



OURTEAM

STAFF FROM TOP, L–R: Adrian Rasmussen, Kerry Gilbert, Faye Milner, Ina Graham, Wayne Woolrich, André Le Geyt, Terrie Spedding, Angeline Tangiora, Sonya Harwood, Trish Freer, Lynda Tattersfield, Lizzy Mackenzie, Shona Fraser, Roberta Otis, Stephanie Maggin, Fiona Gray, Michele McCarthy, Carina Burgess, Victoria Speers, Kelly Wilson, Alana Kohi, Linda Dubbeldam, Louise Pattison, Heather Johnson, Honoria Rophia, Sarah Reddish, Stuart Greville, Wi Ormsby, Renaye Tamati, Lillian Ward.

Kia Ora Welcome

02 INTRODUCTION

- 05 OUR VISION AND VALUES
- 06 OUR PRACTICES
- 07 OUR POPULATION
- 08 WHAT IS A PRIMARY HEALTH ORGANISATION (PHO)?

10 **REPORTS**

- 12 GENERAL MANAGER'S REPORT
- 15 CHAIRPERSON'S REPORT

16 GOVERNANCE STRUCTURE

17 HEALTH HAWKE'S BAY TEAM

18 PROGRAMME UPDATES

- 20 WHĀNAU WELLNESS
- 22 B4 SCHOOL CHECK PROGRAMME
- 23 KIA ORA LONG TERM CONDITION SELF-MANAGEMENT PROGRAMME (STANFORD MODEL)
- 24 PREDIABETES IN PRIMARY CARE
- 25 HEALTH HAWKE'S BAY PERFORMANCE

26 FINANCIALS

- 28 STATEMENT OF RESPONSIBILITY29 ANNUAL REPORT
- 30 DIRECTORY
- 31 STATEMENT OF COMPREHENSIVE INCOME
- 32 STATEMENT OF CHANGES IN EQUITY
- 33 STATEMENT OF FINANCIAL POSITION
- 34 STATEMENT OF CASHFLOWS
- 35 SIGNIFICANT ACCOUNTING POLICIES
- 40 NOTES TO THE FINANCIAL STATEMENTS
- 50 INDEPENDENT AUDITOR'S REPORT

52 HIGHLIGHTS

- 54 HAVELOCK NORTH GASTRO OUTBREAK
- 56 SOCIAL WORKERS IN GENERAL PRACTICE
- 57 HEALTH HAWKE'S BAY PORTAL
- 58 PATIENT PORTAL
- 59 CORNERSTONE ACCREDITATION AND FOUNDATION STANDARD
- 59 NATIONAL ENROLMENT SERVICE



P INTRODUCTION

Our Vision and Values	05
Our Practices	06
Our Population	07
What is a Primary Health	
Organisation (PHO)?	08



OUR VISION

Healthy Hawke's Bay: Te Hauora o te Matau ā Māui. Excellent health services working in partnership to improve the health and well-being of our people,

OUR VALUES

HE KAUANUANU RESPECT **Å**KINA IMPROVEMENT **R**ĀRANGATETIRA PARTNERSHIP **TAUWHIRO CARE**

HE KAUANUANU RESPECT Showing *respect* for each other, our staff, patients and consumers. This means I actively seek to understand what matters to you.

AKINA IMPROVEMENT

Continuous *improvement* in everything we do. This means that I actively seek to improve my service.

and to reduce health inequities within our community.

RĀRANGA TE TIRA PARTNERSHIP Working together in *partnership* across the community. This means I will work with you and your whanau on what matters to you.

TAUWHIRO CARE

Delivering high quality *care* to patients and consumers. This means I show empathy and treat you with care, compassion and dignity.

WAIROA

NAPIER

HASTINGS

CENTRAL HAWKE'S BAY

WAIROA

Health Care Centre Queen St Practice Wairoa Medical Centre

NAPIER

Carlyle Medical Centre Central Medical (HB) Ltd Clive Medical Centre Dr Alex Luft Dr Paul Hendy Dr Robert Harris Greendale Family Health Centre Hawke's Bay Wellness Centre Maraenui Medical Centre Shakespeare Rd Medical Centre Tamatea Medical Centre Taradale Medical Centre The Doctors Napier The Doctors Greenmeadows The Doctors EIT Health Centre The Doctors Westshore

HASTINGS

Gascoigne Medical Services Hauora Heretaunga Mahora Medical Centre Medical & Injury Te Mata Peak Practice The Doctors Hastings The Hastings Health Centre The Havelock North Health Centre Totara Health – Flaxmere Totara Health – Nelson Street

CENTRAL HAWKE'S BAY

The Doctors Waipawa Tuki Tuki Medical Ltd OUR POPULATION

158,42

WHICH EQUALS

97.3%

OF HAWKE'S BAY POPULATION (based on Stats NZ population projections)

65+ YEARS

MĀORI ENROLMENT

12.3% INCREASE FROM PREVIOUS YEAR

UNDER 13 YEARS ENROLMENT

1.2%

INCREASE FROM PREVIOUS YEAR

13.27



PEOPLE ENROLLED WITH HEALTH HAWKE'S BAY

PACIFIC ISLAND ENROLMENT 13.3% INCREASE FROM PREVIOUS YEAR **11.5%** INCREASE FROM PREVIOUS YEAR

ASIAN ENROLMENT 13.3%

INCREASE FROM PREVIOUS YEAR

ENROLLMENT **13.5%** INCREASE FROM PREVIOUS YEAR



NURSE + GP CONSULTS PROVIDED DURING 2016-2017 PERIOD

WHAT IS A PRIMARY HEALTH ORGANISATION (PHO)?

Health Hawke's Bay is the region's single Primary Health Organisation, covering a population of approximately 160,000. We aim to improve health outcomes and life expectancy across our beautiful bay, as well as reducing inequalities for our Māori, Pacific and high needs families.

The Health Hawke's Bay Board and General Manager are passionate about health and Hawke's Bay, and are supported by a dedicated team of professionals in a wide range of roles.

Health Hawke's Bay believe making it easier for people to access health care is fundamental to improving the health of our community. Health is a community and personal responsibility and Health Hawke's Bay is committed to helping you to take care of yourself, your families and whānau.

The aim is to ensure GP services are better linked with other health services to ensure a seamless continuum of care.

What is a PHO?

A PHO (Primary Health Organisation) is a group of primary health care providers in a particular area responsible for organising and delivering primary health care to meet the needs of all the people enrolled with them. PHOs involve their communities in determining what services are delivered.

Health Hawke's Bay receives funding from the Government to subsidise a range of health services. The amount of funding received is based on the numbers and the characteristics (e.g. age, sex, and ethnicity) of their enrolled population.

The funding pays for services to:

- · provide care and treatment when people are ill
- help people to stay healthy
- connect with groups in their community who have poor health or who are missing out on primary health care.

PHOs are also allocated funds for health promotion, individuals with special care requirements, as well as for rural practice.

Health Hawke's Bay provide primary health services through its provider members. These services are designed to improve and maintain the health of the enrolled PHO population, as well as having responsibility for ensuring that services are provided in the community to restore people's health when they are unwell. The aim is to ensure GP services are better linked with other health services to ensure a seamless continuum of care.

Enrolment in a PHO

Enrolment in a primary health organisation (PHO) is voluntary. Most New Zealanders are however enrolled through their general practice and gain the benefits associated with belonging to a PHO, which can include cheaper doctors' visits and reduced costs of prescription medicines.



HEALTH HAWKE'S BAY - ANNUAL REPORT 2017



"As an organisation, we continue to provide assistance across the general practice network. We value our relationships with our provider network and continue to invest time in building these relationships."



General Manager's Report	12
Chairperson's Report	15

GENERAL MANAGER'S REPORT

I am excited to be leading the organisation into the next phase of development with fresh eyes, a strong team, healthy relationships across the sector and a commitment to continue the challenge of improving the health outcomes for our Hawke's Bay community.

He mihi tuatahi ki o tātou nei kaihanga nāna nei ngā mea katoa, Ki ngā tini aituā ā whānau, ā hapū, ā lwi, moe mai ra, okioki, moe mai i to moengaroa,

Ki ngā hunga ora, tēnā rā koutou katoa, He mihi nei ki te mana o tēnei rohe ā ko Ngāti Kahungunu, tēnei tāku mihi ka tika hoki, Nō reira tēnā koutou, tēnā koutou, tēnā hoki tātou katoa,

Tihei Mauri ora!

Health Hawke's Bay has been through a year of change that saw a move in premise and a change in leadership in both governance and operations. In September 2016, Health Hawke's Bay bid farewell to the CEO, Liz Stockley. Liz led the organisation forward, built relationships across the sector and drove a strong focus on improving health outcomes for our community. For an interim period, Nicola Ehau seamlessly stepped into an Acting CEO role and held steady the organisation through a period of transition. We said farewell to Nicola in December 2016 and recognised her achievements as a senior leader within the organisation. It was my privilege to be appointed as General Manager in January 2017. I am excited to be leading the organisation into the next phase of development with fresh eyes, a strong team, healthy relationships across the sector and a commitment to continue the challenge of improving the health outcomes for our Hawke's Bay community.

We continue to support general practices, with an enrolled population of approximately 159,000 patients at 30 June 2017. This represents 97.5% of the total Hawke's Bay



population, which compares favourably to the national average of 93%. I am pleased to report that Health Hawke's Bay achieved the Ministry of Health (MOH) targets for Increased Immunisations (95%), Better Help for Smokers to Quit (91%) and Raising Healthy Kids (95%). Our performance ranked highly on the national league table for all three targets, representing a significant amount of effort from our general practice teams, contracted providers and the Health Hawke's Bay team.

The year finished positively, with a smaller deficit than planned, representing the decision to further invest in our funded health programmes, which will continue into the 2017/18 financial year. In August 2016, Havelock North's water supply became contaminated with Campylobacter, affecting over 5,000 people. General Practice and Community Pharmacy teams worked really hard to provide an innovative way to proactively respond to the needs of the community during this time. To me, this event demonstrated a health community actively working together to support Primary Care teams. I want to acknowledge and thank all of our Primary Care teams for the amazing service provided and long hours that were worked throughout this event.

An evaluation of the first cohort of whānau enrolled on the Whānau Wellness programme was undertaken during the year. The evaluation will form a basis to further develop the effectiveness of this programme and to ensure a pathway is available for our most vulnerable whānau to engage with their general practice. This programme is one example of our commitment to reduce health inequities within Hawke's Bay.

As an organisation, we continue to provide assistance across the general practice network. We value our relationships with our provider network and continue to invest time in building these relationships. We are focused on how we work with our provider network to co-design effective health programmes aligned to our vision. During the year, there has been a strong focus on primary care data, health targets and contractual performance. Health Hawke's Bay have spent time reviewing how we implement programmes to understand the demands and pressures of compliance. We aim to ensure positive outcomes are achieved for our community while compliance obligations are minimised as much as possible. There have been challenges faced in the afterhours space. It has been positive to have Health Hawke's Bay work in collaboration with general practice and take a leadership role in developing an innovative model to move forward.

There will be challenges ahead, particularly with the application of new health technology, new health targets, pressures on funding and a shift in health care delivery to more cost effective and clinically sustainable community settings.

Our relationship with the Hawke's Bay DHB remains healthy as we continue to work in a collaborative way to ensure a strong voice for primary care.

I would like to thank Bayden Barber, who has been a committed and supportive Chair, and both the Board and our Committees who have provided leadership and guidance. I would like to take this opportunity to thank the Health Hawke's Bay staff, who determinedly support and care for our General Practice teams. I am immensely proud of our team and the commitment in all that they achieve. Whilst the year has been challenging, our team have navigated through together while still maintaining a strong Health Hawke's Bay culture.

To our general practice teams, your ongoing commitment to providing consistent care to your patients and improving the outcomes for our community is recognised and very much appreciated by the team at Health Hawke's Bay.

Wayne Woolrich, General Manager Health Hawke's Bay



CHAIRPERSON'S REPORT



Bayden Barber, Chairperson

E ngā mana puipuiaki, e ngā reo tongarerewa tēnā koutou katoa. Kai ngā mate tuatini o te wā, rātou te hunga kua hao nei i te kupenga o Taramainuku, haere atu rā. Ki a tātou ngā waihotanga o rātau mā, huri noa tēnā koutou katoa.

It is my pleasure to present the 2017 annual report for Health Hawke's Bay. It has been a year of change where, in addition to a physical office relocation, we have had major changes at both the governance and operational levels.

We said good bye to our previous chair, Adri Isbister, who has contributed much in her time as director and chair of the organisation. We wish Adri well in her new role as Chief Executive of Wairarapa DHB. Jon Eames was also another director whose time on the board came to an end. As a practicing GP, Jon gave valuable insights into how the organisation could better support primary care. With Adri's departure, the board elected me as the new chair and Dr Mark Peterson as deputy chair. I would like to thank members of the board for their support and dedication to the vision of Health Hawke's Bay. The board worked extremely hard this year to ensure the organisation is in the best possible position to achieve this.

The end of 2016 saw the board commence strategic discussions around opportunities to reshape primary care delivery in Hawke's Bay. This would involve greater levels of integration and collaboration across the wider primary care sector, and a number of stakeholder meetings were held in the community to socialise what a Primary Care Alliance would mean for the sector. During 2017, the board held a

number of strategic sessions, including a planning day with our shareholder, Te Matau ā Māui Health Trust, to workshop the merits of an Alliance and to further discuss the implications and opportunities.

Whilst the strategic direction of the organisation has been a major focus, the board has continued to ensure Health Hawke's Bay delivers value to general practice and its enrolled populations. The organisation is in a strong financial position, and we are delivering on our key health targets. We are very aware that the Hawke's Bay population has some major health challenges and that an integrated approach is needed to address these.

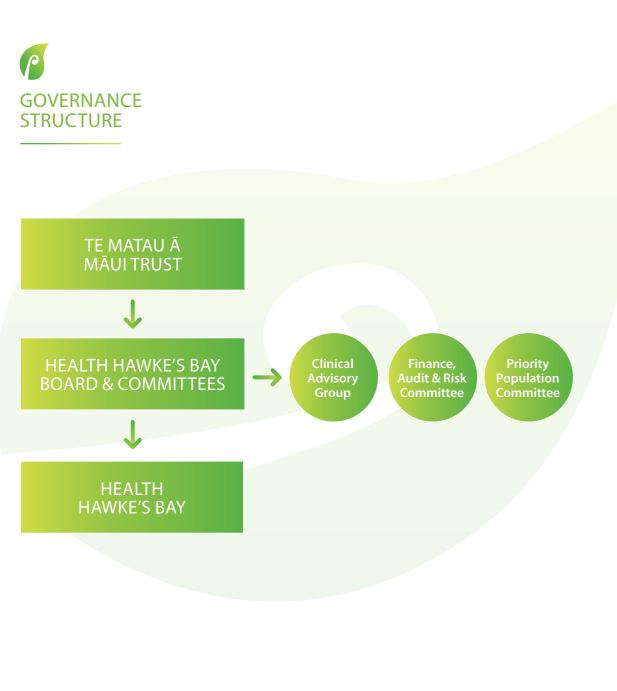
The next financial year promises to be very exciting as we continue to ensure the best primary care services are offered to our population while striving to achieve our vision of a healthy Hawke's Bay.

After the resignations of Liz Stockley and Nicola Ehau, Wayne Woolrich was appointed as General Manager. He is now leading our work programme, and has successfully managed our office relocation. Through most of the year, Wayne has also covered his previous role as Business Services Manager. Wayne is pulling together a great management team around him who are highly competent in their fields of expertise. Having the office close to the Hawke's Bay DHB has enhanced working relationships between the organisations, which will be key to successfully integrating the primary care sector.

The next financial year promises to be very exciting as we continue to ensure the best primary care services are offered to our population while striving to achieve our vision of a healthy Hawke's Bay.

Nō reira, whāia te iti kahurangi, ki te tuohu koe me he maunga teitei! (Let nothing stop you from achieving your vision).

Bayden Barber, Chairman Health Hawke's Bay

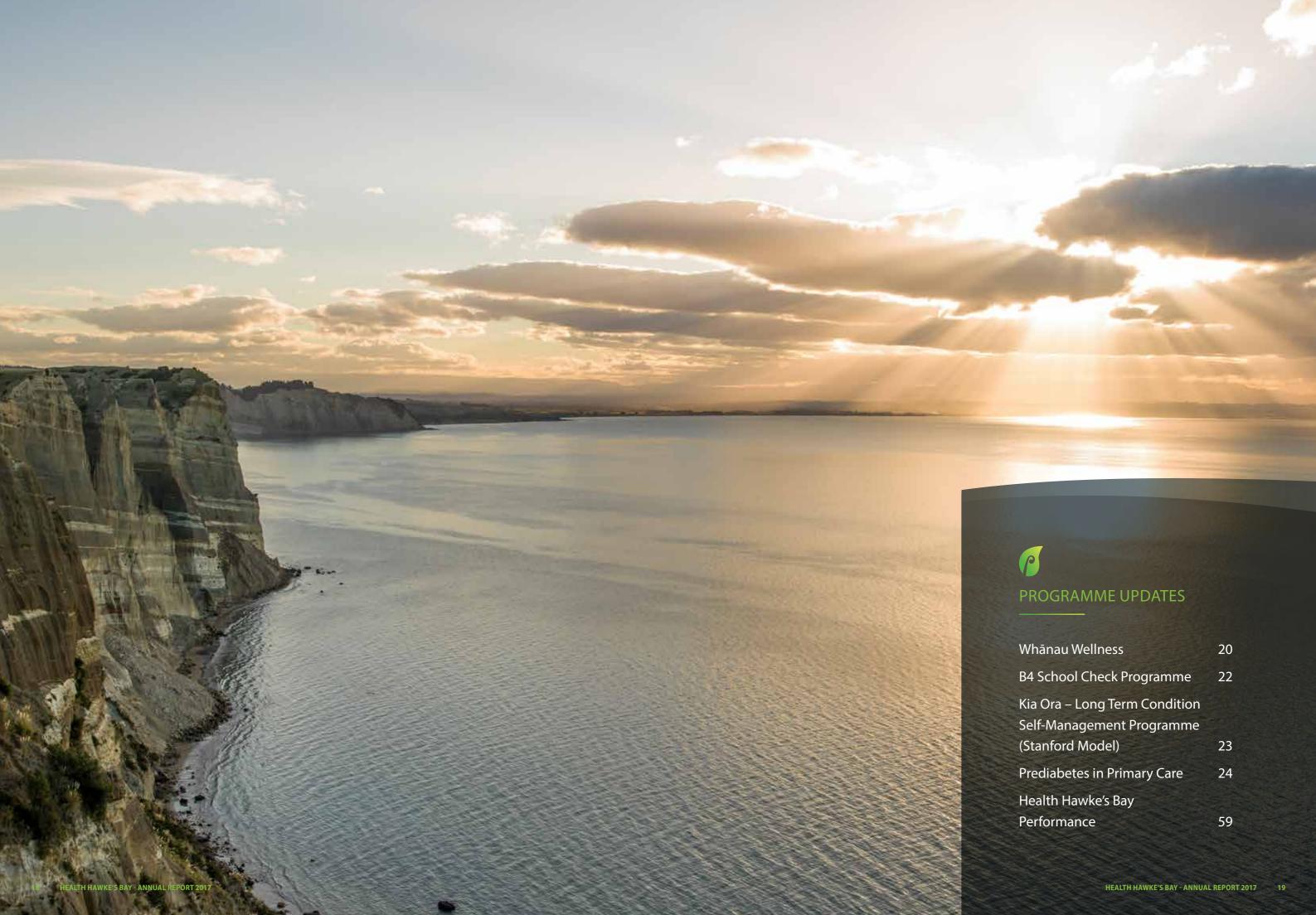


P HEALTH HAWKE'S BAY TEAM

Staff from Top, L–R: Adrian Rasmussen, Kerry Gilbert, Faye Milner, Ina Graham, Wayne Woolrich, André Le Geyt, Terrie Spedding, Angeline Tangiora, Sonya Harwood, Trish Freer, Lynda Tattersfield, Lizzy Mackenzie, Shona Fraser, Roberta Otis, Stephanie Maggin, Fiona Gray, Michele McCarthy, Carina Burgess, Victoria Speers, Kelly Wilson, Alana Kohi, Linda Dubbeldam, Louise Pattison, Heather Johnson, Honoria Rophia, Sarah Reddish, Stuart Greville, Wi Ormsby, Renaye Tamati, Lillian Ward.







Whānau Wellness	20
B4 School Check Programme	22
Kia Ora – Long Term Condition	
Self-Management Programme	
(Stanford Model)	23
Prediabetes in Primary Care	24
Health Hawke's Bay	
Performance	59

Influenza — Gastroem Surveillance 2014

WHĀNAU WELLNESS RESOURCE PROGRAMME

The Whānau Wellness Resource Programme (WWRP) is a 'Hand Up' programme providing a 12-month opportunity for whānau to build relationships with their general practitioner and health team and learn how to achieve and maintain wellness as a whānau collective.

WWRP provides Health Hawke's Bay enrolled whānau with:

- FREE access to most general practice services
- FREE funded medicine
- Quarterly education sessions based on health and social needs that are identified as important by whānau.

176

whānau/families participated in WWRP between 01 January – 31 December 2017

23

homes have been insulated and energy heating options explored and installed. WWRP runs for a calendar year. For the period 01 January – 31 December 2017, 176 whānau/families participated in WWRP. This cohort are preparing for the final quarterly session in November, where a mini symposium is planned. The symposium will enable whānau to re-engage with providers of interest and engage with community services who can continue to assist whānau after completion of the programme.

Twenty-three homes have been insulated and energy heating options explored and installed.

An evaluation for the initial pilot cohort has been completed. The following tables summarise the results for the Process and Outcome Evaluation indicators:

Process Evaluation examined the quality of key programme activities/interventions.

Activity/Intervention	Performance rating
GP service	EXCELLENT
Pharmaceutical service	EXCELLENT

Outcome Evaluation determined how successfully the prioritised outcomes were achieved and what, if any, were the unexpected or unintended outcomes.

Activity/Intervention	Performance rating
GP service	EXCELLENT
Pharmaceutical service	EXCELLENT

At the time of writing this report, Health Hawke's Bay is considering a proposal to undertake a longitudinal study to measure the long term outcomes achieved.

Outcome	Performance rat
Uptake of appropriate GP utilisation	VERY GOOD
Whānau fill and collect prescriptions	GOOD
Knowledge of health services available and their purpose	EXCELLENT
Whānau are actively engaged with their GP team	EXCELLENT
Practices are more responsive to whānau	VERY GOOD
Whānau navigate support services better	VERY GOOD

Whānau reported that over time they felt welcome and more comfortable with their GP service:

" It takes me a while to see them before I am comfortable to actually explain how I feel." – wнānau

"Our receptionists are really good, we know them well and they know us." - WHĀNAU

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HEALTH HAWKE'S BAY - ANNUAL REPORT 2017

21



HEALTH HAWKE'S BAY B4SC PERFORMANCE STATS:

PLACE

2483 CHECKS UNDERTAKEN IN 2016-17 YEAR

OF ELIGIBLE CHILDREN ARE RECEIVING A B4SC EACH QUARTER (TARGET = 95%)

35% of children who recieve a check are māori

6% of children who recieve a check are pacific Island

100% B4SC TARGET ACHIEVED

B4 SCHOOL CHECK PROGRAMME

The B4 School Check programme (B4SC) is a universal comprehensive screening assessment and is the eighth Well Child Tamariki Ora check available for all four year old children.

This model of service has worked well in ensuring our achievement of the programme goal to screen 90% of all 4 year old children.

When the child turns four, general practice invite the family to participate in the child's B4SC. General Practice endeavour to engage with the family over the following six months and if there is no response then the family is referred to Health Hawke's Bay. At this point the B4SC Coordinator will then refer to an Independent B4SC nurse in the community to follow up. This ensures that every family has the opportunity to participate.

KIA ORA – LONG TERM CONDITION SELF-MANAGEMENT PROGRAMME (STANFORD MODEL)

Health Hawke's Bay continues to run the Long Term Condition Self-Management Programme.

The Kia Ora programme has been created to support patients to develop individual 'selfmanagement skills' to enable them to better manage living with long term conditions. The programme runs for seven weeks and is presented by two course leaders in a small group setting.

Health Hawke's Bay currently has 26 trainers that are trained to facilitate the self-management workshops within the community. Courses were held throughout the Hawke's Bay region, from Wairoa to Central Hawke's Bay, in local community halls, marae, churches, and health organisations. The Kia Ora - Long Term Condition Self-Management programme has been created to support patients to develop individual 'self-management skills' to enable them to better manage living with long term conditions.

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HEALTH HAWKE'S BAY PERFORMANCE IN 2016/17

Health Hawke's Bay has achieved all National Health Targets and System Level Measures in 2016/17.

Health Targets

Health targets are a set of national performance measures specifically designed to improve the performance of health services that reflect significant public and government priorities. They provide a focus for action.

Health Target	Measured By	2016/17 Result
Better Help for Smokers to Quit	90% of PHO enrolled patients who smoke have been offered help to quit smoking by a health care practitioner in the last 15 months	✓ ACHIEVED
8 - month Immunisations	95% of infants aged eight months will have completed their primary course of immunisation	ACHIEVED
Raising healthy kids	95% of obese children identified in the B4 School Check programme will be offered a referral to a health professional for clinical assessment and family-based nutrition, activity and lifestyle interventions	✓ ACHIEVED

System Level Measures

In July 2016, the Ministry of Health introduced the System Level Measures Framework as high-level aspirational goals for the health system that align with the five strategic themes of the Health Strategy and other national strategic priorities such as Better Public Service Targets. System Level Measures are a great way to get the whole health system working together towards common goals.

Health Target	Measured By	2016/17 Result
Keeping children out of hospital	Ambulatory Sensitive Hospitalisation (ASH) rates for 0–4 year olds	✓ ACHIEVED
Using health resources effectively	Acute hospital bed days per capita	✓ ACHIEVED
Person-centred care	Patient experience of care	ACHIEVED
Early detection	Amenable mortality rates	✓ ACHIEVED

PREDIABETES IN PRIMARY CARE PROGRAMME (PIP)

In collaboration with the University of Otago, Health Hawke's Bay is delivering the Prediabetes in Primary Care programme which commenced in February 2017.

This programme provides a structured, nurse led service, based on dietary intervention and education, for those patients recently diagnosed with prediabetes. It is estimated that approximately 23% of the NZ population have prediabetes.

Preparation for this programme was undertaken throughout the 2016/17 financial year with all practices engaged with the programme receiving initial visits from the research nurse, diabetes nurse specialist and dietitian. The programme is supported on an ongoing basis with the research nurse working alongside general practice and providing clinical oversight as required.

Once participants are enrolled in the programme and laboratory tests are complete, they are interviewed by the



Angeline Tangiora, PIP Research Nurse

research nurse, generally in their own home. Regular follow up sessions are then scheduled for the next two years, providing support and continuity of care. Participants are also referred to attend the Health Hawke's Bay Long Term Condition Self-Management Programme.





Statement of Responsibility	28
Annual Report	29
Directory	30
Statement of Comprehensive Income	31
Statement of Changes in Equity	32
Statement of Financial Position	33
Statement of Cashflows	34
Significant Accounting Policies	35
Notes to the Financial Statements	40
Independent Auditor's Report	50

HEALTH HAWKE'S BAY LIMITED FOR AND ON BEHALF OF THE BOARD:

STATEMENT OF RESPONSIBILITY

FOR YEAR ENDED 30 JUNE 2017

The Directors are responsible for the preparation of the Health Hawke's Bay Limited financial statements and ensuring that they comply with generally accepted accounting practice in New Zealand, give a true and fair view of the financial position of the company as at 30 June 2017 and the results of its operations for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance with generally accepted accounting practice in New Zealand.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements of Health Hawke's Bay Limited for the year ended 30 June 2017.

HEALTH HAWKE'S BAY LIMITED ANNUAL REPORT

FOR YEAR ENDED 30 JUNE 2017

The Board of Directors present their Annual Report including the financial statements of the Company for the year ended 30 June 2017.

The shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with any paragraphs (a) and (e)-(j) of section 211(1) of the Act.

For and on behalf of the Board:

6/11/2017

Director:

Director:

Dated:

1 / 11 / 2017 Dated:

For and on behalf of the Boards

Director:

6/11/2017 Dated:

HEALTH HAWKE'S BAY - ANNUAL REPORT 2017 28

Director:

Dated:

NE Walker. 6/11/2017



DIRECTORY

DATE OF INCORPORATION:	11 August 2003
INCORPORATION NUMBER:	1370539
REGISTERED OFFICE:	First Floor 100 McLeod Street Camberley Hastings 4120
NATURE OF BUSINESS:	Primary Health Services
DIRECTORS:	Bayden BARBER Mark PETERSEN Christine MCKENNA Helen WALKER Jason WARD Jeremy HARKER Sandra JESSOP
SHAREHOLDER:	Te Matau ā Māui Health Trust – 100 shares
BANKERS:	BNZ
SOLICITORS:	Langley Twigg Law NAPIER
AUDITORS:	Staples Rodway Audit Limited HASTINGS

HEALTH HAWKE'S BAY LIMITED FOR AND ON BEHALF OF THE BOARD:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

FOR YEAR ENDED 30 JUNE 2017

		Note
Revenue		
Contract revenue	1	
Total revenue	I	
lotarrevenue		
Expenses		
Contract payments	2	
Fees paid to auditors for:		
' Annual audit of financial statements		
Human resources services		
Transition assistance		
Advisory committee fees		
Directors fees		
Director meeting expenses		
Gain/Loss on disposal of plant and equipment		
Depreciation		
Amortisation		
Occupancy costs		
Other costs		
Salaries and wages	4	
Total expenses		
Operating surplus/(deficit) before financing		
Finance costs		
Finance revenue	3	
Net finance revenue		
Gain/(Loss) on disposal of available for sale financial assets		
Net other gains		

Surplus/(deficit) for the period

Other comprehensive revenue and expense Item that will be reclassified to surplus/(deficit) Gain/(loss) on revaluation of available-for-sale financial assets Other comprehensive revenue and expense for the period

Total comprehensive revenue and expense for the period attributable to owners

e 2017	2016
\$	\$
38,610,268	36,375,041
38,610,268	36,375,041
35,982,288	33,715,124
55,702,200	55,715,121
12,800	14,337
760	560
2,547	
36,830	43,943
136,004	139,700
6,315	7,036
18,871	15,665
50,361	24,445
2,509	-
220,568	230,730
628,370	453,923
2,187,793	2,152,415
39,286,016	36,797,878
(675,748)	(422,837)
(075,740)	(422,037)
-	-
292,874	347,698
292,874	347,698
(21,895)	(42,333)
(21,895)	(42,333)
(404,769)	(117,472)
(35,645)	25,472
(35,645)	25,472
(440,414)	(92,000)



STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2017

2017

	Note	Share Capital	Available for Sale Revaluation Reserve	Retained Earnings	Total Equity
		\$	\$	\$	\$
Balance as at 1 July 2016		1	116,267	4,265,860	4,382,128
Surplus/(deficit) for the period				(404,769)	(404,769)
Other comprehensive revenue and expense			(35,645)		(35,645)
Total comprehensive revenue and expense for the period attributable to owners		-	(35,645)	(404,769)	(440,414)
Balance as at 30 June 2017		1	80,622	3,861,090	3,941,713

2016

	Note	Share Capital	Available for Sale Revaluation Reserve	Retained Earnings	Total Equity
		\$	\$	\$	\$
Balance as at 1 July 2015		1	90,795	4,383,332	4,474,128
Surplus/(deficit) for the period				(117,472)	(117,472)
Other comprehensive revenue and expense			25,472		25,472
Total comprehensive revenue and expense for the period attributable to owners		-	25,472	(117,472)	(92,000)
Balance as at 30 June 2016		1	116,267	4,265,860	4,382,128

HEALTH HAWKE'S BAY LIMITED FOR AND ON BEHALF OF THE BOARD:

STATEMENT OF FINANCIAL POSITION

FOR YEAR ENDED 30 JUNE 2017

	Note
ASSETS	
Cash and cash equivalents	5
Trade and other receivables	6
Other investments	7
Total Current Assets	
Plant and equipment	8
Intangible assets	9
Other investments	7
Total Non-Current Assets	
Total Assets	
Liabilities	
Trade and other payables	10
GST Payable	
Employee benefits	11
Reserve funding	
Revenue in advance	
Total Current Liabilities	
Equity	
Share Capital	13
Available for sale revaluation reserve	
Retained Earnings	

Total Equity

Total Equity and Liabilities

2	2017	2016
	\$	\$
	2,254,179	4,311,581
	836,617	950,878
	977,102	359,913
	3,599,882	5,622,372
	227 507	100.000
	227,507	136,066
	47,662 3,009,805	- 3,025,051
	3,752,990	3,161,117
	7,352,873	8,783,492
	510,252,1	6,763,492
	877,785	963,551
	-2,834	35,917
	119,013	120,919
	2,264,422	3,157,506
	152,774	123,471
	3,411,160	4,401,364
	1	1
	80,622	116,267
	3,861,090	4,265,860
	3,941,713	4,382,128
	7,352,873	8,783,492



STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
Cashflows from operating activities			
Receipts from contracts		37,929,933	37,073,724
Payments to suppliers		(39,371,132)	(36,980,572)
GST paid		(38,751)	(60,230)
Net cashflows from/(used in) operating activities		(1,479,950)	32,922
Cashflows from investing activities			
Net Cash Flows from investments		(659,484)	(20,634)
Acquisition of plant & equipment		(161,326)	(84,484)
Disposal of plant & equipment		654	
Acquisition of intangible assets		(50,171)	
Interest received		292,874	347,698
Net cashflows from/(used in) investing activities		(577,453)	242,580
Net increase/(decrease) in cash and cash equivalents		(2,057,403)	275,502
Cash and cash equivalents at the beginning of the year		4,311,581	4,036,078
Cash and cash equivalents at the end of the year	5	2,254,179	4,311,581

Reconciliation to profit/(loss) for the period

Surplus/(deficit) for the period	(440,414)	(92,000)
Adjustments for non-cash items;		
Depreciation	50,361	24,445
Amortisation	2,509	27,773
Sain/Loss on sale of plant and equipment	18,871	15,665
Gain/Loss on sale of investments	21,895	42,333
Novement in available for sale revaluation reserve	35,645	(25,472)
Idjustments for non operating items;		
terest Received	(292,874)	(347,698)
Idjustments for movements in;		
Decrease/(Increase) in trade and other receivables	114,261	562,850
ncrease/(Decrease) in GST	(38,751)	(60,230)
ncrease/(Decrease) in trade and other payables	(85,766)	(272,763)
ncrease/(Decrease) in employee entitlements	(1,906)	7,501
ncrease/(Decrease) in prepaid revenue	29,303	37,297
ncrease/(Decrease) in reserve funding	(893,084)	140,994

(1,479,950)

32.922

HEALTH HAWKE'S BAY LIMITED FOR AND ON BEHALF OF THE BOARD:

SIGNIFICANT ACCOUNTING POLICIES

FOR YEAR ENDED 30 JUNE 2017

Reporting Entity

Health Hawke's Bay Limited ("the Company") is a limited liability company incorporated and registered under the Companies Act 1993. It is a registered charity under the Charities Act 2005 (Registration number CC20380). It is a New Zealand domiciled public benefit entity for the purposes of the Financial Reporting Act 2013. The entity's registered address is First Floor, 100 McLeod Street, Camberley, Hastings 4120.

These financial statements for the year ended 30 June 2017 comprise the individual entity of Health Hawke's Bay Limited.

The company's principal activity during the period was payment of primary health funding to general practitioners and provision of primary health services to the enrolled population in Hawke's Bay.

Basis of Presentation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the year.

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 1 not-for-profit public benefit entities.

Measurement Basis

The financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets, which have been measured at fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar, unless otherwise stated.

Standards Issued but Not Yet Effective

The following standard has been issued but is not yet effective - Public Benefit Entity International Reporting Standard 9 Financial Instruments (PBE IFRS 9). This is effective from 01/01/2021 (for Health Hawke's Bay Limited, this will be the 30/06/2022 year). Management has not yet assessed the impact of this standard but will do so in due course.

Use of Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the income and expenses during the period. Actual results could differ from these estimates.

Judgements are made by management in the application of PBE Standards that have a significant effect on the financial statements. Significant judgements include the recording of a reserve funding liability for revenue received that has not yet been spent on the project it relates to because there is a 'use or return' requirement in the contracts.

The directors do not believe there are any key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Net increase/(decrease) in cash and cash equivalents

- These financial statements were authorised for issue by the Company's Board of Directors on the date specified on page 2.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Hawke's Bay District Health Board (HBDHB) Population-Based Revenue

The company receives annual funding from the HBDHB, which is based on enrolled patient levels within the Hawke's Bay Region. HBDHB population-based revenue for the financial year is recognised based on the funding entitlement for the year.

DHB Contract Revenue

The revenue recognition approach for DHB contract revenue depends on the contract terms. Those contracts where the amount of revenue is substantively linked to the provision of quantifiable units of service are treated as exchange contracts and revenue is recognised as the company provides the services. For example, where funding varies based on the quantity of services delivered, such as number of annual checks performed.

Other contracts are treated as non-exchange and the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to provide services to the satisfaction of the funder to receive or retain funding. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the service requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as the past practice of the funder. Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year funding arrangements.

Finance Revenue

Interest revenue is recognised using the effective interest method.

Financial instruments

The company recognises a financial instrument when the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or if the company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

The company derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

The company classifies financial assets into the categories of either loans and receivables or available-for-sale.

The company classifies financial liabilities as amortised cost.

Financial instruments are initially recognised at cost, plus directly attributable transaction costs.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance revenue in the statement of financial performance.

The loans and receivables category applies to cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand and deposits held at call with banks. Term deposits are considered to be cash and cash equivalents regardless of their maturity timeframe because they are held for liquidity purposes. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the

statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Short-term receivables are recorded at their face value, less any provision for impairment. A receivable is considered impaired when there is evidence that the company will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Available-for-sale financial assets

Available-for-sale are non-derivative financial investments including equity investments and debt securities that are designated in this category or not classified in any of the other categories. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive revenue and expense and accumulated in the available-for-sale reserve. Upon derecognition, the cumulative gain or loss is recognised in other operating revenue. Available-for-sale financial assets comprise debt securities and are disclosed in the Statement of Financial Position as other investments.

Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities not classified as fair value through surplus and deficit.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method. Financial liabilities classified as amortised cost comprise trade payables.

Trade Payables

Short-term payables are recorded at their face value.

Impairment of financial assets

Financial assets are assessed annually at reporting date to determine whether there is objective evidence that the asset is impaired. A financial asset is assessed as impaired if there is objective evidence as a result of one or more events that occurred subsequent to initial recognition of the asset that had an impact on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinguency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets classified as loans and receivables

The company assesses financial assets measured at amortised cost at both a specific asset level where individually significant and the collective level. Trade receivable collectability is assessed on an ongoing basis. Impairment is recognised immediately when there is objective evidence that the company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in surplus or deficit.

Interest revenue (recorded as finance revenue in the statement of financial performance) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

- Assets not individually significant are collectively assessed by grouping together assets with similar risk characteristics.
- The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present

Financial assets classified as available-for-sale

The company assesses financial assets classified as available-for-sale investments at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

Impairment of debt securities classified as available for sale is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in surplus or deficit.

Future interest revenue continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest revenue is recorded as part of finance revenue.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed through surplus or deficit.

Employee Benefits

Liabilities for wages and salaries, including employer KiwiSaver contributions, non-monetary benefits and annual leave are recognised when the company has a legal or constructive obligation to remunerate employees for services provided. The company is obligated to remunerate all recognised employee benefits within 12 months of reporting date, therefore they are recognised as current and measured on an undiscounted basis and expensed in the period in which employment services are provided.

Property, Plant and Equipment

Recognition and measurement:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment includes expenditure that is directly attributable to bringing it to the location and condition necessary for it to operate as intended and the initial estimate of dismantling and removing the item and restoring the site on which it is located. The cost of an item of property, plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the company and if the item's cost or fair value can be measured reliably.

All of the company's items of property, plant and equipment are subsequently measured at cost less any accumulated depreciation.

Subsequent expenditure:

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation:

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Furniture and fittings: 5-15 years (10%-20%) Computer Equipment: 3 years (33.3%) Leasehold improvements: 15 years (6.67%)

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

Impairment:

The company does not hold any cash generating assets. Cash generating assets are those assets held for the primary objective to generate a commercial return.

The company's property, plant and equipment are all non-cash generating assets. They are reviewed for impairment when an event or change in circumstance indicate impairment may be necessary. An impairment is recognised for an asset if the carrying value of the asset exceeds the higher of the fair value less cost to sell the asset or the value in use of the asset. Value in use is calculated by determining the remaining service potential of the asset, discounted to present value.

Intangible Assets

Intangible Assets are measured at cost, less accumulated amortisation. The cost of an intangible asset includes expenditure that is directly attributable to bringing it to the condition necessary for it

Operating Leases

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

Equity

Equity is the residual interest in the company, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Available-for-sale revaluation reserve

This reserve is for the revaluation of available for sale financial assets, which are measured at fair value through other comprehensive revenue and expense after initial recognition.

Retained earnings

Accumulated comprehensive revenue and expense is the company's accumulated surplus or deficit since the formation of the company, adjusted for transfers to/from specific reserves.

to operate as intended. The cost of an intangible asset is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the company, and if the item's cost or fair value can be measured reliably.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2017

1. CONTRACT REVENUE

Contract revenue	Note	2017	2016
		\$	\$
Capitation		25,650,834	24,952,403
Care Plus		2,921,167	2,612,543
Services to Improve Access		2,733,501	2,089,329
Health Promotion		333,964	354,581
Coordinated Primary Options		1,372,197	1,167,367
System Level Measures		854,051	797,340
Mental Health		1,282,131	1,089,403
Before School Checks		536,988	413,954
Management services revenue		1,067,551	1,026,135
Rural Health		626,423	366,018
Other contracts		1,231,461	1,505,968
Total contract revenue		38,610,268	36,375,041

As noted in the significant accounting policies, the company's contract revenue is determined on a contract by contract basis to be either exchange or non-exchange revenue. Due to the nature of the contracts, the distinction between exchange and non-exchange revenue does not impact the recognition of revenue for the company so the company has presented revenue by contract or contract grouping rather than disclosing exchange and non-exchange contracts separately.

2. CONTRACT PAYMENTS

Contract Payments	Note	2017	2016
		\$	\$
Capitation		25,650,834	24,952,402
Care Plus		2,655,167	2,346,543
Services to Improve Access		2,566,551	1,835,143
Health Promotion		246,615	229,581
Coordinated Primary Options		1,098,784	1,010,029
System Level Measures		605,533	568,596
Mental Health		1,249,828	921,358
Before School Checks		344,558	356,938
Management services revenue		651,311	366,018
Rural Health		913,107	1,128,516
Total contract payments		35,982,288	33,715,124

40

3. FINANCE REVENUE

Finance Revenue	N
Interest revenue	
Loans and receivables	
Available-for-sale financial assets	
Total finance revenue	

4. EMPLOYEE BENEFIT EXPENSE

Employee benefit expense	Note	2017	2016
		\$	\$
Wages and Salaries		2,124,022	2,089,226
Other employee benefits		63,771	63,189
Total employee benefit expense		2,187,793	2,152,415

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	Note	2017	2016
		\$	\$
BNZ current account		114,096	734,928
BNZ cash management account		284,535	108,360
ASB term deposit		651,471	629,527
BNZ term deposit		70,447	1,359,699
ANZ term deposit		-	382,852
Westpac term deposit		1,132,930	1,095,515
Petty cash		700	700
Total cash and cash equivalents		2,254,179	4,311,581

6. TRADE AND OTHER RECEIVABLES

Trade and Other Receivables	Note	2017	2016
		\$	\$
Trade receivables		518,364	668,775
Other receivables		212,308	245,343
Prepayments		105,945	36,760
Total trade and other receivables		836,617	950,878

Note	2017	2016
	S	\$
	99,477	151,641
	193,397	196,057
	292,874	347,698

7. OTHER INVESTMENTS

Other Investments	Note	2017	2016	
		\$	\$	
Current fixed interest bonds		977,102	359,913	
Non-current fixed interest bonds		3,009,805	3,025,051	
Total other investments		3,986,907	3,384,964	

8. PLANT AND EQUIPMENT

Plant and Equipment	Leasehold Improvements	Computer Equipment	Furniture and Fittings	Total
		\$	\$	\$
Balance as at 1 July 2016	-	99,799	36,268	136,066
Acquisitions	128,800	27,425	5,101	161,326
Disposals	-	(1,700)	(18,609)	(20,309)
Depreciation Expense	(2,821)	(43,278)	(4,261)	(50,361)
Depreciation Recovered	-	785	-	785
Balance as at 30 June 2017	125,978	83,029	18,500	227,507
Cost	128,800	151,327	60,764	340,890
Less: Accumulated Depreciation	(2,821)	(68,298)	(42,264)	(113,384)
Balance as at 30 June 2017	125,978	83,029	18,500	227,507

Plant and Equipment	Leasehold Improvements	Computer Equipment	Furniture and Fittings	Total
		\$	\$	\$
Balance as at 1 July 2015	0	37,521	54,172	91,693
Acquisitions	0	83,722	816	84,538
Disposals	0	(11,224)	(4,495)	(15,719)
Depreciation Expense	0	(10,220)	(14,225)	(24,446)
Balance as at 30 June 2016	0	99,799	36,268	136,066
Cost	0	126,692	91,545	218,236
Less: Accumulated Depreciation	0	(26,893)	(55,277)	(82,170)
Balance as at 30 June 2016	0	99,799	36,268	136,066

9. INTANGIBLE ASSETS

Intangible Assets	2017	2016
	ç	5
Opening Balance		
Cost of acquisitions	50,171	
Less: Accumulated Amortisation	(2,509)
Total intangible assets	47,662	2

10. TRADE AND OTHER PAYABLES

Trade and Other Payables	Note	2017	2016
		\$	\$
Trade payables		551,558	727,972
Sundry payables		326,227	235,579
Total trade and other payables		877,785	963,551

11. EMPLOYEE BENEFIT LIABILITY

Employee Benefit Liability	Note	2017	2016
		\$	\$
Wage accrual		41,652	34,529
Liability for annual leave		77,361	86,390
Total employee benefit liability		119,013	120,919

12. FINANCIAL INSTRUMENT CLASSIFICATION

2017 Financial Instrument Classification	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	2,254,179	-	-	2,254,179
Trade and other receivables	730,672	-	-	730,672
Other investments	-	509,086	-	509,086
Total current financial assets	2,984,851	509,086	-	3,493,937
Other investments	-	3,477,821	-	3,477,821
Total non-current financial assets	-	3,477,821	-	3,477,821
Total financial assets	2,984,851	3,986,907	-	6,971,758
Liabilities				
Trade and other payables	-	-	877,785	877,785
Total current financial liabilities	-	-	877,785	877,785

2016	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	4,311,581	-	-	4,311,581
Trade and other receivables	914,118	-	-	914,118
Other investments	-	359,913	-	359,913
Total current financial assets	5,225,699	359,913	-	5,585,612
Other investments	-	3,025,051	-	3,025,051
Total non-current financial assets	-	3,025,051	-	3,025,051
Total financial assets	5,225,699	3,384,964	-	8,610,663
Liabilities				
Trade and other payables	-	-	963,551	963,551
Total current financial liabilities	-	-	963,551	963,551

Fair value disclosures

Assets and liabilities are recorded at fair value according to the fair value hierarchy as follows

- Level 1: Quoted unadjusted prices, in active markets. •
- Level 2: Level 1 quoted prices are not available but fair value is based on observable market data. .
- Level 3: Inputs that are not based on observable market data. .

The fair value estimates were determined by the following methodologies and assumptions:

- . Trade and other receivables: The reported amount approximates fair value because they are assessed for impairment and all amounts are receivable within three months.
- Cash and cash equivalents: Available on demand or within a short period. They are at market interest rates and therefore, . carrying value approximates fair value.
- Trade and other payables: Considered short-term and therefore, carrying value approximates fair value. •

Other investments

The PHO's other investments comprise non-derivative debt securities (bonds) that are quoted in an active market. Fair value is based on level one input, broker provided quotes as at reporting date.

Overall Risk management framework

The company has a Statement of Investment Policy and Objectives (SIPO) which details the objectives, personnel duties and responsibilities and investment policy.

a) Risk Management

Risks arising from the Company's financial assets and liabilities are inherent in the nature of the Company's activities and are managed through an ongoing process of identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk and market risk (including interest rate and pricing risks).

The Company's investment income is generated from its financial assets. Liabilities which arise from its operations are met from cash flows provided by these assets.

Information regarding the fair value of assets and liabilities exposed to risk is regularly reported to the Company's management, the Company's Finance, Audit & Risk Committee and ultimately the Board. The Investment Portfolio is rebalanced, as necessary, to ensure that the asset classes remain within the strategic asset allocation policies as set out in the Company's Statement of Investment Policy and Objectives (SIPO). The Board regularly review the Company's SIPO.

The SIPO sets out the Company's primary investment objectives. These can be summarised as to:

- ensure that the investment fund is invested prudently;
- provide inter-generational equity with regard to distribution levels over time;

- maximise the funds available for donations.

The Company manages its Investment Portfolio in terms of its SIPO. The SIPO is monitored on a regular basis by the Board and amended as necessary. The Portfolio's strategic asset allocation is reviewed annually. The strategic asset allocation was last reviewed in August 2016. Bank of New Zealand (BNZ) assists both management and the Board with investment advice and portfolio management.

b) Credit Risk

Credit risk represents the risk that a counter party to a financial asset fails to discharge an obligation which will cause the Company to incur a financial loss. With regard to the credit risk arising for financial assets, the Company's credit risk arises from any default by a counter party. There is no security held over these assets.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities, geographic regions, or similar economic features that would influence their ability to meet their contractual obligations by reason of changes in economic, political or other conditions.

The Company manages credit concentration risks through:

- a diversified and non-correlated basket of investments;
- ensuring compliance with the individual mandate requirements of each investment.

The maximum exposure to credit risk for bonds, cash with bonds manager and cash and cash equivalents is detailed in the table below. The credit quality is classified using Standard and Poor's rating categories.

• ensure money is available for distribution, as required, to meet the needs and distribution policies of the Company;

• to maintain the value of the investment fund's capital base in real terms and to grow such capital value at a level equal to the population base growth of the region. Real in this context relates to changes in the Consumer Price Index (CPI);

2017	NZ Bonds	Cash & Cash Equivalents	Total
AAA to AA-	64%	100%	
A+ to A-	23%		
BBB+ to BB+	13%		
Unrated			
Funds Invested	\$3,518,891	\$752,551	\$4,271,443

2016	NZ Bonds	Cash & Cash Equivalents	Total
AAA to AA-	74%	100%	
A+ to A-	18%		
BBB+ to BB+	3%		
Unrated	5%		
Funds Invested	\$3,384,964	\$4,311,581	\$7,696,545

c) Market Risk

Market risk embodies the potential for both loss and gains and includes interest risk and price risk. The Company's investment strategy and the management of the market risk are detailed in the SIPO. The Company's investments are diversified across a range of asset classes, entities, investment ratings and maturities. Within each asset class there are defined policies and mandates to ensure diversification, to minimise investment risk and to limit exposure to any one investment. Each asset class has a defined target allocation and is managed within a defined allocation range.

13. CAPITAL AND RESERVES

Capital and Reserves	2017	2016
Ordinary shares	\$	\$
Opening Balance	1	1
Issue of ordinary shares for cash	-	-
Closing Balance	1	1

Share Capital

At 30 June 2017 share capital comprised 100 ordinary fully paid shares (2016:100). These shares have no par value. The holders of the ordinary shares have equal voting rights and share equally in dividends and any surplus on liquidation.

Available-for-sale revaluation reserve

Available-for-sale revaluation reserve is comprised of the fair value movement of currently held financial instruments classified as available for sale. Upon sale of a financial instrument, any fair value movement is transferred to other comprehensive revenue and expenses.

Capital management

The capital of the Company is the equity as shown in the Statement of Financial Position. The capital is managed indirectly by managing the credit, liquidity and market risks of the financial assets and liabilities of the Company as outlined in note 12. When managing capital, the objective is to ensure the Company continues as a going concern.

The Company has entered into commercial leases on motor vehicles, office equipment and leased office space. These motor vehicle and equipment leases have an average life of between three and four years, with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases. The leased office space is for a term of two years with two rights of renewal contained within the lease but does not extend the term of the lease beyond the final expiry date (January 2025). There is no rent payable for the leased office space but the company is responsible for the operating expenses. The operating expenses are not included in the table below.

2017	2016
\$	\$
48,376	132,957
17,001	63,914
-	-
65,376	196,871
	\$ 48,376 17,001 -

During the year ended 30 June 2017, \$133,989 was recognised as an expense in the Statement of Comprehensive Revenue and Expenses in respect of operating leases (2016: \$164,453).

15. RELATED PARTY TRANSACTIONS

Identity of Related Parties

Parent and ultimate controlling party

The immediate parent and ultimate controlling party of Health Hawke's Bay Limited is Te Matau a Maui Health Trust, which controls 100% of the voting shares in the company.

Trustees of Te Matau a Maui Health Trust include general practitioners who are recipients of funds allocated by the Hawke's Bay District Health Board via the Company. These transactions have been carried out at arms length.

Payments made

During the period the Company made payments totalling \$5,203 (2016:\$5,745) Maui Trust in shareholder meeting attendance fees. These have been included

Key Management Personnel

The PHO classifies its key management personnel into two classes;

- 1 Members of the governing body
- 2- Members of the senior management team

Members of the governing body are paid a director's fee based on their position on the board (\$38,500 for the Chairperson, \$19,200 for the Deputy-Chairperson and \$13,200 for other directors per annum). Directors can also claim meeting fees for being on a sub-committee or advisory committee and mileage.

The aggregate remuneration paid to members of the governing body and to the senior management team is presented below:

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2017 and 30 June 2016 are, as follows;

	2017	2016
5) to the Trustees of the Te Matau a d in advisory committee fees.	\$5,203.00	5745.12

Employee Benefit Liability	2017	2016
	\$	\$
Director's fees paid to members of the governing body	136,004	139,700
Directors expenses paid to members of the governing body	6,315	7,036
Meeting attendance fees paid to members of the governing body	6,837	5,937
Members of the senior management team	364,048	392,706

The governing body was made up of seven individuals as at 30 June 2017 (2016: nine). The number of directors decreased from nine to seven in November 2016.

The senior management team was made up of three FTEs as at 30 June 2017 (2016: three).

Other Related Parties

Directors of the company include general practitioners and other related parties who hold relationships with companies who receive capitation and other payments from the company. These transactions have been carried out at arms length. All outstanding amounts at balance date are expected to be settled within one month of balance date.

Adri Isbister, a director of the company until November 2016 was also a director of The Doctors (Hastings) Ltd and The Doctors (Napier) Ltd. Gascoigne Medical Services Ltd is a 100% owned subsidiary of The Doctors (Hastings) Ltd. These companies received capitation and other payments during the financial year of:

	2017	2016
	\$	\$
The Doctors (Hastings) Ltd	2,162,681	2,045,258
The Doctors (Napier) Ltd	3,764,875	3,653,773
Gascoigne Medical Services Ltd	472,913	496,621
At balance date they had the following outstanding balances:		
The Doctors (Hastings) Ltd	23,726	37,177
The Doctors (Napier) Ltd	32,638	69,486
Gascoigne Medical Services Ltd	3,327	5,357

Jonathan Eames, a director of the company until November 2016, is also a director, shareholder and general practitioner of Te Mata Peak Practice Ltd. Te Mata Peak Practice Ltd received capitation and other payments during the financial year of:

	1,830,817	1,718,005
At balance date they had the following outstanding balances:	9,830	-

Sandra Jessop, a director of the company, is also a director, shareholder and general practitioner of Totara Health Ltd. Totara Health Ltd received capitation and other payments during the financial year of:

	3,748,621	3,371,712
At balance date they had the following outstanding balances:	27,433	27,433

Mark Petersen, a director of the company is also a director and ultimate shareholder of Taradale Medical Centre Ltd. Taradale Medical Centre Ltd received capitation and other payments during the financial year of:

At balance date they had the following outstanding balances:

Mark Petersen and Christine McKenna are directors of the company and also key management personnel of the Hawke's Bay District Health Board (HBDHB).

The company received total funding from HBDHB of:

The company made payments to HBDHB of

As at balance date the company had funds owing from the HBDHB of:

As at balance date the company had funds owing to the HBDHB of:

As at balance date the company had reserve funding on hand of:

As at balance date the company had revenue in advance of:

Jason Ward is a director of the company and is the Chairman of the Takapau Community Health Centre. The company made contract payments to the Takapau Community Health Centre during the financial year of:

At balance date they had the following outstanding balances:

Jason is also married to Joanne Ward. The company made contractor payment financial year of:

2,172,143	2,085,486
16,366	23,047

38,554,774	36,305,302
394,241	526,973
472,786	664,743
9,586	19,457
2,183,238	3,076,321
152,774	123,471

	16,524	16,705
	398	69
nts to Joanne Ward during the	257	257

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HEALTH HAWKE'S BAY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Health Hawke's Bay Limited ('the Company') on pages 33 to 50, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards ('PBE Standards').

Our report is made solely to the Shareholders of Health Hawke's Bay Limited, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Health Hawke's Bay Limited and the Shareholders of Health Hawke's Bay Limited, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance

PO Box 46

New Zealand

Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, our firm carries out other assignments for Health Hawke's Bay Limited in the area of transition to PBE Standards and human resource consulting. The provision of these other services has not impaired our independence.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017 (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with PBE Standards, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://xrb.govt.nz/standards-for-assurancepractitioners/auditors-responsibilities/audit-report-8/

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Matters Relating to the Electronic Presentation of the Audited Financial **Statements**

This audit report relates to the financial statements of Health Hawke's Bay Limited for the year ended 30 June 2017 included on Health Hawke's Bay Limited's website. The Directors of Health Hawke's Bay Limited are responsible for the maintenance and integrity of Health Hawke's Bay Limited's website. We have not been engaged to report on the integrity of Health Hawke's Bay Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 6 November 2017 to confirm the information included in the audited financial statements presented on this website.

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

Staply Rodwan

Staples Rodway Audit Limited Hastings, New Zealand 6 November 2017



STAPLES RODWAY AUDIT LIMITED INCORPORATING THE AUDIT PRACTICES OF CHRISTCHURCH, HAWKES BAY, TARANAKI, TAURANGA, WAIKATO AND WELLINGTON



HIGHLIGHTS

Havelock North Gastro Outbreak	54
Social Workers in General Practice	56
Health Hawke's Bay Portal	57
Patient Portal	58
Cornerstone Accreditation	
and Foundation Standard	59
National Enrolment Service	59



"During the outbreak the health community responded really well as a cohesive sector." - DR PETER CULHAM

In August 2016 Havelock North was affected by an unprecedented event in New Zealand as the town's water supply became contaminated with Campylobacter, affecting over 5000 people with illness.

During the outbreak the health community responded really well as a cohesive sector. The incredible work happening in primary care played a huge role in keeping people out of hospital. Dr Peter Culham is a General Practitioner at Te Mata Peak Practice in Havelock North and was rostered on to work the weekend of 13 and 14 August (when more people were presenting with the onset of illness).

"Whilst the team at Te Mata Peak Practice were aware of increasing gastroenteritis cases, thought to be Norovirus, the district health board (DHB) and Hastings District Council through media and social media statements released on Friday night made us aware we were in for something more. On the Friday night we were also called by the DHB's Emergency Manager who told us they thought there was a high chance the outbreak was likely to be Campylobacter."



"It became apparent very early on Saturday morning the outbreak was worsening. I called in extra staff and we made the early decision to try and manage the epidemic via telephone consultation."

Saturday 13 August was described by Peter as a very long and busy day. Not only was he and his team managing Campylobacter cases, but also other illnesses, as well as attending and managing the death of a patient. The DHB instituted its critical incident management structure. District Nurses were moved into retirement villages, which was very helpful, and the Te Mata Peak Practice team knew they needed to do things differently to cope with the numbers of sick people. "We improved our processes further on Sunday. We arranged afterhours telehealth support via Auckland and had extra GPs working as well as increased administration and nursing support. Our doctors and nurses provided a telephone assessment service as well as traditional face-to- face consultations. IV fluid therapy was administered on site, in homes and residential care facilities which kept people out of hospital, by the district nurses."

On the Monday Peter said the entire team, minus those who were unwell themselves, were back on deck and focussed on assessing as many affected patients as possible. This was achieved by deferring non-urgent work and making the most of telephone consultations. Te Mata Peak Practice was well supported by Health Hawke's Bay (The Primary Health Organisation).

"They provided a clinical pharmacist and additional registered nurses to make proactive phone calls to check in on those vulnerable and at-risk people in the community; for example the elderly, diabetics (people with diabetes), and people with other medical conditions."

The incredible staff working in Te Mata Peak Practice and those that came to support them worked long into the week. Whilst numbers peaked on the Wednesday, staff were still seeing lots of patients through to the Friday night.

DURING THIS EVENT, THE FOLLOWING INNOVATIONS WERE IMPLEMENTED, BENEFITING THE COMMUNITY:

- Extensive use of telephone consultations helping Primary Care to assess large numbers of people, while enabling faceto-face visits with the patients.
- Use of registered nurses to contact at risk patients via telephone. Those unaffected by the gastro outbreak were appreciative of the contact. Those affected were offered advice, telephone support or face-to-face consultations as required, to help them manage the illness with their co-existing conditions.
- District Nurses were sent into residential care villages.
- Constant communication with the District Health Board and Health Hawke's Bay.

HEALTH HAWKE'S BAY PORTAL

communication channel between Health Hawke's Bay and General Practice, providing guidelines and health sector alerts."

- SARAH REDDISH. Communications Coordinator

The new Health Hawke's Bay Portal has been under construction for a large part of the 2016 – 2017 year and we are now excited to share this with the Hawke's Bay health sector.

The new Health Hawke's Bay Portal is the single communication channel between Health Hawke's Bay and general practice, providing current, relevant information, training sessions, guidelines and health sector alerts. The Portal has been designed to encourage two-way communication between general practice and Health Hawke's Bay with the introduction of a comments field in each of the Portal posts.

The new Health Hawke's Bay Portal includes a Professional Development section whereby primary care clinicians

SOCIAL WORKERS IN **GENERAL PRACTICE**

"These roles support whanau to address the key social determinants, as identified by themselves."

– LILLIAN WARD, Senior Māori Advisor / Equity Project Manager

Services to Improve Access funding has supported the engagement of five full time equivalent social workers.

This group includes one navigator and one Kaiawhina to provide social support and navigation services to our eligible high need population (Māori, Pacific, and non-Māori and non-Pacific people living in quintile 5 areas).

General practice has supported and valued the contribution of social workers, navigators and Kaiawhina as integral members of the general practice team, enabling and enhancing multidisciplinary activity. More importantly these roles support whanau to address the key social determinants, as identified by them, which impact greatly on their health and wellbeing.



"The new Health Hawke's Bay Portal is the single current, relevant information, training sessions,

can register for training opportunities through one central location.

Access to the new Portal has been greatly improved, with those practices using the Medtech patient management system having direct access to the Portal through a dynamic icon on the Medtech toolbar.

The new Health Hawke's Bay Portal will be completed by mid-November 2017, at which time the new Health Hawke's Bay website will be launched.

We look forward to working with general practice and hospital based colleagues going forward to streamline the use of the Health Hawke's Bay Portal to ensure communications are easy, clear and effective across the sector.

PATIENT PORTAL

"Patient portals offer secure, convenient online tools to over 90% of our population aged 16 and over." – HELEN MORRIS, General Practice Information and Systems Support

Staying in contact with your doctor just got easier.

Offering secure, convenient online tools to over 90% of our population aged 16 and over, patient portals provide the opportunity for patients to book appointments online, repeat prescriptions and view different levels of their health information such as classifications, allergies and update personal information.

A number of our general practices also offer comprehensive access to lab results and consult notes. Portal registrations continue to steadily increase guarter on guarter with 13% of the eligible population currently registered.

Anyone wanting to manage their health through easy, up-to-date access to their health information can enquire with the reception team at their general practice.

CORNERSTONE **ACCREDITATION** AND FOUNDATION STANDARD

Cornerstone is the Royal New Zealand College of General Practitioner's assessment and accreditation programme.

Aiming for Excellence, New Zealand's quality improvement standards for general practice guides best practice service to patients. The Foundation Standard represents what is considered to be the legal, professional, and regulatory requirements for general practice and is a subset of Cornerstone. As a minimum requirement all general practices must meet Foundation Standard. Health Hawke's Bay PHO Performance Manager and General Practice Facilitators have supported the Health Hawke's Bay general practice network in their preparation for both Cornerstone and Foundation Standard.

As at 30 June 2017 all Health Hawke's Bay general practice teams were actively engaged in these quality improvement processes; 17 were Cornerstone Accredited, five had achieved Foundation Standard, with two practices waiting for their Cornerstone assessments to take place.



NATIONAL **ENROLMENT SERVICE**

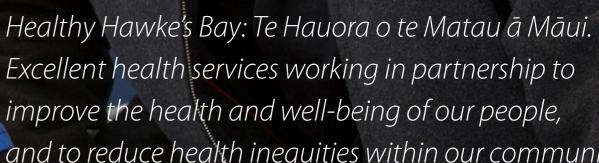
2016 saw the introduction of the long awaited real time General Practice enrolment system -National Enrolment Service.

Functionality within the National Enrolment Service allows the following:

- Enrolment to be confirmed daily at practice level primary care teams, including Health Hawke's Bay, have up to date information about who their patients are.
- More streamlined calculation and payment of funding to general practice.
- Validation of the National Health Index (NHI) this allows for a rich, more accurate source of data including patient ethnicity, name, funding eligibility and demographic information.
- Practices to undertake the National Patient Experience Survey through the National Enrolment Service. Undertaking this allows patient preferences to be understood at practice, regional and national level.

100% of Health Hawke's Bay's general practices are now engaged in National Enrolment Service. The two systems will continue to run side by side until PHO Services Agreement Amendment Protocol is satisfied that the National Enrolment Service is accurate at which time the previous enrolment process will be discontinued.

OUR VISION



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HALEY

and to reduce health inequities within our community.

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