:

- the financial statements of the Health Board on pages 23 to 51, that comprise the statement of financial position and statement of contingencies as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Health Board on pages 52 to 57.

Opinion

In our opinion:

- the financial statements of the Health Board on pages 23 to 51:
    - comply with generally accepted accounting practice in New Zealand; and
    - fairly reflect the Health Board's:
        - financial position as at 30 June 2011; and

- financial performance and cash flows for the year ended on that date; and

- the statement of service performance of the Health Board on pages 52 to 57:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Health Board's service performance for the year ended 30 June 2011, including:
    - its performance achieved as compared with forecast targets specified in the statement of forecast service performance for the financial year; and
    - its revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses specified in the statement of forecast service performance for the financial year.

Our audit was completed on 7 October 2011. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

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

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

Responsibilities of the Board

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

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

- fairly reflect its service performance achievements.

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

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

Responsibilities of the Auditor

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

Independence

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

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

Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

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

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

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 7 October 2011 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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