

Healthy Hawke's Bay

Te Hauora o Te Matau ā Whāiri

CHIEF EXECUTIVE'S REVIEW



ME TO BE PROUD OF THE TEAM AT HEALTH HAWKE'S BAY AND OF THE ORGANISATION WE HAVE BUILT.

A huge achievement during the 2015/16 year has been the establishment of the Whānau Wellness Programme, which fulfils my ambition to provide a pathway for our most vulnerable whānau to engage with their basic health care needs, build a relationship with their general practice and engage with other service providers. This has required commitment and team work from providers, whānau and the team and has been an exercise in patience, compromise and dedication all round. The rewards are being realised through the comments from those benefiting most such as "Programme is a relief for our family. While learning about staying well and going to doctor we are able to go when needed, pay off debt and build credit for next year, take away the whānau that we have debt. I am so relieved and happy to be part of the Whānau Wellness Programme as it has helped me a lot through my health issues that I have had through the last five years. So I really appreciate the programme". I would like to thank general practice in particular for their support with this programme.

During the year we hit the CVDRA target for the first time, retained our nation-leading position in cervical screening for Māori and continued to excel in programmes for tamariki including immunisations and B4 School checks. Each of these achievements represents co-operation and perseverance on the part of general practice teams and a significant amount of work, often from the primary care nursing cohort.

Our relationship with Hawke's Bay DHB continues to strengthen and this year saw the commencement of the secondment of the CEO role into the position of GM Primary Care. This has reinforced the voice of primary care in the DHB setting and has resulted in the commitment of a significant amount of new funding to primary and community care related activities. I am sure this journey will continue to gain momentum.

As a final word I would like to thank colleagues in general practice, the wonderful team at Health Hawke's Bay and the Board of Directors who have supported my journey over the past four and a half years. We should all be proud of what has been achieved through collective effort and a desire to improve outcomes for our population.

Chris McKenna, Chief Executive Officer Health Hawke's Bay

CHAIRPERSON'S REPORT



We welcomed Chris McKenna Chief Operating Nurse Hawke's Bay DHB (HDBH) providing us with nursing expertise, we also welcomed Doctor Mark Peterson, CMO primary care HDBH and a well known general practitioner in the community adding more clinical expertise to our governance decision making. We also welcome Jason Ward who is a nurse practitioner from Central Hawke's Bay, again a person with clinical expertise. The Board continues to include a positive mix of competencies that ensures the health needs of our population, particularly those people with the highest needs.

The Board focuses on the organisational performance and success of Health Hawke's Bay. We work to influence how best to equitably devolve funding to general practice, targeting our high needs population, and we continue to take responsibility for developing and supporting excellent clinical service delivery in the primary care sector. Our key initiatives are to ensure national health targets are met within primary care, with the Health Hawke's Bay team supporting general practices to maximise their service delivery.

With honest and passionate people at the Board table and within the Health Hawke's Bay team, we are on course to deliver against the organisation's strategic goals and the financial targets we have set for the next three years. I thank my fellow directors for their dedication. Nothing ever stands still and Health Hawke's Bay has worked hard to deliver on our vision and strategic

ENSURING GOOD GOVERNANCE

ENSURING GOOD GOVERNANCE – THE BOARD OF DIRECTORS OF HEALTH HAWKE'S BAY

The role of the Board of Health Hawke's Bay is to ensure good corporate governance processes are adhered to and to establish the strategic direction of the organisation. Chosen for their governance skills, the following individuals were directors of the Board for the 2015/16 year:

- Adri Isbister (Chair)
- Bayden Barber (Deputy Chair)
- Dr Jon Eames
- Jeremy Harker
- Dr Sandra Jessop
- Helen Walker
- Chris McKenna
- Dr Mark Peterson
- Jason Ward

WHAT DO WE DO / NGĀ RATONGA

We receive funding from the government to support the provision of health services throughout the Hawke's Bay region. These services are delivered through medical centres, general practices, family doctors and nurses and other health providers that are members of Health Hawke's Bay.

We work with health care providers, social services, education providers, and community organisations to improve health outcomes for the population of Hawke's Bay. We promote positive health messages locally and advocate for Hawke's Bay at a national level.

STANFORD

STANFORD IS A SELF-MANAGEMENT SUPPORT PROGRAMME THAT PROVIDES POSITIVE MENTORING FOR CLIENTS WITH LONG-TERM CONDITIONS.

Stanford delivers a sustainable self-management programme in a workshop-style format for clients who have chronic diseases (long-term conditions). It teaches the skills needed in the day-to-day management of treatment and to maintain and / or increase life's activities and quality of life.

During the 2015/16 year Health Hawke's Bay has delivered 30 'Living with Long-Term Conditions' courses, providing 347 people the skills to manage their long term conditions. 7 Stanford courses focused specifically on people living with diabetes, with 60 attendees.

Four Health Hawke's Bay staff are certified Stanford master trainers - Ina Graham, Lillian Ward, Wm Ormsby and Kerry Gilbert.

STANFORD WHĀIRIKI

21 Whāiriki courses have been held in six communities, empowering 236 people to self-manage their long term conditions under a Māori-focused paradigm with an 85% completion rate.

HEALTH HAWKE'S BAYS' ENROLLED POPULATION

12 MONTHS TO 30 JUNE 2016

Age Band	Number	% of Health Bay
0-9 yrs	22,902	15%
10-19 yrs	21,367	14%
20-29 yrs	17,027	11%
30-39 yrs	15,575	10%
40-49 yrs	20,130	13%
50-59 yrs	21,521	14%
60-69 yrs	18,942	12%
70-79 yrs	12,172	8%
80-89 yrs	5,699	4%
90+ yrs	1,216	1%
Grand Total	156,551	
Ethnicity	Number	% of Health Bay
Asian	5,035	3%
Māori	40,270	26%
Other	105,790	68%
Pacific	5,456	3%
Grand Total	156,551	

HEALTH HAWKE'S BAY LIMITED

2015/16 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

COMPANY DIRECTORY

AS AT 30 JUNE 2016

Date of Incorporation: 11 August 2003

Incorporation Number: 1370539

Registered Office: Ground Floor
205 Hastings St South
Hastings 4122

Nature of Business: Primary Health Services

Directors: Adri ISBITER
BARDEN BARBER
Aramanu ROPIHA (ceased March 2016)
HENEN WALKER
Sandra JESSOP
Jonathan FAMES
Jeremy HARKER
Mark PETERSEN (appointed November 2015)
Christine MCKENNA (appointed November 2015)
JASON WARD (appointed May 2016)

Shareholder: Te Matatu a Maui Health Trust

100 shares

Bankers: BNZ

Solicitors: Bramwell Grossman

HASTINGS

Auditors: Staples Rodway

HASTINGS



STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Cash flows from operating activities			
Receipts from Contracts	37,073,724	34,156,783	
Payments to Suppliers	(36,980,572)	(35,188,840)	
GST paid	(60,230)	81,843	
Net cash flows from/(used in) operating activities	32,922	(950,214)	

Cash flows from investing activities			
Net Cash Flows from Investments	(20,634)	(84,811)	
Acquisition of PPE	(84,484)	(55,767)	
Interest Received	347,698	364,508	
Net cash flows from/(used in) investing activities	242,580	223,930	

Net increase/(decrease) in cash and cash equivalents	275,502	(726,285)	
Cash and cash equivalents at the beginning of the year	4,036,079	4,766,588	
Cash and cash equivalents at the end of the year	4,311,581	4,036,079	

Reconciliation to Profit/(loss) for the period	(92,001)	97,949	
Surplus/(deficit) for the period	(92,001)	97,949	

Adjustments for non-cash items;			
Depreciation	24,445	33,679	
Gain/Loss on sale of Property, plant and equipment	15,665	6,265	
Gain/Loss on sale of investments	16,861	(77,246)	
Adjustments for non operating items;			
Interest Received	(347,698)	(364,508)	
Adjustments for movements in;			
Decrease/(Increase) in Trade and Other Receivables	562,850	(709,386)	
Increase/(Decrease) in GST	(60,230)	81,843	
Increase/(Decrease) in Trade and Other Payables	(272,762)	155,574	
Increase/(Decrease) in employee entitlements	7,501	22,319	
Increase/(Decrease) in accrued interest	37,297	(13,757)	
Increase/(Decrease) in reserve funding	140,994	(182,947)	
Net increase/(decrease) in cash and cash equivalents	32,922	(950,214)	

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The Board of Directors present their Annual Report including the financial statements of the Company for the year ended 30 June 2016.

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)-(i) of section 211(1) of the Act.

For and on behalf of the Board:

Director: 3 October 2016

Director: 3 October 2016

Director: 3 October 2016

Director: 3 October 2016

SIGNIFICANT ACCOUNTING POLICIES

FOR YEAR ENDED 30 JUNE 2016

REPORTING ENTITY

Health Hawke's Bay Ltd ("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). The Company is a not-for-profit organisation. The Company's financial statements are prepared in accordance with the Financial Reporting Act 2013. The Company's registered office is Ground Floor, Hastings Street South, Hastings 4122.

The Company's principal activity during the period is the provision of primary health care services to the enrolled population in Hawke's Bay.

Payments made by the PHO made payments totalling \$5,745 (2015: \$6,370) to the Trustees of the Te Matatu a Maui trust in shareholder meeting attendance fees. These have been included in administrative fees.

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

Key Management Personnel
The PHO classifies its key management personnel into two classes; Members of the governing body and other key management personnel.

Members of the governing body are paid a Director's fee based on their position on the board (\$38,500 for the chair person, \$15,200 for the deputy chair and \$13,200 for other Director's per annum). Directors can also claim meeting fees for being on a sub-committee or advisory committees and mileage.

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

	2016	2015
Directors Fees paid to Members of the governing body	139,700	138,750
Directors Salaries paid to Members of the governing body	7,206	8,722
Meeting Attendance fees paid to Members of the governing body	5,937	7,774
Members of the Senior Management team	392,706	369,279

The governing body was made up of 9 individuals as at 30 June 2016 (2015: 7). The number of Directors increased from 7 to 9 in November 2015, decreased to 8 in April 2016 and then increased to 9 in June 2016.

The senior management team was made up of 3 FTEs as at 30 June 2016 (2015: 3).

Other Related Parties
Directors of the company include general practitioners and other related parties who hold relationships with companies who receive capital 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.

Measurement basis
Financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets which are 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.

First-time adoption of PBE standards on accounting policies and disclosures
This is the first set of financial statements of the Company that are presented in accordance with PBE IPSAS standards. The Company has previously reported in accordance with NZ IFRS (PBE) with differential reporting concessions.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances where the accounting policy of a PBE IPSAS standard is different to the accounting policy of NZ IFRS (PBE) with differential reporting concessions as outlined below.

The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

Revenue recognition
The revenue recognition approach for DHB contract revenue depends on the contract terms. Those contracts where the amount of revenue is substantially linked to the provision of quantifiable units of service are treated as exchange contracts and revenue is recognised as the Company receives 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 when the contract is recognised as a contract. If 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 conditions that are not met.

The transition from NZ IFRS (PBE) with differential reporting concessions to PBE IPSAS has only changed presentation and disclosure of items in the financial statements. There have been no changes to recognition or measurement criteria or the carrying amount of assets, liabilities and total equity which have not changed as a result of the transition.

Standards issued but not yet effective
There are no standards issued but not yet effective that have a material impact to the Company's recognition, measurement or disclosures.

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 financial asset, that the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence of impairment may include indicators such as the debtor is in financial difficulty, default or delinquency 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 interest rates or economic conditions that correlate with the debtor's financial condition.

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 carried at cost, less any 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.

Loans and receivables
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, deposits held at call with banks, short-term deposits with an original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within cash and cash equivalents on the statement of financial position.

For the purpose 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 its present value of the amounts expected to be collected.

Financial assets classified available-for-sale
For impairment of debt securities classified as available for sale, impairment is assessed based on the same criteria as impairment of financial assets carried at amortised cost. The amount of impairment is the difference between the carrying amount of the asset and its present value of the amounts expected to be collected.

After initial measurement
Available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and expense and accumulated in the Available-for-sale reserve. Upon derecognition the cumulative gain or loss is recognised in other operating revenue.

Financial liabilities classified available-for-sale
Financial liabilities are classified as amortised cost or available-for-sale. Amortised cost is measured at fair value with unrealised gains or losses recognised in other comprehensive income and expense and accumulated in the Available-for-sale reserve. Upon derecognition the cumulative gain or loss is recognised in other operating revenue.

Amortised cost financial liabilities
Financial liabilities classified as amortised cost are measured at fair value with unrealised gains or losses recognised in other comprehensive income and expense and accumulated in the Available-for-sale reserve. Upon derecognition the cumulative gain or loss is recognised in other operating revenue.

Employee benefits
Liabilities for wages and salaries, including employer KiwiSaver contributions, non-monetary benefits and annual leave are recognised when the company has an obligation to pay or provide the benefits to its employees for services provided. The company is obligated to remunerate all recognised employee benefits for services provided. The company is obligated to remunerate all recognised employee benefits for services provided. The company is obligated to remunerate all recognised employee benefits for services provided. The company is obligated to remunerate all recognised employee benefits for services provided.

Retained earnings
Accumulated comprehensive revenue and expense is the Company's accumulated surplus or deficit since the date of incorporation, adjusted for transfers to/from specific reserves.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

FOR YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Revenue			
Contract revenue	1	36,375,040	35,062,872
Total revenue		36,375,040	35,062,872

Expenses			
Contract payments	2	33,715,124	32,183,055
Fees paid to auditors for:			
Annual audit of financial statements	14,337	21,509	

Human resources services		560	-
Advisory committee fees		43,943	42,547
Directors fees		139,700	138,750
Director meeting expenses		7,036	8,722
Gain/Loss on disposal of plant and equipment		15,665	6,265
Depreciation		24,445	33,679
Occupancy costs		230,730	241,850
Other costs		453,923	542,769
Project costs		-	145,000
Salaries and wages	4	2,152,415	2,042,531
Total expenses		36,797,878	35,406,677

Operating surplus/(deficit) before financing		(422,838)	(343,805)
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Finance costs		-	-
Finance revenue	3	347,698	364,508
Net Finance Revenue		347,698	364,508

Gain/(Loss) on disposal of available for sale financial assets		(42,333)	(1,313)
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Net other Gains		(42,333)	(1,313)
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Surplus/(deficit) for the period		(117,473)	19,390
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Other comprehensive revenue and expense			
Item that will be reclassified to surplus/(deficit)			
Gain/(loss) on revaluation of available-for-sale financial assets		25,472	78,559
Other comprehensive revenue and expense for the period		25,472	78,559

Total comprehensive revenue and expense for the period attributable to owners		(92,001)	97,949
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STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2016

	Note	Share Capital	Available for Sale Reserve	Retained Earnings	Total Equity
		\$	\$	\$	\$
Balance as at 1 July 2014	1	12,236	4,363,942	4,376,179	8,852,357
Surplus/(deficit) for the period		-	-	19,390	19,390
Other comprehensive revenue and expense		-	-	78,559	78,559
Total comprehensive revenue and expense for the period attributable to owners		-	-	97,949	97,949
Balance as at 30 June 2015	1	90,795	4,383,332	4,474,128	

	Note	Share Capital	Available for Sale Reserve	Retained Earnings	Total Equity
		\$	\$	\$	\$
Balance as at 1 July 2015	1	90,795	4,383,332	4,474,128	8,852,357
Surplus/(deficit) for the period		-	-	(117,473)	(117,473)
Other comprehensive revenue and expense		-	-	25,472	25,472
Total comprehensive revenue and expense for the period attributable to owners		-	-	(92,001)	(92,001)
Balance as at 30 June 2016	1	116,267	4,265,858	4,382,126	

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HEALTH HAWKE'S BAY LIMITED

We have audited the accompanying financial statements of Health Hawke's Bay Limited ("the company") on pages 4 to 21, which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
The directors are responsible on behalf of the entity for the preparation and fair presentation of financial statements in accordance with Public Benefit Entity Standards as issued by the New Zealand Accounting Standards Board and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility
Our responsibility is to express an opinion on the financial statements based on the audit we have performed. We conducted our audit

HEALTH HAWKE'S BAY 2015/16 ANNUAL REPORT AND 2017 WALL PLANNER

WHĀNAU WELLNESS RESOURCE PROGRAMME

The Whānau Wellness Resource Programme (VWRP) is a 'Hand-Up' programme that provides a 12-month opportunity for whānau to:

- Build a relationship with their General Practitioner and medical team
- Learn how to achieve and maintain wellness as a whānau collective

The programme provides Health Hawke's Bay enrolled whānau with 'no cost' access to:

- General practice services
- Co-payment of pharmaceuticals
- Quarterly Education Sessions, based on Te Whare Tapa Wha areas, that are highlighted by whānau as concerns

From 21 December 2015 – 20 December 2016 the first cohort of 344 whānau (1,414 individuals) gained access to the above-mentioned services. As of 30th June 2016, the pilot cohort was into their fifth month of utilising services.

Independent nurse providers enabled practices to provide smoking brief advice to 81.3% of current smokers.

HEALTH HAWKE'S BAY IS SUPPORTING PRACTICES TO EMBED SUSTAINABLE PROCESSES.

710,000

NURSE AND GP CONSULTS

PROVIDED OVER THE 2015-2016 YEAR. THIS IS A **2% INCREASE** FROM THE PREVIOUS YEAR.

AIMING FOR EXCELLENCE AND MINIMUM STANDARDS

17 practices are Cornerstone Accredited
1 practice has completed Foundation Standards, with **6** in progress

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, and to reduce health inequities within our community.

OUR VALUES / BEHAVIOURS

RĀRANGA TE TIRA

Working together in partnership across the community.

HE KAUANUANU

Showing respect for each other, our staff, patients and consumers.

ĀKINA

Continuously improving everything we do.

TAUWHIRO

Delivering high-quality care to patients and consumers.

WORKFORCE DEVELOPMENT

DURING THE 2016 YEAR THE NUMBER OF EDUCATION SESSIONS PROVIDED TO GPs, PRACTICE NURSES AND OTHER GENERAL PRACTICE STAFF:

- 942 clinicians attended 25 CME sessions
- 861 clinicians attended 32 CNE sessions

PEOPLE ENROLLED WITH HEALTH HAWKE'S BAY

156,551

THIS IS **97%** OF THE HAWKE'S BAY POPULATION

THIS IS A **1.4%** INCREASE FROM THE PREVIOUS YEAR

MĀORI ENROLMENT HAS INCREASED BY **3%**

PASIFIKA ENROLMENT HAS INCREASED BY **4%**

96%

OF ALL 4-YEAR-OLDS RECEIVED A B4 SCHOOL CHECK, INCLUDING 91% OF MĀORI AND PACIFIC ISLAND CHILDREN

