



2020 ANNUAL REPORT

HEALTH HAWKE'S BAY
TE ORANGA HAWKE'S BAY



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Our vision

Whānau ora, hāpori ora

Family wellbeing, community wellbeing

Our values

Tauwhiro

*Delivering high quality care
to patients and consumers.*

Rāranga te tira

*Working together
in partnership across
the community.*

He Kauanuanu

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

Ākina

*Continuous improvement
in everything we do.*



Our practices

WAIROA

Queen St Practice

AHURIRI (NAPIER)

Carllyle Medical Centre
Central Medical Napier
Dr Robert Harris's Practice
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

HERETAUNGA (HASTINGS)

Clive Medical Centre
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

TAMATEA (CENTRAL HAWKE'S BAY)

The Doctors Waipawa
Tuki Tuki Medical

Our population



165,204

PEOPLE ENROLLED
WITH HEALTH HAWKE'S BAY

WHICH EQUALS

99.3%

OF HAWKE'S BAY POPULATION
BASED ON 2018 CENSUS DATA

1.4% ^

INCREASE FROM PREVIOUS YEAR



702,394

NURSE AND GP CONSULTS PROVIDED
DURING 2019 - 2020 PERIOD

MĀORI ENROLMENT

1.3% ^

INCREASE TO 43,242
FROM PREVIOUS YEAR

PASIFIKA ENROLMENT

2.7% ^

INCREASE TO 6,104
FROM THE PREVIOUS YEAR

ASIAN ENROLMENT

8.1% ^

INCREASE TO 7,217
FROM THE PREVIOUS YEAR

UNDER 14 YEARS ENROLMENT

0.4% ^

INCREASE TO 32,479
FROM THE PREVIOUS YEAR

65+ YEARS ENROLMENT

2.5% ^

INCREASE TO 31,581
FROM THE PREVIOUS YEAR



About Health Hawke's Bay

Health Hawke's Bay – Te Oranga
Hawke's Bay is the region's single Primary Health Organisation (PHO), covering a population of approximately 165,000. We aim to improve health outcomes and life expectancy across Hawke's Bay, particularly for Māori and other under-served groups.

The Health Hawke's Bay Board and Chief Executive Officer (CEO) 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 believes that timely access to high quality health care is fundamental to improving the health of our community.

We aim to improve health outcomes and life expectancy across Hawke's Bay, particularly for Māori.

WHAT IS A PHO?

A PHO provides primary health services either directly or indirectly through general practice and other health and social care providers. These services are designed to improve and maintain the health of the enrolled PHO population, and eliminate inequities in health outcomes that exist for Māori. The aim is to ensure general practice services are linked with other health and social care services for a seamless continuum of care.

Health Hawke's Bay receives funding from the Government, usually via the Hawke's Bay District Health Board (HBDHB), 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 the community who have poor health or who are missing out on primary health care
- provide health promotion.

PHO ENROLLED POPULATION

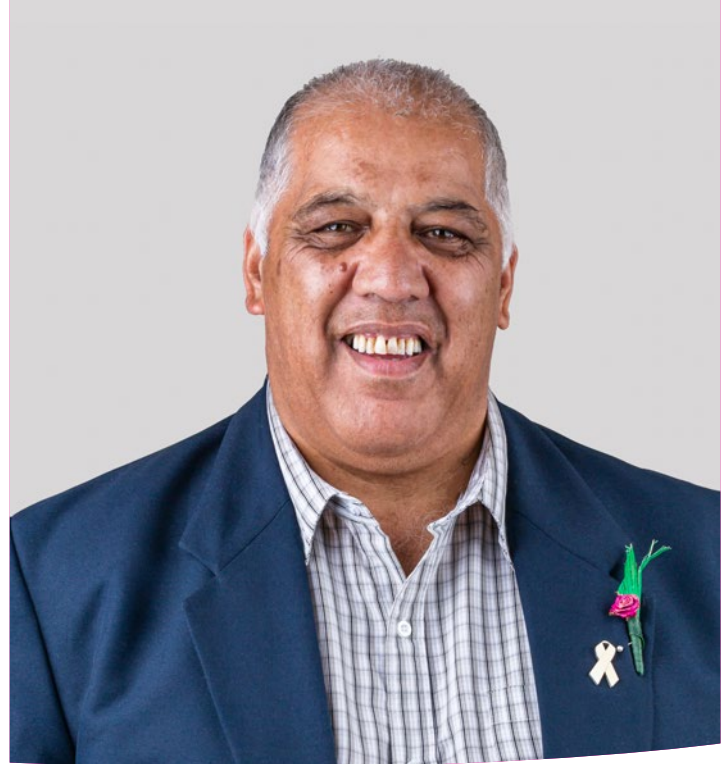
New Zealanders are able to access the benefits of being part of a PHO's Enrolled Population through enrolment with their chosen general practice. These benefits include cheaper doctor and nurse visits and a range of health and wellness services.

Chair's Report

Tihei Mauriora! Tuatahi maku e mihi ki a ratou nga whanau e noho ana I raro I te kapua pouri haere koutou nga mate ki te ringa matau o te Atua e nga mate haere haere haere. Koutou nga whanau e mauiuiana kia piki te ora, kia kaha kia maia. To those that have lost loved ones, we extend our condolences and to those that are suffering ill health we wish you well and speedy recovery.

Firstly I pay tribute to our primary health care workforce who faced (and continue to do so) an incredibly challenging year. When COVID-19 reached our shores, you our primary care sector stood steadfast and provided health care to whānau even with the threat of transmission to your own families. Our community owes you a debt of gratitude – Arohanui ki a koutou katoa.

Health Hawke's Bay supported general practice and the DHB to help establish and manage Community Based Assessment Centres (CBACs) and also worked collaboratively with the Kahungunu Tihei Mauri Ora Emergency Response Centre to support the welfare needs of our Māori, Pasifika and migrant communities.



We are very proud of our PHO team for their dedication and commitment to improving health outcomes in our community. This is a professional and caring team – and boy can they sing!

The 2019 Annual General Meeting saw the retirement of several Directors whom I would like to acknowledge for their service to the PHO, Dr Sandra Jessop, Dr Mark Peterson, Chris McKenna and Jason Ward. Tena koutou katoa.

It is also appropriate to acknowledge 2019 appointed Directors Dr Nicky Toynton (Deputy Chair), Dr Darran Lowes, Leigh White, Chrissie Hape and Andrew Lesperance alongside our experienced Directors Dr Kiri Bird, Bayden Barber and Jeremy Harker. I also acknowledge Bayden Barber, who during his four-year tenure as Chair navigated many challenges.

In the next year as part of our work plan we will be engaging with stakeholders, owners, customers including the Te Matau ā Māui Health Trust, to identify what the 'Health and Disability Review' (Simpson report) will mean for our population. Uppermost is that the voice of primary care is considered and respected. I look forward to those discussions with you all.

It really is a privilege to be part of a dynamic Board unafraid to test the waters in the pursuit of the best health outcomes for our population. You will see in this

report, the PHO has been financially prudent, adhered to the highest quality standards, been very supportive of general practice especially during COVID-19, and is well managed and led. I stand alongside my fellow Directors committed to ensuring that your PHO will deliver on its Strategic Plan and work with our community to help achieve the best possible health outcomes for our population. I am pleased to present this report for the 2019-2020 year. It remains for me to ask for your continued support and awahi on behalf of all our customers.



Nāku te iti nei
Na Raihania
Chair Health Hawke's Bay

*Firstly I pay tribute to our
primary health care workforce
who faced (and continue
to do so) an incredibly
challenging year.*

CEO Report



He hōnore, he kororia ki te atua,
he maungarongo ki te whenua,
he whakaaro pai ki ngā tāngata katoa.
E ngā mate huhua o te wā, moe mai rā.
Tātou te hunga ora e pai nei tēnā hoki
tātou katoa.

**Kia Ora, Kia Orana, Malo, Talofa Lava,
Bula Vananka, Malo e Lelei, Fakaalofa
Lahi atu, Namaste, Talofa Ni and warm
Pasifika greetings to you all!**

It is a privilege to present this year's annual report, which showcases Health Hawke's Bay's achievements and ongoing commitment to deliver improved health care across the region and to support our general practice network.

I would like to commend and thank the dedication of the Health Hawke's Bay team, who focus on the mahi required to realise improved health outcomes for our people with high health needs and limited financial and personal resources.

Thank you to our general practice teams, who continue to provide quality healthcare on the frontline – you are the listening ear, the voice and the lifeline for so many as they navigate their health journey. In the face of the COVID-19 pandemic, you embraced a new way of working

which allowed you to continue delivering healthcare for our people. In the face of adversity, you worked tirelessly alongside the PHO to implement initiatives that kept people out of hospital and contained the spread of the virus across the region. We applaud you.

Throughout this report, you will see examples of the mahi Health Hawke's Bay and our provider network has undertaken to facilitate change and improve the way we work.

We are proud of rolling out the Health Care Home model as it will enable general practice to remain sustainable and more accessible for those needing health intervention. This ongoing work stream will remain a focus in the coming year.

Ka Hikita, born out of the flexible funding review, is now being implemented and is the driver for the next three-year Strategic Plan. The Ka Hikitia journey has challenged current policies and has resulted in a renewed focus, which has Māori at its heart – whānau ora, hapori ora; family wellbeing, community wellbeing. Health Hawke's Bay is committed to upholding Te Tiriti o Waitangi by embedding treaty principles in the Ka Hikitia outcomes framework and developing work plans which relate both our commitment to the treaty and our focus on better health outcomes for Māori. Health Hawke's Bay is proud of its bold, courageous leadership to take general practice and the health network on a change-journey to truly make a positive impact on Māori health.

Throughout this report, you will see examples of the mahi Health Hawke's Bay and our provider network has undertaken to facilitate change and improve the way we work.

Health Hawke's Bay is excited to roll out the first stage of the new Integrated Primary Mental Health and Addictions service. This is a new model of care aiming to increase access to and choice of primary mental health and addiction services. This is just one component to the Government's investment in mental health and has been successfully piloted in three other districts. This model will see more people receive timely mental health care.

Our rural areas have also undergone significant change during the year, with Health Hawke's Bay working in partnership with the Wairoa community and the Hawke's Bay District Health Board to amalgamate general practice providers into a single health service run by Queen Street Practice. This was a truly collaborative project that has benefited the Wairoa community greatly.

The past year has seen improved capability as we continually strive to improve our systems to reduce the administration burden and overhead for our health network. Innovation and implementation of new technology is ongoing with new claiming and finance systems on the horizon for 2020/21.

Access to general practice is a one of the key priorities for Health Hawke's Bay, with an enrolled population of approximately 165,000 patients (1.4% increase). This represents 99.3% of the total Hawke's Bay population, which compares favourably to the national

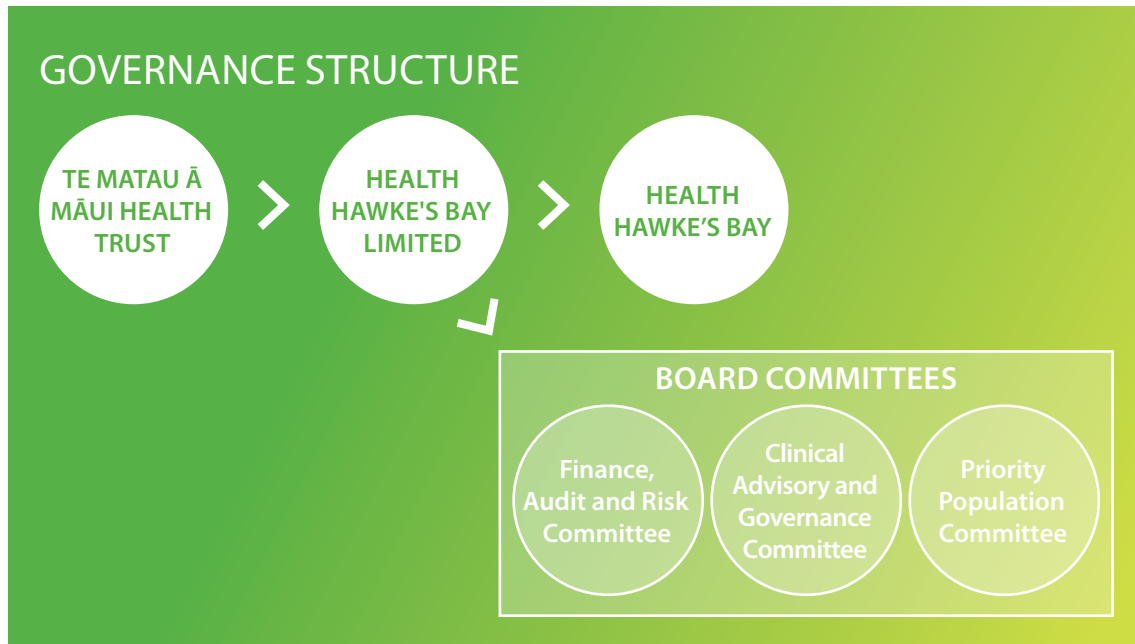
average. However, we acknowledge that high enrolment rates can be deceiving and do not always equate to high access levels.

Finally, I would like to acknowledge and thank our Board and governors for their support as the PHO shows commitment and courage in its drive to support our provider network to achieve equitable outcomes for Māori.



Nāku iti nei,
Wayne Woolrich
Chief Executive

Health Hawke's Bay Governance



ROLE OF THE BOARD

Health Hawke's Bay Board sets the strategic direction of Health Hawke's Bay Limited, establishes the overall policy framework within which the business of Health Hawke's Bay is conducted, provides effective oversight of the activities carried out by management and protects shareholder's interests.

The Board's focus is to ensure the overarching goals of the organisation are met and equitable health services are provided to the community of Hawke's Bay by the PHO.

Having regard to its role, the Board will direct and supervise the management of the business and affairs of the company including:

- Deciding on the steps necessary to protect the company's financial position.
- Ensuring the company's financial statements are true and fair and otherwise conform with the law.
- Ensuring the company has appropriate risk management/regulatory compliance policies in place.

- Appoint the CEO.
- Ensure the company has remuneration policies in place for executive management and directors.

ROLE OF THE CEO

The Board delegates responsibility for the day-to-day operation and management of Health Hawke's Bay Limited to the CEO in line with Health Hawke's Bay delegated authorities framework.

HEALTH HAWKES' BAY BOARD OF DIRECTORS

Na Raihania – *Chair*

Dr Nicky Toynton – *Deputy Chair*

Bayden Barber

Jeremy Harker

Chrissie Hape

Leigh White

Dr Kiri Bird

Dr Darran Lowes

Andrew Lesperance



MEMBERSHIP OF ADVISORY COMMITTEES

ROLE OF THE FINANCE, AUDIT AND RISK COMMITTEE

To support the Health Hawke's Bay Board in its responsibility for ensuring appropriate and robust financial management, accountability and the identification and mitigation of corporate risk.

FINANCE, AUDIT AND RISK COMMITTEE

Jeremy Harker – *Chair*
Dr Nicky Toynton
Bayden Barber
Andrew Lesperance
Lara Truman – *Professional Advisor*
Susie Young – *Professional Advisor*

ROLE OF THE CLINICAL ADVISORY AND GOVERNANCE COMMITTEE

To support the Health Hawke's Bay Board in its responsibility for clinical governance by:

- providing leadership that delivers sound strategic and policy advice
- recommending appropriate systems and processes; and, ensuring organisational accountability for clinical safety and quality improvement that will ensure that our population receives the right care, at the right time, from the right person in a safe, honest, open and caring environment.

CLINICAL ADVISORY AND GOVERNANCE COMMITTEE

Andrew Lesperance – *Chair*
Leigh White – *Deputy Chair*
Dr Darran Lowes
Dr Raewyn Paku
Dr Rachel Monk
Dr Kevin Choy
Julia Ebbett
Maurice King
Andrew Phillips

ROLE OF THE PRIORITY POPULATION COMMITTEE

To support the Health Hawke's Bay Board in its responsibility for improving health outcomes for Māori, Pasifika and quintile five communities through the development of innovative strategies and health services in order to address known health disparities.

PRIORITY POPULATION COMMITTEE

Dr Kiri Bird – *Chair*
Chrissie Hape – *Deputy Chair*
Beverly Te Huia
Charmaine Tuhaka
Melissa White
Trish Giddens
Talalelei Taufale
Hine Flood



Our Team



BACK FROM LEFT: Deb Fothergill, Ina Graham, Fiona Gray, Carina Burgess, Peter Chew (KPMG), Sheldon Reddie, Wayne Woolrich, Peter Satterthwaite, Wi Ormsby and Henry Heke.

MIDDLE FROM LEFT: Anne Denton (HBDHB), Brendan Duck, Alana Kohi, Angeline Tangiora, Terrie Spedding, Zoe Gordon, Veronica Shearsby, Shona Fraser, Rochelle Robertson, Michele McCarthy.

FRONT FROM LEFT: Debs Higgins, Tash Haronga, Olivia Mador-Puna, Sarah La Haye (KPMG), Stephanie Maggin, Tracey Armstrong, Rebecca Mackenzie, Fiona Thomson, Tracey Chatterton (HBDHB), Sonya Harwood, Louise Haywood and Lynda Corner.

ABSENT: Tammy O'Neill, Heather Johnson, Adrian Rasmussen, Di Koti.



Ka Hikitia

HEALTH HAWKE'S BAY'S CHANGE PROGRAMME

The last year has seen significant progress with Health Hawke's Bay's Ka Hikitia Programme of Work. This was born out of a review of the Flexible Funding Pool to identify what Health Hawke's Bay could do differently to improve value for money in the future.

The review found that Health Hawke's Bay was not making the best use of resources and expertise at our disposal and the current primary health care framework is not enabling us to meet our Treaty commitments to Māori. Our Māori population experience the poorest health outcomes of any population group. Funding is limited, so we need to ensure every investment is delivering maximum impact.

A group of 17 partners from across the health sector came together over the course of three workshops to support Health Hawke's Bay in re-designing our operating model. The working group made

a commitment to deliver change and equity for our population by:

- being Māori health equity champions
- addressing institutional racism in our health system
- modelling the behavioural change we want to see across the system.

Health Hawke's Bay will provide support and enabling services to our provider network who serve the Hawke's Bay population and partner with Ngāti Kahungunu, our community and the DHB to achieve our shared vision of Whānau ora, Hapori ora (Family wellbeing, Community wellbeing).

In October 2019, Health Hawke's Bay ran a series of workshops with whānau, staff and the Ka Hikitia working group to develop a feasible co-design framework. A high level version of the agreed co-design approach is shown below.

Health Hawke's Bay then began to develop an outcomes framework. Through engaging with whānau and staff we identified the high level outcomes Health Hawke's Bay wish to achieve.



OUR VISION:

Whānau ora, hāpori ora
Family wellbeing, community wellbeing

OUR PURPOSE:

*To support our provider network to achieve
equitable health outcomes for Māori.*

THE KEY OUTCOMES WE WILL ACHIEVE FOR MĀORI IN HAWKE'S BAY ARE:

PROVIDERS ARE
WELL-EQUIPPED
TO SERVE MĀORI

SERVICES ARE
ACCESSIBLE
WHERE AND
WHEN MĀORI
NEED THEM

CARE PROVIDED
TO MĀORI IS OF
HIGH QUALITY

RESOURCES
ARE AVAILABLE
FOR MĀORI TO
MANAGE THEIR
HEALTH AND
WELLBEING



NEXT STEPS

Our next steps include aligning the Annual Plan, Quality Plan and Annual Work Plans with the Ka Hikitia strategic direction. We will pilot the new contracting framework with three practices with high Māori populations and progressively rollout new contracting framework across the general practice network over the next year.



Highlights

- 19. YEAR OF THE NURSE
- 22. HEALTH CARE HOME UPDATE
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Year of the Nurse

The year 2020 has been endorsed by the World Health Organization as the International Year of the Nurse and Midwife. It coincides with the 200th anniversary of the birth of Florence Nightingale, one of the founders of modern nursing.

Nurses working throughout New Zealand make up the largest health workforce in the country. There are more than 56,000 nurses in the health workforce. The following profiles feature Hawke's Bay nurses working in primary care. While their stories and career pathways are different, they're all working to make a difference to the patients they care for.

ROWAN PLATER

Nursing Manager at City Medical Napier.

The Emergency Department is home to Rowan Plater because it's where he can make a difference to people right when they need it most.

Rowan joined City Medical Napier last year after 12 years as an ED Nursing Co-ordinator at Hawke's Bay Hospital.

It's a long way from his hometown of Tring, in Hertfordshire. Rowan enrolled in a nursing degree simply because he liked helping people and wanted a job with a uniform. It was either nursing or the army, he said.

Throughout his training he was set on being a district nurse - he enjoyed the autonomy and the meaningful client relationships - until an ED placement completely changed his mind.

"I had enjoyed other placements including ICU and theatre, but in ED something just clicked. Working in ED puts you in a position to help people and make a difference right when they need it most," he said.

"If it's a wound you get to close it, if it's a broken bone you get to set it and straighten it and you see immediate results. It's these sorts of things that really captured me and I decided to make ED my home."

Rowan "cut his teeth" working in ED at Hemel Hempstead Hospital gaining additional specialist qualifications and experience. "Back then part of our role was to assist with pre-hospital trauma. I remember scrambling around in the rain for the remains of someone's ankle bones under a car seat. His seat had shot forward in a crash and almost sliced his foot off. It was a long road for that patient but he did walk again."

Rowan completed further qualifications allowing him to work as a nurse practitioner, where he could deliver care

throughout a patient's journey. When it was announced Hemel Hempstead would lose its ED to nearby Watford, Rowan decided to look for new opportunities.

He and his wife moved with their young family to New Zealand after being enticed by his brother-in-law's photos from Maraetotara. After a brief stint in Tauranga, Rowan landed a job in ED at Hawke's Bay Hospital, later stepping into the "challenging" co-ordinator's role.

He described it like an advanced game of Tetris.

"It's about prioritising cases, having a trusting relationship with the triage nurse and making sure the right people are dealing with the right cases and ensuring patients receive comprehensive care."

It was a satisfying role but after 12 years Rowan was ready for change and accepted the nursing manager role at City Medical.

His focus lately has been to create care pathways to support the team in their decision-making and reduce the number of patients being transferred to ED.

Rowan highly recommends nursing as a career; it has allowed him to travel to the other side of the world where he considers himself very fortunate to continue working in a career that he loves.

"Nursing is both rewarding and challenging. There are so many facets to what you can do, from flight nursing and emergency to renal and aged-care and all of those roles are open to any nurse to engage with - which I think is exciting."



DONNA TE KANI O'SULLIVAN

Nurse Manager at Carlyle Medical

Ko Titirangi te maunga
Ko Turanganui a Kiwa te awa
Ko Horouta te waka
Ko Donna Te Kani O Sullivan tōku ingoa
Nō Te Tairawhiti āhau

Nursing is all about engaging with your patients for Donna Te Kani O'Sullivan.

"It's all about establishing trust, whakapiri and whakawhānaungātanga, engagement and relationships," the Nurse Manager at Carlyle Medical says.

The patients at Carlyle Medical know Donna well – having been there more than 20 years.

"You really get to know the whānau you are working with and celebrate their joys and support them in their sadness. Our team pride ourselves on the relationships we build with our patients."

Donna was part of the first class of nursing students who graduated from what is now Eastern Institute of Technology. She worked in Waikato, at Napier Hospital until its closure, then City Medical before joining the team at Carlyle Medical.

Donna is passionate about health equity, removing barriers to access and improving health outcomes for Māori and Pasifika.



"Again it comes down to knowing your patients, making them feel comfortable and working with them to create a health plan that meets their needs," she says.

"We had a man who came in for a work medical who hadn't seen a GP for years, together we gained his confidence, we removed barriers of access cost and availability and he enrolled with our practice. He has since quit smoking, made lifestyle changes but most importantly he made these changes himself because he was supported to do so. It's positive outcomes like this that really make the job."

Donna says she is fortunate to work in a strong primary health team which includes her nurse team

"We're a highly experienced passionate team with different areas of expertise and interests which we share and draw on to ensure our patients get the best possible care," she says.

"Ehara taku toa, i te toa takitahi He toa takitini. My strength is not that of mine alone but that of many."

Note: Donna has since started a new role at HBDHB as an outreach nurse focusing on immunisation, cervical screening and COVID-19.

KIERAN NICHOLSON

It was nursing's gain and firefighting's loss when Kieran Nicholson decided to make nursing his career.

The 23-year-old is now 18 months into that new career [as at May 2020], after completing his training at EIT in Hawke's Bay.

In fact, he considered a number of options while at college in Taupo, including firefighting, the military and becoming a doctor. But discussions with a high school teacher, the knowledge that he wanted to be closely involved in helping people, and tours of nursing training facilities saw the decision to become a nurse made at age 15.



Now on the front-line at Central Medical Practice in Napier, Kieran is particularly keen on working with patients to manage their long-term health conditions.

"I really like achieving goals with patients; showing them how they can make real differences to their health through exercise and diet.

"They pass what they learn to their families and friends, which means we have the opportunity to make a difference across the wider community."

Kieran is one of a rare breed; of the 240 registered nurses working in primary care in Hawke's Bay, he is one of just three men.

PANU TE WHAITI

For Panu Te Whaiti, nursing is a career that just keeps on giving. "Sometimes I get asked if it's stressful but I find the more you pour into your community; the more your soul is filled. It really fills your cup."

Panu's role with Totara Health means she works both in Hastings and Flaxmere, seeing a real mix of patients across age groups and ethnicities. "I love everything about nursing: the people, the variation, the continued learning, working with our people to help keep them well."

Nursing was not her first choice of career. Panu left her Hawke's Bay home to see the world at 17, despite her mother's pleas at that time for her to consider becoming a nurse. As a missionary in the Australian outback she

worked with Aborigine and Torres Strait Islanders, before heading to America to work with that country's first peoples on reservations.

Back home after seven years away and having started her family, nursing finally appeared on her radar. "It was a combination of my mum planting the idea, that I have always loved working with and helping people, and a lightbulb moment – a time when I couldn't get help for my young child who was really ill.

"I wanted to help and I started working as a community Support Worker with the Public Health Nurses and they really encouraged me to consider training to be a nurse. I did, and it was the best thing I ever did."



LEIGH WHITE

Leigh White's long and varied nursing career has been constantly fuelled for her passion to learn.

Leigh started her nursing journey at Napier Hospital and forged many friendships in the nearby nursing hostel.

Eager to begin her career in the Emergency Department, she was told to first "go and work in all the wards to get a good skills base". This advice stood her in good stead for her diverse career.

Leigh notched up 15 years as an Emergency Department nurse, both in Napier and Hastings Hospitals, before seeking out change. She has also held policy and strategic roles at the DHB, worked in aged residential care and delivered primary care at Greenmeadows Family Health Centre and Hastings Health Centre.

"Every time I change I challenge myself with new learning," she says.

Last year Leigh returned to working at Taradale and Elmwood Masonic, this time as the Director of Clinical Services.

"I find working with older people very fulfilling, they have great values and beliefs and they always have a story to tell. You develop a strong relationship with the person in your care and you really get to know them and their family/whānau."

Leigh also has considerable governance experience, including former roles on the DHB clinical and consumer councils and Hawke's Bay nursing and midwifery council. She now sits on the Health Hawke's Bay Board.

Leigh played a key role in facilitating the support to local aged residential care during the COVID-19 lockdown. There was a lot of planning from having adequate PPE gear, to protecting the health of vulnerable residents and staff. She says she and the Taradale and Elmwood Masonic teams "weathered the storm" and became very handy on Skype.

"It's been wonderful watching families reconnect with their loved ones post COVID," she says.





HEALTH CARE HOME UPDATE

Health Hawke's Bay is in its second year of supporting interested general practices to implement the Health Care Home (HCH) model of care. It focuses on embedding person and whānau-centred care and improving health equity, while ensuring that general practices remain viable.

The model introduces new ways of working, roles, and care options, which reduce time pressures on doctors while ensuring that patients get the right care, from the right person, at the right time.

We are already seeing the benefits of this model of care across the four practices (covering eight sites) participating in the programme in Hawke's Bay. These practices are better equipped to cope with demand for acute and unplanned care as well as rapid change.

Te Taiwhenua o Heretaunga presented its HCH journey at the Health Care Home Collaborative Symposium. The practice offers a walk-in service, which prior to HCH was limited to treating the first 20 people through the door. On day one of offering the HCH model, an extra 60 people received treatment.

COVID-19 tested general practice systems and processes as practices were forced to change the way they delivered care almost overnight. Practices who were already on the HCH journey had a smoother transition

to Alert Level 4 as they had already adopted some telehealth components.

In response to the current COVID-19 climate, Health Hawke's Bay has shifted its HCH roll-out to focus on optimising telehealth across the region. Practices have responded positively to this.

The additional six practices who expressed an interest in implementing HCH prior to COVID-19 will be joined by a further three practices who wish to focus on optimising telehealth. Health Hawke's Bay will be working with these practices in the second half of the year.

With additional practices coming onboard, more than 146,000 of our whānau – nearly 90 percent of the Hawke's Bay population – will be enrolled with a general practice who is transforming its business through HCH, to meet future demand and provide quality care to whānau.

PRIMARY CARE SYMPOSIUM 2019

The Hawke's Bay Primary Care Symposium links our community together, strengthening relationships and ultimately improving the experience for our consumers.

The 2019 Symposium swung into life on August 24 and 25, and built on the lessons learned from the inaugural 2018 event. To build on our commitment to Māori, we approached and partnered with Ngati Kahungunu to deliver the 2019 Symposium. We worked together to bring our community closer, discuss health inequity and look at ways to improve our delivery of primary health services for Māori.

The event opened with a stirring powhiri led by Pukemokimoki Marae Chairman Tiwana Aranui QSM. Keynote speakers, Dr Owen Sinclair addressed 'The role of systemic racism in maintaining ethnic inequalities in New Zealand' and Kenneth Robinson spoke on 'Māori Spiritual Health'. Both were well received.

The Hawke's Bay Faculty of the Royal College of GPs put on the first Primary Care Awards night. The awards ceremony, with formal dinner and band provided a rare opportunity to socialise and network outside of work hours.

We worked together to bring our community closer, discuss health inequity and look at ways to improve our delivery of primary health services for Māori.

The awards recipients were:

- **Oriwia Solomon**, Registered Nurse, Te Taiwhenua o Heretaunga, Central Hawke's Bay: He Tangata Award
- **Susie Hiha**, Practice Manager, Maraenui Medical Centre: Unsung Hero Award
- **Dr Louise Haywood**, GP, Hastings Health Centre: Leadership Award
- **Stephanie Maggin**, Health Hawke's Bay: Wardini Books Service to General Practice Award
- **Dr Jason Cook**, GP, nominated by Radius Hampton Court: Older Persons' Care Award
- **Jane Broughton**, Practice Manager, Te Mata Peak Practice: Flight Centre Havelock North Above and Beyond Award
- **Dr Richard Loan**, Carlyle Medical Centre (retired): Hawke's Bay Faculty Award for Education
- **HBDHB Overnight nursing service**, City Medical, Napier: The Doctors Medical Centres Team Award
- **George Reedy**, Te Taiwhenua o Heretaunga: Health Hawke's Bay Equity Award
- **Jane Meyer**, receptionist, Taradale Medical Centre: The Eco Warrior Award
- **Dr Ron Janes**, previously Wairoa and **Dr William Thompson**, Shakespeare Road Medical Centre: Kaumatua Awards (sponsored by BMW Hawke's Bay and The Manse Luxury accommodation).

Below: Maraenui Medical Centre Practice Manager Susie Hiha (centre) receiving the Unsung Hero Award with Dr Hannes Sohne and Dr Almarie van der Walt.





NEW HASTINGS HEALTH CENTRE LABELLED AN 'OUTSTANDING CONTRIBUTION TO HAWKE'S BAY HEALTH'

The new Hastings Health Centre received the 'Outstanding Contribution to Health in Hawke's Bay' award at the 2019 Hawke's Bay Health Awards.

The new Hastings Health Centre received the 'Outstanding Contribution to Health in Hawke's Bay' award at the 2019 Hawke's Bay Health Awards.

The awards showcase outstanding work, commitment to equity and innovation within the Hawke's Bay Health system. Twenty nine entries were received across six categories.

The 'outstanding contribution' award recognises high, quality improvement and planning; which makes a service sustainable into the future, shows respect and lives the values of its service.

Along with its future-proofed new building on St Aubyn St, Hastings Health Centre has a much expanded service to look after its more than 30,000 patients, including new roles and services designed to ensure patients see the right health professional at the right time.

Those new services include a Mental Health credentialed nursing service, aimed at providing better and faster access to mental health treatment for those suffering mild to moderate issues. New and expanded existing services span the primary health care range, from the walk-in urgent care facility, radiology and laboratory, to a full dental service, a diabetes specialist nurse, and clinical pharmacy.

The "one-stop" health and urgent care facility opened in April last year, manned by more than 100 staff. The art work and suite naming, designed in collaboration with Kahungunu kaumatua, have resulted in a facility that

is warm, welcoming and relevant to all, particularly local iwi. A café and outdoor courtyard add to patient comfort.

The Hastings Health Centre team "lives and breathes" the organisation's values: Care, Teamwork, Respect and Improvement.

The centre is an asset for the whole of Hawke's Bay Health sector as it provides more than 35,000 urgent care consultations a year and is receiving great feedback from patients, including in regular anonymous patient surveys.

The judges said Hastings Health Centre's "outstanding" entry needed to be applauded for its collaboration, scale of investment, development and service redesign.

From left: Hastings Health Centre Clinical Operations Manager Jayne Bain, Board Chair Peter Ellis, Practice Owner and Board Member Dr Liz Whyte, HBDHB former interim CEO Craig Climo, HHC CEO Andrew Lesperance and Gemco site manager Nick McCann.

QUEEN ST PRACTICE RISING TO THE CHALLENGE

It's been a challenging year for many general practices but Queen St Practice had the added challenge of taking over general practice services for the population of Wairoa.

Queen St Practice took on additional patients when the Hawke's Bay District Health Board closed its Wairoa general practice, the Health Care Centre in December 2019.

The DHB general practice service opened in 2012 during a time of uncertainty around primary care in Wairoa. It was always intended to be a temporary service.

Queen St Practice Director Marion Terry said the practice agreed to take on Health Care Centre patients to ensure they have continuity of care.

"The merger was a big undertaking, with the transfer of patient records, but one that went relatively smoothly

thanks to the support from both Health Hawke's Bay and the DHB."

The following year brought fresh challenges with the COVID-19 pandemic.

"It's been demanding, with ongoing change but we have a great team who are working hard to evolve and improve the service."

Ms Terry said Queen St Practice staff have been working hard to develop strong relationships with other health providers and stakeholders to ensure Wairoa received the best possible primary care.

"It's been demanding, with ongoing change but we have a great team who are working hard to evolve and improve the service."



COVID-19 in Hawke's Bay

THE RISE OF CBACS IN THE COVID CLIMATE

As COVID-19 cases started to rise in New Zealand, local clinicians took note of what was happening and prepared for the worst.

Hawke's Bay District Health Board activated its full-scale emergency response on March 16 with the first Community-based Assessment Centre (CBAC) opening in Hastings on March 19 to swab and assess people with COVID-19 symptoms.

Havelock North GP Peter Culham said there was a room full of willing volunteers by 8am at the old Hastings Post Office building.

"The IT guys set up our computers, the nursing team sorted out Personal Protective Equipment (PPE) and infection control procedure and were soon out swabbing while the doctors managed the swabbing capacity, spending a lot of time on the phone carefully triaging swab referrals."

The next day Hawke's Bay would have its first COVID-19 case. Dr Culham stepped into the clinical lead role at the CBAC and put the call out for more volunteers.

"With the expectation that COVID-19 was on the rise, we realised we needed adequate staff. Fortunately the nurses at Health Hawke's Bay put their hand up as did a small group of Resident Medical Officers.

Rochelle Robertson, Workforce Development for Health Hawke's Bay said nurses willingly took the risk (albeit managed), to be on the front line.

"I'll prepared in the initial days, with conflicting and constantly changing information, nurses used their professional network and knowledge to ensure a safe practice environment for their patients and colleagues."

Dr Culham said all the volunteers deserved recognition as in the early days there was a real risk with being involved in CBACs.

Dr Maik Huneke agreed the risk was real and he and his team at The Doctors Napier prepared for the worst.

"We all had Italy in mind. We explained to staff that if it got as bad as Italy we could be testing people and managing their care. We didn't know how it would play yet."

The Doctors Napier and City Medical jointly designed and established the CBAC for Napier in an afternoon. The practices came to an agreement where City Medical would see all of The Doctors Napier urgent care patients at the weekend to free up staff to operate the CBAC. The Napier CBAC opened on March 21.

By the end of the week swabbing centres had opened in Flaxmere at Totara Health and in Camberley at Te Taiwhenua o Heretaunga to ensure testing was accessible for the most vulnerable population in Hawke's Bay.

To cater to the rural population, swabbing centres were also established in Wairoa and Central Hawke's Bay.

Clinical lead Susan Hawken used photos of the mapping board in Hastings to design a flow chart that worked for Wairoa.

"The CBAC was set up in a back entrance that had an overhead roof so that cars could drive in, the driver be identified and swabs taken, then the driver was able to drive off – swabs taken and information given without having to get out of your car," she said.

"It was a combined effort from the DHB and Queen St Practice where we could collaborate together, share equipment, and cover each other at busy times," Ms Hawken said.

"It was a combined effort from the DHB and Queen St Practice where we could collaborate together, share equipment, and cover each other at busy times," Ms Hawken said. Queen St Practice took over the responsibility of the swabbing from May 21.

Central Hawke's Bay was the last CBAC to be opened on April 6. To date, there has not been a positive COVID-19 test in Central Hawke's Bay.

Again it was a collaborative approach with the DHB working closely with Tuki Tuki Medical Centre.

Clinical lead Sandra Ridley said the CBAC was divided into teams of two GPs and their practice nurses who worked alternate days at the Health Centre.

"The dual aspect of our CBAC enhanced the relationship between DHB and general practice as we worked together to get the CBAC up and running smoothly. This experience has been a first for all of us and great leveller," Ms Ridley said. DHB staff continue to swab in Central Hawke's Bay, when needed.

In addition to the CBACs and the testing centres, Health Hawke's Bay worked with iwi, employers and schools to conduct surveillance testing across the region. Including arranging van loads of people to drive through the CBACs or a swabbing team to deploy to a school, workplace or rural community.

And testing continues today in designated swabbing practices in Napier, Hastings, Wairoa, and Central Hawke's Bay general practices who have taken up responsibility for swabbing their enrolled population.

It's hard to know what lies around the corner in the current climate but general practice, with the support of Health Hawke's Bay continue to prepare for whatever might eventuate.

The team at Health Hawke's Bay would like to thank all of those involved in testing our community for COVID-19. The leadership shown by our primary care clinical leaders has been instrumental to our response.



COLLABORATION KEY FOR COMMUNITY

There were many firsts during the COVID-19 pandemic – including collaboration between two large primary care providers, The Doctors Napier and City Medical.

The pandemic saw the competitors work together for the first time – to ensure the Napier community received the best health care under Alert Level 4 restrictions. The Doctors Napier and City Medical continue to work together throughout the COVID-19 climate and are in discussions of how they can work together in the urgent care space going forward.

Read the Health Hawke's Bay press release below.

MEDICAL CENTRES PULL TOGETHER TO PROVIDE BEST CARE FOR NAPIER COMMUNITY – MARCH 2020

Two large medical centres have come together to best serve the Napier community during the COVID-19 pandemic.

As news of the first Covid-19 case in Napier was about to break, it became clear that a community-based-assessment centre (CBAC) was needed in the city – and fast.

It took just one afternoon for The Doctors Napier and City Medical to jointly design and establish the CBAC, with assistance from the region's Primary Health Organisation, Health Hawke's Bay, and in collaboration with the Hawke's Bay District Health Board.

"It was an amazing joint effort by two competing businesses to pull together to do what's right for the Napier community," Health Hawke's Bay chief executive Wayne Woolrich says.

Usually, both City Medical and The Doctors Napier operate urgent care facilities to 'walk-in' patients. However, the two businesses recently came to an agreement in which City Medical will see The Doctors Napier urgent care patients at the weekend for the duration of the Covid-19 crisis.

This agreement frees up staff at The Doctors Napier to operate the CBAC. Managing Director Dr Tony Edwards describes it as a collaboration between two large

primary care providers in Napier – something that's never happened before.

"By working together we're better utilising primary care staff and managing their workload so that we can test those with Covid-19 symptoms at a separate site, without compromising the quality care we deliver our patients."

Primary care staff have adapted well to the new way of working, which includes virtual consults and drive-through vaccination clinics, The Doctors Napier Clinical Director Dr Maik Huneke says.

City Medical Clinical Director Dr Umang Patel says the streamlining of healthcare across the two practices during this unprecedented time means urgent care in the community care can be maintained away from those needed testing for Covid-19.

"We're both protecting our patients and our staff with this new system and it's working thanks to all the players in the sector," Dr Patel says.

Dr Edwards says the key will be for everyone to take the learnings from the current situation and carry it forward.

Photo caption from left: The Doctors Napier Nurse Manager Andrea Halpin and Clinical Director Dr Maik Huneke, City Medical Nurse Manager Rowan Plater and Clinical Director Dr Umang Patel at the Napier community-based assessment centre.





Photo: Hawke's Bay Today

SCRUBS PROJECT BRINGS COMMUNITY CLOSER

The response to the call for scrubs for our Hawke's Bay GPs during the COVID-19 emergency was exceptionally heart-warming.

Through local efforts, organised by Health Hawke's Bay team members, 700 pairs of scrubs were cut and sewn, and delivered to 21 general practices across Hawke's Bay.

As well as the obvious practical application, the project served as an excellent relationship enhancer between Health Hawke's Bay and our general practice network, with many appreciative messages forwarded to the team.

The media release sent out by Health Hawke's Bay engendered two stories in Hawke's Bay Today and

on on-line news sites, while social media pick-up was healthy; in the main viewed and shared from the Hawke's Bay District Health Board page.

Read the Health Hawke's Bay press release below.

Photo caption: Tamatea Medical Centre Practice Manager Charmaine Tuhaka and fellow staff with their scrubs sewn by volunteers.
Photo supplied by Hawke's Bay Today.

SCRUBS SEWN UP FOR GENERAL PRACTICE – APRIL 2020

Machinists will be sewing 'scrubs' by early next week, after a mammoth effort to put together a project that will see protective clothing provided to general practices in Hawke's Bay.

Providing scrubs (coveralls) to clinical staff in general practice would lessen the risk of them taking the virus home to their family 'bubble', after a day at work, said Health Hawke's Bay chief executive Wayne Woolrich. Unlike hospital clinicians, primary health care clinicians normally wore mufti to see patients.

And so Health Hawke's Bay commercial lead Sheldon Reddie came up with a plan. He got in touch with the manager of the local Spotlight store, who put him in contact with the organisation's national sales manager. "That was an excellent idea," said Mr Woolrich. Now 4000 metres of polycotton, in hues of blue and green, is on its way to the region.

A scrubs pattern, provided by Taradale GP Penny Henley, had been sent to a garment factory in Waipawa, which is ready to cut the material when it arrives at the end of the week. It would then be sewn into 700 coveralls.

Health Hawke's Bay, the region's Primary Health Organisation, had limited the number of people involved

in the supply chain in order to be able to manage health and safety considerations.

"We have had an awesome response from people in the community offering to help us sew the scrubs," said Mr Woolrich. "We're looking at having 15 sewers, either within the Waipawa factory or out in the community, who will be able to complete the task in about a week-and-a-half. We have to balance the time it will take to make them, against managing the number of people involved in the supply chain."

All of the deliveries of material to the Waipawa site, any off-site sewers, and out to general practices would all be done by Mr Reddie, who has existing essential worker status, to avoid bringing anyone else into the loop.

The offer to supply the garments had gone out to all general practices, which were advising the numbers they needed.

Mr Woolrich acknowledged the "huge" number of people who had offered to help. "This shows just how supportive our community is. We aren't able to individually get back to all of the people who offered, so through Hawke's Bay Today, I would like to take the opportunity to sincerely thank you."



Financials

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HEALTH HAWKE'S BAY LIMITED

Statement of Responsibility

FOR THE YEAR ENDED 30 JUNE 2020

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 2020 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 2020.

For and on behalf of the Board:



Director
Date: 09/10/2020



Director
Date: 09/10/2020

HEALTH HAWKE'S BAY LIMITED

Annual Report

FOR THE YEAR ENDED 30 JUNE 2020

The Board of Directors present their Annual Report including the financial statements of the Company for the year ended 30 June 2020.

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:



Director
Date: 09/10/2020



Director
Date: 09/10/2020

HEALTH HAWKE'S BAY LIMITED

Directory

AS AT 30 JUNE 2020

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 PETERSON Tenure ended 14/11/2019 Christine MCKENNA Tenure ended 14/11/2019 Jason WARD Tenure ended 14/11/2019 Jeremy HARKER Sandra JESSOP Tenure ended 14/11/2019 Dr Kiriana BIRD Christina HAPE Andrew LESPERANCE Darran LOWES Na Rongowhakaata RAIHANIA Nicola TOYNTON Leigh WHITE
SHAREHOLDER:	Te Matau ā Māui Health Trust – 100 shares
BANKERS:	BNZ
SOLICITORS:	Langley Twigg Law NAPIER
Auditors:	PricewaterhouseCoopers NAPIER

HEALTH HAWKE'S BAY LIMITED

Statement of Comprehensive Revenue and Expenses

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020	2019
REVENUE			
Contract revenue	1	52,325,763	43,446,492
Total revenue		52,325,763	43,446,492
EXPENSES			
Contract payments	2	48,153,206	40,675,118
Fees paid to auditors for:			
Annual audit of financial statements		15,473	20,899
Advisory committee fees		37,345	38,340
Directors fees		129,868	123,700
Director meeting expenses		6,486	11,742
Gain/Loss on disposal of plant and equipment		-	108
Depreciation	8	61,905	61,656
Amortisation	9	29,870	10,637
Occupancy costs		74,013	72,322
Other costs		592,495	647,331
Salaries and wages	4	2,753,903	2,408,235
Total expenses		51,854,563	44,070,087
Operating surplus/(deficit) before financing		471,200	(623,595)
Finance costs		-	-
Finance revenue	3	141,260	222,923
Net finance revenue		141,260	222,923
Gain/(Loss) on disposal of available for sale financial assets		(10,182)	(16,840)
Net other gains		(10,182)	(16,840)
Surplus/(deficit) for the period		602,278	(417,512)
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
<i>Item that will be reclassified to surplus/(deficit)</i>			
Gain/(loss) on revaluation of available-for-sale financial assets		(12,343)	(3,602)
Other comprehensive revenue and expense for the period		(12,343)	(3,602)
Total comprehensive revenue and expense for the period attributable to owners		589,934	(421,115)

HEALTH HAWKE'S BAY LIMITED

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

2020

	NOTE	SHARE CAPITAL	AVAILABLE FOR SALE REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance as at 1 July 2019		1	70,594	3,272,411	3,343,005
Surplus/(deficit) for the period				602,278	602,278
Other comprehensive revenue and expense			(12,343)		(12,343)
Total comprehensive revenue and expense for the period attributable to owners		-	(12,343)	602,278	589,934
Balance as at 30 June 2020		1	58,251	3,874,689	3,932,939

2019

	NOTE	SHARE CAPITAL	AVAILABLE FOR SALE REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance as at 1 July 2018		1	74,196	3,689,923	3,764,119
Surplus/(deficit) for the period				(417,512)	(417,512)
Other comprehensive revenue and expense			(3,602)		(3,602)
Total comprehensive revenue and expense for the period attributable to owners		-	(3,602)	(417,512)	(421,115)
Balance as at 30 June 2019		1	70,594	3,272,411	3,343,005

HEALTH HAWKE'S BAY LIMITED

Statement of Financial Position

AS AT 30 JUNE 2020

	NOTE	2020	2019
ASSETS			
Cash and cash equivalents	5	2,550,077	3,032,846
Trade and other receivables	6	2,735,711	1,615,859
Other investments	7	1,149,439	1,080,267
Total Current Assets		6,435,226	5,728,972
Plant and equipment	8	285,824	262,494
Intangible assets	9	-	29,870
Other investments	7	814,550	1,356,247
Total Non-Current Assets		1,100,374	1,648,610
Total Assets		7,535,601	7,377,583
LIABILITIES			
Trade and other payables	10	2,446,086	2,034,014
GST Payable		126,279	27,448
Employee benefits	11	257,030	187,700
Reserve funding		659,682	1,725,708
Revenue in advance		113,586	59,711
Total Current Liabilities		3,602,660	4,034,577
EQUITY			
Share Capital	13	1	1
Available for sale revaluation reserve		58,251	70,594
Retained Earnings		3,874,689	3,272,411
Total Equity		3,932,941	3,343,006
Total Equity and Liabilities		7,535,601	7,377,583

HEALTH HAWKE'S BAY LIMITED

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020	2019
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from contracts		50,232,980	43,028,779
Payments to suppliers		(51,320,605)	(43,335,994)
GST paid		98,831	(91,853)
Net cashflows from/(used in) operating activities		(988,794)	(399,068)
CASHFLOWS FROM INVESTING ACTIVITIES			
Net Cash Flows from investments		450,000	1,240,010
Acquisition of plant & equipment		(85,235)	(126,610)
Disposal of plant & equipment		-	-
Acquisition of intangible assets		-	-
Interest received		141,260	222,923
Net cashflows from/(used in) investing activities		506,025	1,336,323
Net increase/(decrease) in cash and cash equivalents		(482,769)	937,255
Cash and cash equivalents at the beginning of the year		3,032,846	2,095,591
Cash and cash equivalents at the end of the year	5	2,550,077	3,032,846
RECONCILIATION TO PROFIT/(LOSS) FOR THE PERIOD			
Surplus/(deficit) for the period		589,934	(421,115)
Adjustments for non-cash items;			
Depreciation		61,905	61,656
Amortisation		29,870	10,637
Gain/Loss on sale of plant and equipment		-	108
Gain/Loss on sale of investments		10,182	16,840
Movement in available for sale revaluation reserve		12,343	3,602
Adjustments for non operating items;			
Interest Received		(141,260)	(222,923)
Adjustments for movements in;			
Decrease/(Increase) in trade and other receivables		(1,080,632)	270,073
Increase/(Decrease) in GST		98,831	(91,853)
Increase/(Decrease) in trade and other payables		372,854	560,963
Increase/(Decrease) in employee entitlements		69,330	55,859
Increase/(Decrease) in prepaid revenue		53,875	(56,362)
Increase/(Decrease) in reserve funding		(1,066,026)	(586,552)
Net cashflows from/(used in) operating activities		(988,794)	(399,068)

HEALTH HAWKE'S BAY LIMITED

Significant Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2020

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 2020 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.

These financial statements were authorised for issue by the Company's Board of Directors on the date specified on page 1.

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 Accounting Standards ("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 - PBE IPSAS 41 Financial Instruments. This is effective from 1 Jan 2022 (for Health Hawke's Bay Limited, this will be the 30/06/2023 year). PBE FRS 48 Service Performance Reporting which is effective from 1 Jan 2021 (for Health Hawke's Bay Limited, this will be the 30/06/2022 year). Management has not yet assessed the impact of these standards 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.

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 Hawkes 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.

Amounts received under the contracts but not considered to be earned because the conditions of the contract have not been met are recorded as revenue in advance (where the amount relates to a specific time period) or reserve funding (where the amount relates to expenditure yet to be incurred).

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 comprehensive revenue and expense.

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 financial assets 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 assets 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 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 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.

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 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 comprehensive revenue and expense) 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.

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 property, plant and equipment 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 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.

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.

HEALTH HAWKE'S BAY LIMITED

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

01. CONTRACT REVENUE

	2020	2019
Capitation	33,634,923	30,206,383
Care Plus	3,493,412	2,853,552
Services to Improve Access	3,235,572	2,771,004
Health Promotion	744,984	342,000
Coordinated Primary Options	1,333,197	1,357,168
System Level Measures	950,713	698,123
Mental Health	1,066,479	1,032,738
Before School Checks	313,410	439,422
Management services revenue	1,282,585	1,271,771
Rural Health	471,826	499,275
Other contracts	1,902,987	1,975,055
COVID-19	3,895,675	-
Total contract revenue	52,325,763	43,446,492

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.

02. CONTRACT PAYMENTS

	2020	2019
Capitation	33,634,923	30,206,377
Care Plus	2,953,389	2,591,745
Services to Improve Access	2,948,965	2,771,004
Health Promotion	237,650	342,000
Coordinated Primary Options	1,333,197	1,453,004
System Level Measures	950,713	698,123
Mental Health	1,066,479	1,089,911
Before School Checks	313,410	440,619
Rural Health	471,826	499,276
Other contracts	302,211	583,060
COVID-19	3,940,443	-
Total contract payments	48,153,206	40,675,118

03. FINANCE REVENUE

	2020	2019
INTEREST REVENUE		
Loans and receivables	53,452	88,816
Available-for-sale financial assets	87,808	134,107
Total finance revenue	141,260	222,923

04. EMPLOYEE BENEFIT EXPENSE

	2020	2019
Wages and Salaries	2,673,964	2,344,288
Other employee benefits	79,939	63,947
Total employee benefit expense	2,753,903	2,408,235

05. CASH AND CASH EQUIVALENTS

	2020	2019
Current accounts	1,446,235	1,149,374
Term deposits	1,102,870	1,882,971
Petty cash	972	502
Total cash and cash equivalents	2,550,077	3,032,846

06. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade receivables	2,380,244	1,446,487
Other receivables	292,596	145,721
Prepayments	62,871	23,652
Total trade and other receivables	2,735,711	1,615,859

07. OTHER INVESTMENTS

	2020	2019
Current fixed interest bonds	1,149,439	1,080,267
Non-current fixed interest bonds	814,550	1,356,247
Total other investments	1,963,989	2,436,514

The current fixed interest bonds include an Unlisted Portfolio Investment Entity - Nikko AM NZ Cash Fund which had a balance of 614,356 as at the end of the year. (2019: 612,932).

08. PLANT AND EQUIPMENT

	MOTOR VEHICLES	LEASEHOLD IMPROVEMENTS	COMPUTER EQUIPMENT	FURNITURE & FITTINGS	TOTAL
Balance as at 1 July 2019	88,987	119,704	35,516	18,287	262,494
Acquisitions	-	-	18,794	66,616	85,410
Disposals	-	-	(2,518)	-	(2,518)
Depreciation Expense	(19,635)	(9,450)	(20,090)	(10,385)	(59,561)
Depreciation Recovered	-	-	-	-	-
Balance as at 30 June 2020	69,352	110,254	31,701	74,517	285,824
Cost	97,906	141,297	193,087	129,158	561,448
Less: Accumulated Depreciation	(28,554)	(31,043)	(161,386)	(54,641)	(275,624)
Balance as at 30 June 2020	69,352	110,254	31,701	74,517	285,824

	MOTOR VEHICLES	LEASEHOLD IMPROVEMENTS	COMPUTER EQUIPMENT	FURNITURE & FITTINGS	TOTAL
Balance as at 1 July 2018	-	129,128	53,812	14,708	197,648
Acquisitions	97,906	-	21,322	7,383	126,610
Disposals	-	-	(108)	-	(108)
Depreciation Expense	(8,919)	(9,425)	(39,509)	(3,804)	(61,656)
Depreciation Recovered	-	-	-	-	-
Balance as at 30 June 2019	88,987	119,704	35,516	18,287	262,494
Cost	97,906	141,297	176,811	62,542	478,556
Less: Accumulated Depreciation	(8,919)	(21,593)	(141,296)	(44,256)	(216,063)
Balance as at 30 June 2019	88,987	119,704	35,516	18,287	262,494

09. INTANGIBLE ASSETS

	2020	2019
Balance as at 1 July	29,870	40,506
Acquisitions	-	-
Amortisation Expense	(29,870)	(10,636)
Total intangible assets	-	29,870
Cost	-	53,601
Less: Accumulated Amortisation	-	(23,731)
Balance as at 30 June	-	29,870

10. TRADE AND OTHER PAYABLES

	2020	2019
Trade payables	2,183,355	1,562,562
Sundry payables	262,731	471,452
Total trade and other payables	2,446,086	2,034,014

11. EMPLOYEE BENEFIT LIABILITY

	2020	2019
Wage accrual	109,123	87,163
Liability for annual leave	147,907	100,537
Total employee benefit liability	257,030	187,700

12. FINANCIAL INSTRUMENT CLASSIFICATION

2020

	LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER AMORTISED COST	TOTAL CARRYING AMOUNT
ASSETS				
Cash and cash equivalents	2,550,077	-	-	2,550,077
Trade and other receivables	2,672,840	-	-	2,672,840
Other investments	-	1,149,439	-	1,149,439
Total current financial assets	5,222,917	1,149,439	-	6,372,355
Other investments	-	814,550	-	814,550
Total non-current financial assets	-	814,550	-	814,550
Total financial assets	5,222,917	1,963,989	-	7,186,905
LIABILITIES				
Trade and other payables	-	-	2,446,086	2,446,086
Total current financial liabilities	-	-	2,446,086	2,446,086

2019

	LOANS AND RECEIVABLES	AVAILABLE FOR SALE	OTHER AMORTISED COST	TOTAL CARRYING AMOUNT
ASSETS				
Cash and cash equivalents	3,032,846	-	-	3,032,846
Trade and other receivables	1,592,207	-	-	1,592,207
Other investments	-	1,080,267	-	1,080,267
Total current financial assets	4,625,054	1,080,267	-	5,705,320
Other investments	-	1,356,247	-	1,356,247
Total non-current financial assets	-	1,356,247	-	1,356,247
Total financial assets	4,625,054	2,436,514	-	7,061,567
LIABILITIES				
Trade and other payables	-	-	2,034,014	2,034,014
Total current financial liabilities	-	-	2,034,014	2,034,014

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.

12. FINANCIAL INSTRUMENT CLASSIFICATION (CONTINUED)

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, New Zealand Debt exchange 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;
- 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);
- 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. 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.

12. FINANCIAL INSTRUMENT CLASSIFICATION (CONTINUED)

2020

	NZ BONDS	CASH & CASH EQUIVALENTS	TOTAL
AAA to AA-	30%	100%	
A+ to A-	47%		
BBB+ to BB+	23%		
Unrated			
Funds Invested	\$1,349,633	\$2,549,105	\$3,898,737

2019

	NZ BONDS	CASH & CASH EQUIVALENTS	TOTAL
AAA to AA-	43%	100%	
A+ to A-	40%		
BBB+ to BB+	17%		
Unrated			
Funds Invested	\$1,823,582	\$3,032,344	\$4,855,926

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

	2020	2019
ORDINARY SHARES		
Opening Balance	1	1
Issue of ordinary shares for cash	-	-
Closing Balance	1	1

SHARE CAPITAL

At 30 June 2020 share capital comprised 100 ordinary fully paid shares (2019:100). 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.

14. OPERATING LEASE COMMITMENTS

The Company has entered into commercial leases on motor vehicles, office equipment and leased office space. One motor vehicle lease is due to expire in the next financial year. The remaining motor vehicle lease and equipment lease have an average life of between one and three 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.

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

	2020	2019
Less than one year	20,205	25,272
Between one and five years	9,711	29,196
More than five years	-	-
	29,916	54,468

During the year ended 30 June 2020, \$25,572 was recognised as an expense in the Statement of Comprehensive Revenue and Expenses in respect of operating leases (2019: \$38,096).

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 ā Māui Health Trust, which controls 100% of the voting shares in the Company.

Trustees of Te Matau ā Māui 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 \$16,578 (2019:\$7,165) to the Trustees of the Te Matau ā Māui Health Trust in shareholder meeting attendance fees. These have been included in advisory committee fees.

KEY MANAGEMENT PERSONNEL

The PHO classifies its key management personnel into two classes;
Members of the governing body
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:

	2020	2019
Director's fees paid to members of the governing body	129,868	123,700
Directors expenses paid to members of the governing body	6,486	11,742
Meeting attendance fees paid to members of the governing body	9,219	16,389
Members of the senior management team	744,112	562,415

The governing body was made up of nine individuals as at 30 June 2020 (2019: seven).
The senior management team was made up of five FTEs as at 30 June 2020 (2019: five).

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.

Sandra Jessop, a Director of the Company until November 2019, was also a Director, shareholder and general practitioner of Totara Health Ltd. Totara Health Ltd received capitation and other payments during the financial year of:

	2020	2019
The Company made payments to Totara Health Ltd of	1,558,094	4,185,404
At balance date they had the following outstanding balances:	-	25,773

Darran Lowes, a Director of the Company is also a Director and shareholder of Taradale Medical Centre Ltd (TMCL) and a shareholder of City Medical Limited (CML).

Mark Peterson, a Director of the Company until November 2019 was also a Director and shareholder of TMCL and shareholder of CML. TMCL and CML received capitation and other payments during the financial year of:

The Company made payments to TMCL of	2,871,518	2,539,251
The Company made payments to CML of	54,396	76,160
The Company received from TMCL of:	4,835	391
The Company received from CML of:	314	4,595
As at balance date the Company had funds owing to the TMCL of:	24,276	16,923
As at balance date the Company had funds owing to the CML of:	9,735	2919
As at balance date the Company had funds owing from the TMCL of:	2,631	450
As at balance date the Company had funds owing from the CML of:	351	2,984

Mark Peterson and Christine McKenna, Directors of the Company until November 2019 and were also key management personnel of the Hawke's Bay District Health Board (HBDHB).

The Company received total funding from HBDHB of:	33,799,391	41,602,132
The Company made payments to HBDHB of	396,532	765,840
As at balance date the Company had funds owing from the HBDHB of:	-	1,397,599
As at balance date the Company had funds owing to the HBDHB of:	-	825,802
As at balance date the Company had reserve funding on hand of:	-	1,725,708
As at balance date the Company had revenue in advance of:	-	59,711

Jason Ward , a Director of the Company until November 2019 and was the Chairman of the Takapau Community Health Centre (TCHC).The Company made contract payments to the Takapau Community Health Centre during the financial year of:

The Company made payments to TCHC of	16,727	19,471
At balance date they had the following outstanding balances:	1,738	80
Jason is also married to Joanne Ward. The Company made contractor payments to Joanne Ward during the financial year of:	-	200

	2020	2019
Nicola Toynton, a Director of the Company, is also a Director, shareholder and general practitioner of Clive Medical Centre Ltd (CMCL). CMCL received capitation and other payments during the financial year of:		
The Company made payments to CMCL of	534,166	473,555
As at balance date the Company had funds owing from CMCL of:	-	128
As at balance date the Company had funds owing to the CMCL of:	6,828	-
Andrew Lesperance is a Director of the Company and also key management personnel of the Hastings Health Centre Ltd (HHCL).		
The Company made payments to HHCL of	8,173,725	-
The Company received from HHCL of	1,323	-
As at balance date the Company had funds owing to the HHCL of:	359,802	-
The Company transacts with other related parties in the normal course of their business. These entities include those companies in which the Trustees of Te Matau a Maui Health Trust are related by virtue of common governance or management personnel. The aggregate of the capitation received and other payments during the financial year was:		
The Company made payments	10,622,090	8,690,811
The Company received	5,893	13,067
As at balance date the Company had funds owing to	38,647	3,314
As at balance date the Company had funds owing from	-	639

16. IMPACT OF CORONAVIRUS (COVID-19)

On 11 March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. The country was moved to COVID-19 Alert Level 4 and put into lockdown. As a result of both the outbreak and the response of Governments in dealing with the pandemic, economic uncertainties have arisen which have affected the Company's operations and financial results.

Most of the Company's contracted providers were able to continue operating at a reduced capacity during Level 4 due to the essential nature of their activities. HBDHB committed to paying out all funding due to the Company per signed contracts in place and a relaxation of reporting requirements. This enabled the Company to continue funding contracted providers for services not dependent on individual consultations. By 30 June 2020, activity had progressively returned to full operation as the country reduced its Alert Levels.

Beyond 30 June 2020, management expect the impact of COVID-19 to continue to affect activity levels of contracted providers if there are increases to the country's Alert Levels. There may also be difficulty in meeting contracted targets, which could result in funding being returned to HBDHB.

Volatility is expected in the valuation of the Company's investments in addition to lower interest rates. These will be planned for when management change investment service providers (expected to occur Quarter 2 2020).

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HEALTH HAWKE'S BAY LIMITED

Report on the Audit of the Financial Statements

We have audited the financial statements which comprise:

- the statement of financial position as at 30 June 2020;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

OUR OPINION

In our opinion, the accompanying financial statements of Health Hawke's Bay Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance 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.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Directors are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

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 on the other information that we obtained prior to the date of this auditor's report, 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 Public Benefit Entity Standards Reduced Disclosure Regime, 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.

In preparing the financial statements, the Directors are responsible 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) and ISAs 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 our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor's report.

WHO WE REPORT TO

This report is made solely to the Directors, as a body. 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 the Company and the Directors, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Maxwell John Dixon.

For and on behalf of:

Chartered Accountants
9 October 2020



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