



# HEALTH HAWKE'S BAY

Te Oranga o Te Matau-a-Māui

## Ripoata ā-Tau Annual Report

Health Hawke's Bay Limited

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2021









# Kia Ora Welcome

- 2 Vision, Values & Purpose
- 4 Our Population
- 5 Our Practices and Partners
- 6 About Health Hawke's Bay
- 8 Chair's Report
- 10 Chief Executive Officer's Report
- 12 Governance Structure
- 14 Executive Leadership Team
- 16 Ka Hikitia – Our Priority Strategy
- 17 The essence of our  
pītau whakareia & waiata
- 19 Highlights**
- 20 Coordinated Primary Options
- 21 COVID-19 Vaccination Support
- 22 Cyber Security
- 23 Health Care Home
- 24 HealthPathways
- 25 Pharmacy Services
- 26 Primary Mental Health Programme
- 27 The Māori Health Team
- 28 Te Kaahu
- 29 Financials**
- 30 Statement of Responsibility
- 31 Annual Report
- 32 Directory
- 33 Statement of Comprehensive  
Revenue and Expenses
- 34 Statement of Changes in Equity
- 35 Statement of Financial Position
- 36 Statement of Cash Flows
- 37 Significant Accounting Policies
- 42 Notes to the Financial Position
- 52 Report on the Audit  
of the Financial Statements

## 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 Purpose

To support communities, whanau and providers to achieve sustainable health gains and equitable health outcomes with Māori.

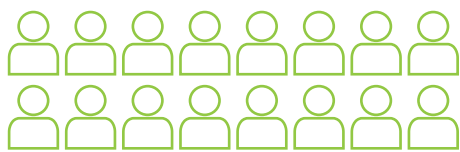
**The key outcomes we will achieve for Māori in Hawke's Bay are:**

- 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





## Our Population



167,500

PEOPLE ENROLLED  
WITH HEALTH HAWKE'S BAY

WHICH EQUALS

93.4%

OF HAWKE'S BAY POPULATION  
BASED ON 2018 CENSUS DATA

1.2% ^

INCREASE FROM  
PREVIOUS YEAR



744,018

NURSE AND GP CONSULTS  
PROVIDED DURING  
2020 – 2021 PERIOD

### MĀORI ENROLMENT

3.7% ^

INCREASE TO 32,862  
FROM PREVIOUS YEAR

### PASIFIKA ENROLMENT

0.8% v

DECREASE TO 6,088  
FROM THE PREVIOUS YEAR

### ASIAN ENROLMENT

8.4% ^

INCREASE TO 7,860  
FROM THE PREVIOUS YEAR

### UNDER 14 YEARS ENROLMENT

1.2% v

DECREASE TO 32,088  
FROM THE PREVIOUS YEAR

### 65+ YEARS ENROLMENT

3.7% ^

INCREASE TO 32,868  
FROM THE PREVIOUS YEAR

Data from Thalamus Enrolment Dashboard July 1st 2020 to June 30<sup>th</sup> 2021:  
Hawke's Bay population estimates from Stats NZ as at April 2021, sourced via Ministry of Health  
Hawke's Bay Enrolled data as of 1<sup>st</sup> July 2021

### Wairoa

**NGO Partner:**  
Kahungunu Executive

### Ahuriri (Napier)

**NGO Partners:**  
Ahuriri District Health  
Roopū-A-Iwi Trust  
Te Kupenga Hauora

### Heretaunga (Hastings)

**NGO Partners:**  
Āwhina Whānau Service  
Hikoī 4 Life  
Choices: Kahungunu Health Services  
Te Rangihaeata Oranga Trust  
Te Taiwhenua o Heretaunga

### Tamatea (Central Hawke's Bay)

**NGO Partners:**  
Takapau Health Centre  
Te Taiwhenua o Heretaunga

## Our Practices and Partners

### Wairoa Practice Partners

Queen St Practice

### Ahuriri Practice Partners

Carlyle Medical Centre  
Central Medical Centre  
Dr Richard Eastcott  
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 Ahuriri  
The Doctors EIT Health Centre  
The Doctors Greenmeadows  
The Doctors Napier

### Heretaunga Practice Partners

Clive Medical Centre  
Hauora Heretaunga  
Mahora Medical Centre  
Medical + Injury  
Te Mata Peak Practice  
The Doctors Gascoigne  
The Doctors Hastings  
The Hastings Health Centre  
The Havelock North Health Centre  
Totara Health (Flaxmere)  
Totara Health (Nelson Street)

### Tamatea Practice Partners

The Doctors Waipawa  
Tuki Tuki Medical

# He pitopito kōrero mō Te Matau-a-Māui About Health Hawke's Bay

Health Hawke's Bay – Te Oranga o Te Matau-a-Māui is the region's single Primary Health Organisation (PHO), covering a population of approximately 167,500. 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.

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*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.









## Te Ripoata a te Tiamana Chair's Report

Tena tatau e te whānau

Maku e mihi ki a ratou nga mate o tena marae o tera marae – haere hoki koutou ki te ringa katau o te Atua, moe mai ra, okioki, oti atu ra! Ki te whānau pani kia kaha kia maia kia manawanui!

Our first thoughts are to those that have returned to the world of our forebears. We wish you all a well earned peace and to your whānau we say remain strong in the absence of loved ones.

### Coronavirus (COVID-19)

Aotearoa New Zealand continues to battle COVID-19 and its offspring Delta.

The mere presence of Delta in our country means we must be on constant alert for outbreaks. Every time COVID-19 makes an appearance our health providers, our support networks and our community all step up to the plate and work their magic to ensure the safety of our wider whānau. The way we do that together speaks volumes about us as a region that is something we should rightly be proud of. On behalf of the population may I acknowledge and thank you all for your collective efforts. Ngā mihi nui kia koutou katoa.

Part of the COVID-19 response has been the roll out of the vaccine programme with our primary care providers, including Kaupapa Māori and community pharmacy, who are amongst the most pro-active nationally, contributing significantly to the vaccination programme for whānau in Hawke's Bay. Health Hawke's Bay is cognisant of the pressure our health colleagues face. It is challenging, it is unsettling and there is constant change. Our pledge is to work with you all to support and to awhi. Together we've got this!

### Reforms

Whilst there is still a lot of design work to be undertaken, Health Hawke's Bay is focused on the opportunities the reforms will bring for Hawke's Bay whānau and service providers. What we know is that our primary care sector will require a team of committed professional network managers to support frontline services and practices, with Health Hawke's Bay serious about maintaining that role in the community.



The establishment of the Māori Health Authority and the mandated role for Iwi Māori Partnership Boards brings Mana and stature to the health system, and along with our flagship Ka Hikitia strategy will bring much needed focus and energy to help re-build a strong health system for both primary and community care.

Health Hawke's Bay is very well positioned to support Iwi, commissioners, localities, and providers to ensure that Hawke's Bay whānau can truly benefit from the reforms. As a provider of innovative, high quality extended primary care services there is opportunity for Health Hawke's Bay to expand the model as the health reforms progress.

In the third quarter of the 2020–21 year, Health Hawke's Bay recruited Phillipa Blakey as Chief Executive Officer (CEO) to lead the company into the new health environment, aligned to the Health and Disability Review. Within this period of change, it is important to note, and commend, the Executive Leadership team for ensuring that the planned activities continued through the transition to the new CEO. Along with this, it was reassuring to see how well staff embraced and responded to new leadership that is proving beneficial to all at Health Hawke's Bay.

The financial results for the year ending June 2021 reflect the ongoing prudent use of funds. The Board is currently investigating ways to better support our population by investing in initiatives that increase whānau access to wellness-based services.

To the team at Health Hawke's Bay who have endured and risen up to the challenge of the pandemic, providing support to all health professionals and opening their hearts to the community, shows the stamina and commitment that this team has for our Hawke's Bay whānau. They each deserve our thanks.

To the shareholder Te Matau ā Māui Health Trust, my fellow directors, and staff of Health Hawke's Bay, it is my privilege to be associated with people of integrity, drive and commitment to health outcomes for our whānau. Whilst the year ahead will be fraught with challenge, we must remain resolute in the knowledge that what we do, we do well for the betterment and confidence of our population.

I am pleased to present my Chair report for the 2020–2021 year and seek your continued support on behalf of all Hawke's Bay staff and whānau.

## Korero whakamutunga – Conclusion

On that note I again thank all those who work in the health arena. Through your efforts we have all benefited and will continue to do so. Stay strong, be resolute and accept our gratitude.

Kaati ra, e kore mutu nga mihi ki nga tangata katoa e mahi nei ki roto i te Ao Hauora no koutou te kaha no matou te whiwhi – kia kaha kia maia kia manawanui!



Na Raihania  
Tiamana



## Ripoata a te Pou Whakarae Chief Executive Officer's Report

Tihei Rongokako, Tihei Tamatea, Tihei Kahungunu, Tihei Te Wairoa, Tihei Mauri Ora,

I have pleasure in providing this commentary for my first annual report for Health Hawke's Bay.

I joined the business as CEO in April. To my delight I found I was taking over the leadership of a group of very talented people. A group who are passionate about supporting communities, whānau and providers to achieve sustainable health gains and equitable health outcomes for Māori.

I was equally delighted to find that we have such wonderful, hard-working, committed primary care providers in Hawke's Bay, who – sometimes against all odds – go to work every day to do their very best for their patients; and who willingly engage in discussions about how we can all do things better.

COVID-19 continued to challenge the Hawke's Bay health system last year. Whilst no cases found their way to Hawke's Bay (and we weren't subjected to the hardships of alert level 4), Health Hawke's Bay and our general practices needed to remain ever vigilant and in a constant state of preparedness. Resurgence Plans needed to be written and ready for implementation.

COVID-19 swabbing services needed to be provided – and ramped up and ramped down. And most importantly – primary care needed to partner with the Hawke's Bay DHB to plan and roll-out a COVID-19 vaccination programme.

Over half of the COVID-19 vaccines being administered in Hawke's Bay are administered in primary care. I have been truly heartened and inspired by the way in which our general practices, community pharmacies and kaupapa Māori providers, led and supported by our Health Hawke's Bay team, stepped up, innovated, and made it safe and easy for our communities to access the COVID-19 vaccination.

Tihei Mauri Ora – the three-way partnership between Health Hawke's Bay, the Hawke's Bay DHB and Ngāti Kahungunu, led by Health Hawke's Bay's Group Manager Māori Health and his team, was originally stood up during the outbreak in March/April/May 2020. It worked with Taiwhenua hubs throughout the year to further develop plans and capability to ensure that whānau would be supported in whatever way necessary to stay safe and well through future outbreaks.



Credit and thanks must also go to the four practices that, whilst doing all of the above, also provided the COVID-19 swabbing service for Hawke's Bay – Tuki Tuki Practice, Hastings Health Centre, The Doctors Napier, and Queens Street Practice.

Whilst celebrating the wonderful commitment, resilience and capability of our primary care workforce, I would be remiss if I didn't acknowledge that practices were doing all of this while dealing with increasingly difficult GP shortages. This is a national problem and has been developing for some time. Due to the historic reliance on over-seas trained doctors it has been exacerbated by COVID-19 because of the border closures and immigration restrictions.

Better support for practices with workforce retention, recruitment and pipeline – for doctors, nurses and other staff – has been an important part of the planning for this new financial year, in partnership with the Hawke's Bay Faculty of the College of General Practitioners.

Our Ka Hikitia Strategy, with its focus on achieving equitable health outcomes with Māori, has remained front and centre – guiding decision making, funding allocation, provider support and development, and service planning.

An area of very strong achievement and innovation has been the implementation of Te Uru Matai, with Pouora (Health Improvement Practitioners) and Poutoko (Health Coaches) integrated into nine practice teams during the year. Further practices are being included as the programme expands.

This is a time of change for the health system in Aotearoa, with Health and Disability Sector Reforms set to take effect from the middle of 2022. I am very excited about the real potential for these reforms to deliver tangible benefit for the people of Hawke's Bay and for primary and community care providers. The establishment of the Māori Health Authority and the mandating of Iwi Māori Partnership Boards, along with their formal roles in commissioning,

co-design and co-commissioning with Health New Zealand, will be powerful mechanisms for improving health outcomes for whānau. This will lead on to closing the persistent and pernicious equity gap. There is also a significant focus on addressing health gain for Pasifika.

Another key theme of the reforms is the determination to invest in primary and community services and care delivery. This is through the recognition of localities and the establishment of provider networks, building out from comprehensive primary care provision. With a population health focus, there will be investment in services to support seamless care provision and integration across providers; as well as support to ensure high quality, equitable service delivery that meets the needs of whānau and localities.

Health Hawke's Bay looks forward to continuing to work with Iwi, Hawke's Bay DHB, Health New Zealand and primary and community care providers to ensure that the potential for the health reforms to deliver health and equity gain for Hawke's Bay whānau is realised.

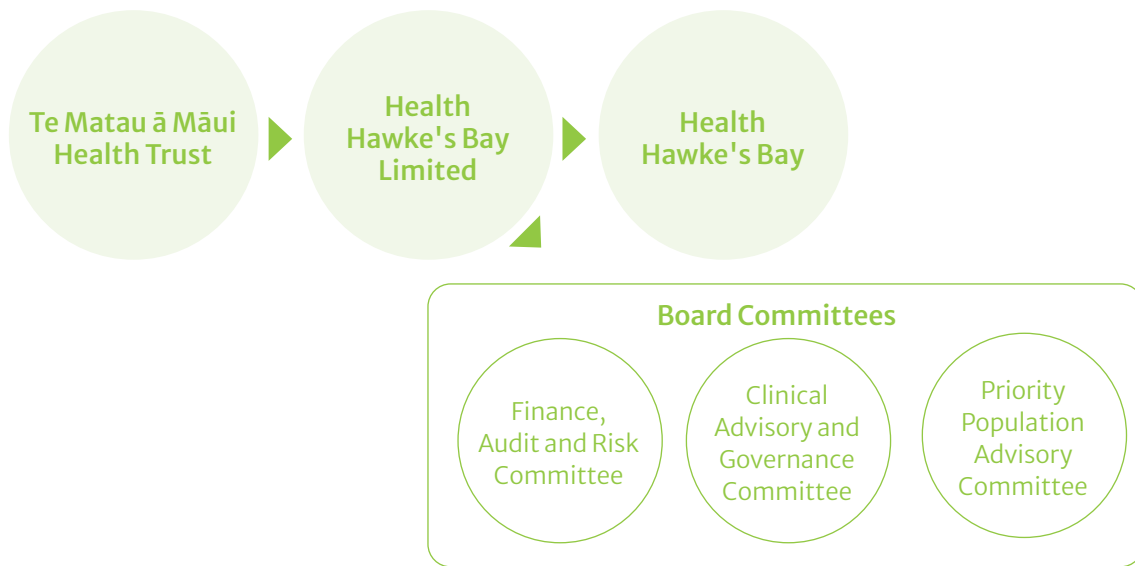
Finally, I must thank the staff of Health Hawke's Bay and the providers we work with for welcoming me so warmly into my role. Also for being prepared to be agile and welcome change and innovation. My thanks also to my Board for their support and guidance as I've added the necessary knowledge of primary care to my awareness and experience of the wider health sector.

I very much look forward to the year ahead.



Phillipa Blakey  
Chief Executive Officer

# Governance Structure



## 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.

## Board of Directors

Na Raihania – Chair

Dr Nicky Toynton – Deputy Chair

Bayden Barber

Chrissie Hape

Dr Kiri Bird

Andrew Lesperance

Jeremy Harker

Leigh White

Dr Darran Lowes

## Committees

Committee members to June 30, 2021:

### Finance, Audit and Risk (FAR) Committee

#### Objective

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.

#### Members:

Jeremy Harker

Dr Darran Lowes

Bayden Barber

Dr Nicky Toynton

Lara Truman

Susie Young

Chair

Director

Director

Director

Professional Advisor

Professional Advisor





**Top to bottom,  
left to right:**  
Na Raihania  
Dr Nicky Toynton  
Bayden Barber  
Jeremy Harker  
Chrissie Hape  
Leigh White  
Dr Kiri Bird  
Dr Darran Lowes  
Andrew Lesperance



## Clinical Advisory and Governance (CAG) Committee

### Objective

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

- Providing Clinical leadership that supports the provider network to achieve equitable health outcomes for Māori.
- Recommending appropriate clinical governance systems and processes.
- Support and monitor the implementation of Ka Hikitia across the network by delivering sound strategic and policy advice that ensures providers are well equipped to serve Māori, and care provided to Māori is of high quality.

### Members:

|                   |        |
|-------------------|--------|
| Andrew Lesperance | Chair  |
| Dr Rachel Monk    | Member |
| Dr Raewyn Paku    | Member |
| Dr Kevin Choy     | Member |
| Maurice King      | Member |
| Julia Ebbett      | Member |
| Andrew Phillips   | Member |

## Priority Population Advisory (PPC) Committee

### Objective

To support the Health Hawke's Bay Board in its responsibility for governing equity for priority populations by:

- Providing leadership that supports the provider network to achieve equitable health outcomes for Māori and other priority populations.
- Supporting and monitoring the implementation of the Health Hawke's Bay Strategy and Annual Plan.
- Delivering sound strategic and policy advice that ensures providers are well equipped to serve Māori and other priority populations.

### Members:

|                   |              |
|-------------------|--------------|
| Dr Kiriana Bird   | Chair        |
| Chrissie Hape     | Deputy Chair |
| Hine Flood        | Member       |
| Trish Giddens     | Member       |
| Beverly Tehuia    | Member       |
| Melissa White     | Member       |
| Charmaine Tuhaka  | Member       |
| Talalelei Taufale | Member       |

## Executive Leadership Team



### Phillipa Blakey

CHIEF EXECUTIVE OFFICER

Phillipa grew up in Central Hawke's Bay and now resides in Napier, following over 12 years working in senior health leadership roles in both private and public organisations in Australia and the United Kingdom. Prior to heading overseas, she spent time working at Hawke's Bay District Health board heading up quality and risk, information management, corporate support, and planning and funding. Phillipa considers Hawke's Bay 'home' and enjoys spending time with her whānau – including husband Gavin and four small grandchildren – as well as gardening, exploring cycle ways and reconnecting with old friends.



### Carina Burgess

GROUP MANAGER CORPORATE SERVICES

Carina is Hawke's Bay born and bred, starting out her career as a pharmacist. She has worked in quality, planning, project management, operational management and now leads the Corporate Services Team at Health Hawke's Bay. Carina joined the team in October 2017.



### Peter Satterthwaite

GROUP MANAGER HEALTH SERVICES AND INNOVATION

Peter worked as a partner in a Devonport general practice for five years. In the early 1990s he completed a Master of Public Health, Master of Business Administration and achieved fellowship in Public Health Medicine. From 1996 to 2008 Peter worked in a range of senior management roles in New Zealand including: Manager Strategic Planning, Contracts Manager, Acting General Manager Medical Surgical at Hawke's Bay DHB, and Chief Information Officer and Director Clinical Planning at Capital & Coast DHB. In 2008, Peter moved to Australia where he achieved fellowship in Medical Administration and worked as Executive/Director Medical Services in Darwin, Adelaide and Melbourne. Peter returned to New Zealand to live and work in Hawke's Bay in 2018.



### Fiona Thomson

GROUP MANAGER PRACTICE PARTNERSHIPS

Fiona has a background in accounting, financial services and information systems and has been in executive management positions within primary care for 20 years. Other industries she has worked in include finance, pulp and timber, meat processing and local government.

Fiona has a particular interest in the information platforms underpinning clinical service delivery and integrated care. She was influential in the development of the GP2GP electronic file transfer service, the Integrated Performance and Incentive Framework (now Systems Level Measures), the NZ ePrescription Service and the National Enrolment Service. She was a founding Director of Patients First Ltd, the NZ quality and information programme for integrated care and a former chair of the NZ Primary Care Patient Experience Survey governance group.



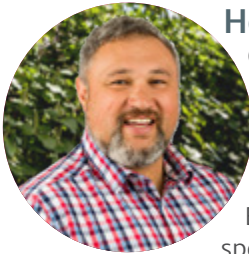


## Louise Haywood

MEDICAL DIRECTOR

Louise views herself as a Hawke's Bay local having completed secondary school in Havelock North. She attended medical school at Auckland University. After completing her studies Louise returned to Hawke's Bay where she held a range of positions, from House Surgeon and Paediatric Registrar at Hawke's Bay Hospital. She started and completed her general practice vocational registration in Auckland and returned to Hawke's Bay in 2011 for a better lifestyle for her young family.

Louise works part-time as a GP and business owner and is deputy chair of Hastings Health Centre. Louise joined the PHO in November 2019 and is excited about working to achieve better health outcomes for the whole community.



## Henry Heke

GROUP MANAGER MĀORI HEALTH

Henry joined Health Hawke's Bay in the role of Group Manager Māori Health in mid-2020. Henry, a descendant of the Waikato Ngāti Wairere tribes, was raised in Taranaki and is now based in Te Matau a Māui with his wife of Ngāti Kahungunu, Te Whānau-ā-Apanui, and Ngāti Porou descent. With a BA Māori and Criminology and a post grad Diploma in Māori Business, Henry spent 15 years with Te Puni Kokiri as the Business Growth Manager for Takitimu.

Henry spent 5 years teaching Te Reo Māori and Kapa Haka at Napier Intermediate School and still provides Kapa haka support at his children's primary school in Flaxmere.

The Māori Health team's purpose is to improve the cultural responsiveness of primary health care in Te Matau a Māui, including through 'Te Kura Nui', Health Hawke's Bay's Cultural Responsiveness Programme. Henry and the Māori Health team lead the Tihei Mauri Ora Emergency Response to the COVID-19 Pandemic, one of the manifestations of the close partnership between Ngāti Kahungunu Iwi Inc., Health Hawke's Bay and Hawke's Bay DHB.



## Emma Patel

NURSE DIRECTOR PRIMARY CARE

Emma Patel, Nurse Director Primary Care, joined the team from the Central Technical Advisory Services (TAS) in the Safe Staffing Healthy Workforce Unit. Her focus has been prioritising patient needs and ensuring staff are better resourced to deliver timely, efficient care through the Care Capacity Demand Management (CCDM) programme nationally. Emma led the design of the primary care nursing workforce strategy, and has led HHB's COVID-19 response – supporting practices and pharmacies to be part of the COVID-19 Vaccine programme, and leading on COVID-19 resurgence planning and readiness.

Emma hails from Gisborne has whakapapa to Ngāti Porou and Ngāti Oneone.

As Nurse Director, Emma is excited to have the opportunity to influence positive change and build on the good work that has been done at Health Hawke's Bay. Emma believes every person in our community deserves access to the best quality health care.



## Ka Hikitia – Our Priority Strategy

Our Ka Hikitia is our core strategy for achieving equitable health outcomes with Māori (our priority population). It is a programme of work intended to support practices to prioritise Māori within service planning and provision

Three key elements of Ka Hikitia, are the development of a cultural responsiveness framework (Te Kura Nui), targeting funding based on our priority population, and the development of a partnership-based contracting model.

During the 2020–21 year, all practices were transitioned to new partnership-based contracts titled Priority Population Partnership Agreements. Long-term condition funding, screening service funding, and other PHO funding streams have been bundled and funding allocated to practices based on enrolled population. Funding is weighted for enrolled Māori and Māori Deprivation Quintile 5 and/or Community Services Card in recognition of the investment required to achieve equitable health outcomes for Māori.

Priority Population Partnership Agreements are underpinned by an agreed practice plan aligned to the four Ka Hikitia outcome pou (pillars).

- 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

Priority Population Partnership Agreement plans include a range of quantitative and qualitative measures. Reporting is automated wherever possible and progress against measures is updated monthly, presented within a Thalamus reporting portal dashboard, and reviewed in quarterly practice partnership meetings.

Active participation in Te Kura Nui is a key measure of providers being well-equipped to serve Māori.



## The essence of our pītau whakareia

Our logo depicts a figurehead or a pītau whakareia for the organisation – representing our values, our people and the well-being of the entire community of Hawke's Bay. The total essence of the logo represents oranga – living, well-being, welfare and great health.

The two kawakawa leaves one of the most essential rongoā Māori (traditional Māori herbal medicine) symbolises the partnership between the region (the green leaf on the right containing Te Matau-a-Māui – the hook of Māui) and the organisation on the left.

The interaction of these two components represents all the people, whānau and leaders of Hawke's Bay working in unison to support and grow the health of the community visualised in the white space as a flourishing pikopiko or fern frond.



### Our waiata

Written by Te Ama Rangihuna from our Māori Health Team speaks to who we are:

#### Kawakawa

Kawakawa Kōputaputa e  
O' Kawakawa, full of holes

Ngā hau ka marino  
Ngā ngaru ka māriri  
You cause the winds to become serene  
And the waves, tranquil

Hei whakamāui  
Hei whakahaumanu  
Hei whakaora i ahau  
Your purpose is to recover me, to revive and to save me.

Ka Hikitia  
Ka ora te iwi e  
I lift you  
And you lift the people









## Highlights

- 20 Coordinated Primary Options
- 21 COVID-19 Vaccination Support
- 22 Cyber Security
- 23 Health Care Home
- 24 HealthPathways
- 25 Pharmacy Services
- 26 Primary Mental Health Programme
- 27 The Māori Health Team
- 28 Te Kaahu



## Coordinated Primary Options

Established in 2003, the intent of Coordinated Primary Options (CPO) is to address/reduce increasing acute hospital presentations and admissions, by providing alternative management options in primary care.

CPO supports the delivery of funded services by recognised health professionals within primary care or community care settings. These services would otherwise have been delivered by a secondary hospital-based service including outpatient services, ED services, and in-patient services.

Health Hawke's Bay (HHB) and Hawke's Bay District Health Board (HBDHB) jointly undertook a planned review of the Coordinated Primary Options (CPO) programme to determine if the

intent and purpose of all CPO programmes and associated funding remain fit for purpose within the current health environment.

Several key benefits of the review were identified, including the ability to keep people out of hospital, improved access to services, better use of primary care expertise, and positive patient outcomes.

The planning discussions between HHB and HBDHB are ongoing and include findings and recommendations beneficial to the community.

CPO delivers a number of pathways including Acute Care pathways, Sexual Health, Skin Cancer excisions, and access to short stays within Rest Home.







## COVID-19 Vaccination Support

Health Hawke's Bay has worked with providers to initiate and support primary care to deliver COVID-19 vaccinations in Hawke's Bay. All practices have had the opportunity to participate in vaccinating. The primary care vaccination programme commenced in April 2021. This implementation followed the Ministry of Health's sequencing framework;

1. Group One: People working at the border
2. Group Two: High-risk frontline workers and people living in high-risk places

Initially, five practices came on board to begin vaccinating the primary care workforce as part of Group 2. Health Hawke's Bay has been working in partnership with HBDHB in leading the COVID-19 Vaccination Response team.

Health Hawke's Bay Information Systems team has worked diligently to produce reports on vaccinating, by practice and by ethnicity. This information is used in all aspects of planning and monitoring the region's COVID-19 vaccination rollout.

As vaccinating continues across Hawke's Bay, new delivery models are being trialed and more providers have joined the programme.

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*18 Practices delivered  
24% of vaccines by June 30,  
a total of 11,168 COVID-19  
doses delivered.*

### Equity

Equity of access to the COVID-19 vaccine has been a key focus for Health Hawke's Bay and providers across the region. Special attention has been paid to ensuring our whanau pounamu have easy access to the vaccine in an appropriate and supportive setting. Our focus is to ensure equity is promoted in vaccination-associated communications, events, and clinics.

## Cyber Security

Health Hawke's Bay (HHB) deals with large amounts of highly sensitive patient data and information. It is essential that security measures are put in place to provide maximum protection required for this high-risk sector. Following the Waikato District Health Board (DHB) ransomware attack on 18 May 2021, there was increased urgency to implement further security measures at HHB to prepare adequately for the increasingly sophisticated cyber-attacks.

HHB is already being proactive in this space and is well advanced with the implementation of security software and processes across our business. These will protect HHB against the most common attack vectors that hackers target today.

### New Claims and Payment Solution – Halcyon

Health Hawke's Bay manages and operates a number of healthcare programmes, targeting specific populations, ethnicities, and health challenges. The health providers (such as GPs and Nurses) provide health services to patients under these programmes, then submit a claim to Health Hawke's Bay for payment. However, these programmes required significant manual processing and utilised a number of bespoke IT systems.

In FY2021 HHB launched Halcyon our new Claims and Payment system. This system is now used by all Hawke's Bay GPs and is the centralised mechanism for 16 of our health programmes. It has also been used to monitor, track, and pay providers all COVID-19 swabbing since COVID-19 started in March 2020.

The solution has enabled Health Hawke's Bay to create, modify and manage the workflows and forms used without requiring development from a provider to do so and provided visibility of claims and their progress to administrators and providers in real-time.

From a technical perspective, the Halcyon has robust integration capabilities, is cloud-based, interoperable, and meets all relevant security and privacy regulations.

### New Data Visualisation Tool – Thalamus

Health Hawke's Bay has invested in a data visualisation tool called Thalamus in 2019 (Thalamus is a web-based platform used to deliver reporting to stakeholders in a secure manner)

During this financial year, we saw an increase of 212% of the amount reports viewed (July 2020 to July 2021). The usage has increased from all parts of the sector with selected members of HBDHB, HHB and GP all having logins with appropriate security levels and permissions with the information they are allowed to view.

The IS team has built automated reports on, National and local Health Targets, practice and HHB Demographic Profiles, COVID-19 Swabbing and Vaccinations Rates, Health Programme Utilisation, Practice Commercial Reporting, and Capitation Consultations.



## Health Care Home

The Health Care Home (HCH) model helps general practice deal with unplanned and urgent care; while at the same time delivering better and proactive care for patients with long-term health needs. This program also supports improved business efficiency.

The inaugural tranche of HCH practices has achieved practice sustainability and patient outcomes via their Health Care Home involvement over the past year. These include the introduction of GP triage, which identifies the needs of patients by phone and makes informed decisions about the urgency of a patient's requirements.

The streamlining of appointments has been further enhanced with practices removing telephone calls from the front desk. This allows reception to offer manaakitanga as they greet patients. These system improvements have supported practices to introduce extended care team roles such as practice assistants, allowing other practice roles to operate more efficiently. The HCH program supports patients and providers to build capacity and capability.

### Enhance the use of telehealth in primary care

The use of Telehealth as a key component of primary care service delivery, prior to COVID-19, is was minimal and largely restricted to telephone calls. It is now a valuable tool. With COVID-19 lockdowns, Health Hawke's Bay supported practices to introduce 'best practice' technology, including funding and resourcing, enabling region-wide telehealth consultations using multiple modes such as telephone, email, portal, and video.

Evaluation of whānau experience with telehealth has become vital to ensure best outcomes are achievable. Working with practices ensures changes are made to guarantee this experience works for all users.

COVID-19  
vaccination  
Booth



## HealthPathways

HealthPathways provides web-based guidance for primary care clinicians. They promote consistency in the local assessment, management, and localised referrals of patients with a particular symptom or condition into secondary health care.

Patients receive the right care, at the right time, from the right place. Pathways to be localised are prioritised with an equity focus to improve health outcomes for Māori and Pacifica. The localisation process is a collaboration between general practitioners, hospital clinicians, and a range of other health professionals.

In January 2021, Health Hawke's Bay HealthPathways team was established to undertake this important mahi. In Hawke's Bay clinicians have access to the suite of Community HealthPathways to guide decision making. By July 21 more than 20 pathways have been localised.

The team continues to promote HealthPathways across primary and secondary care for the benefit of the Hawke's Bay community.







## Pharmacy Services

COVID-19 has brought many changes to the health system in Hawke's Bay, with increased collaboration within primary care providers. This has been a positive outcome over the last 12 months.

Community Pharmacy and General Practice have collaborated with the support of Health Hawke's Bay to minimise barriers in access to medicine to patients during COVID-19 level changes. This is through the widespread adoption of ePrescription and medicine deliveries using taxis.

The Population Health Clinical Pharmacist team has moved forward on a digital strategy to support best practice medicine use across

Hawke's Bay, with a review of Chronic obstructive pulmonary disease (COPD), and equity in the use of preventative therapy well received

This year has seen the expansion of the Clinical Pharmacist Facilitator team in general practice. The team has grown from 11 to 14 pharmacists, supporting prescribers and whanau on achieving the best outcomes from medicines.

The growth of the team includes an alignment of the team's focus to Health Hawke's Bay's Ka Hikitia Strategy. The next 12 months will see the team partner with practices develop extended care teams working on preventative and planned care as part of Health Care Homes.



## Primary Mental Health Programme

Health Hawke's Bay (HHB) has completed a review of all services delivered within the Primary Mental Health Programme. As a result of the review, our priority and rural population will benefit from greater and more equitable access to talking-based therapies. This addresses areas of current high unmet need – including services for Wairoa, and Central Hawke's Bay. It also supports pathways so those experiencing moderate to severe mental health distress can better access appropriate services.

### **Te Uru Matai – Integrated Primary Mental Health & Addictions Service (IPMHAS)**

Since January 2021, Te Uru Matai has been implemented within nine general practice teams in Hastings, Napier, Maraenui, and Wairoa. This free service aims to provide quick accessible support for anybody experiencing

thoughts, feelings, and behaviours that are impacting their health and wellbeing.

Te Uru Matai uses an integrated approach to supporting wellness and puts mental health and wellbeing at the heart of general practice. This is achieved via access to Health Improvement Practitioners (Pouora) and Health Coaches (Poutoko) who work within the general practice team. They are supported by a network of Non-Government Organisation (NGO) employed Community Support Workers (Poumāhū)

Our Health Improvement Practitioners (HIPs) and Health Coaches (HCs) are actively working with practices to identify pathways to support people with new and long-term condition diagnoses. HHB has a goal of ensuring HIPs and HCs are available in all Hawke's Bay general practices within the next three years.



## The Māori Health Team

Health Hawke's Bay's Māori Health Team has had a busy year ensuring our target groups are our focus.

The aim of the Māori Health team is to engage with iwi, hapū, and whānau to ensure the best possible health outcomes are achieved. Our focus has been on ensuring providers are accessible to Māori and have a clear understanding of their cultural needs. By supporting practices to improve cultural awareness, the health outcomes have improved.

Health Hawke's Bay and Hawke's Bay Rugby Union formed a partnership to address the low number of Māori and Pasifika Men completing Cardiovascular Disease Risk Assessment (CVDRA).

Since May 65 assessments have been undertaken across 5 sites. This is ongoing and having great results.

Health Hawke's Bay has created and initiated the first primary care education curriculum series that will deliver a Cultural Responsiveness Curriculum, Te Kura Nui.

Te Kura Nui has been created as a tool to strengthen culturally responsive practices within clinics. This is achieved by providing the necessary tools and resources for staff to work in a safe working environment.

Tihei Mauri Ora (TMO) was established as part of the COVID-19 response partnership with DHB, Iwi, Post-Treaty Settlement Entities, Local Government agencies, and Health Hawke's Bay.

The purpose of Tihei Mauri Ora was to lead as an Iwi-mandated unit that will meet and address the needs of its community. This achieved its mandate and continues to operate within the community it serves.

Tihei Mauri Ora over a period of four months served 33,000 whānau within the Hawke's Bay community across six Taiwhenua districts from Wairoa in the north to Wairarapa in the south, producing 6,000 whānau ora hygiene packs, 3,100 whānau referrals, 11,898 individual needs, and 100 tonnes of firewood. What started as a response to address the inequities of Māori receiving health services expanded to include Pasifika and the Multi-Cultural Association (Ethnic minorities).

In November 2020, TMO was once again called to action to assist with a state of emergency declared in Napier as floods caused landslips, evacuations, and power cuts. Health Hawke's Bay Māori Health Team along with redeployed HHB's staff stood alongside TMO and DHB staff to provide assistance at a civil defense emergency centre in Marewa, Napier.

Health Hawke's Bay staff have attended cultural wānanga to learn and understand cultural and spiritual aspects of te ao Māori (the Māori worldview). These wānanga are designed to encourage and assist HHB staff with whakawhanaungatanga (relationship building), cultural awareness, and understanding of the local people and their health needs.



# Te Kaahu

Heretaunga haukū nui

Heretaunga ararau

Heretaunga haaro o te kaahu takoto noa

**Heretaunga of life-giving dew**

**Heretaunga of the arcadian pathways**

**Heretaunga the beauty of which can be only be  
appreciated by the eyes of a hawk in full flight**

**Heretaunga from whence the chiefs have departed  
and only we the servants remain**

The kaahu is commonly known to be a prominent native bird in the Hawke's Bay area. The above pepeha makes reference to the kaahu.

- The kaahu (swamp harrier hawk) is one the manu rangatira (aristocrat birds) of Aotearoa.
- Chiefs would wear the kaahu feathers in their top knots to signify their aristocracy.
- Weavers of cloaks would use the kaahu feathers for their korowai (cloaks) and kete (baskets).
- A kaahu flying over the marae during a gathering would be seen as a good omen.
- The kaahu is seen to be a kaitiaki (guardian).

Te Kaahu is the name we have chosen to represent communications given the kaahu's status as a prominent native bird in the region, soaring, hunting, and searching for food on the ground. The bearer of good news. We strive to replicate these aspects of the kaahu in our communications.







## Financials

- 30 Statement of Responsibility
- 31 Annual Report
- 32 Directory
- 33 Statement of Comprehensive Revenue and Expenses
- 34 Statement of Changes in Equity
- 35 Statement of Financial Position
- 36 Statement of Cash Flows
- 37 Significant Accounting Policies
- 42 Notes to the Financial Position
- 52 Report on the Audit of the Financial Statements

# Health Hawke's Bay Limited

## Statement Of Responsibility

for the year ended 30 June 2021

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 2021 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 2021.

For and on behalf of the Board:



Director:

Dated: 21/10/2021



Director:

Dated: 21/10/2021



# Health Hawke's Bay Limited

## Annual Report

for the year ended 30 June 2021

The Board of Directors present their Annual Report including the financial statements of the Company for the year ended 30 June 2021.

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:

Dated: 21/10/2021



Director:

Dated: 21/10/2021

# Health Hawke's Bay Limited Directory

for the year ended 30 June 2021

|                        |                                                                                                                                                                        |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Incorporation: | 11 August 2003                                                                                                                                                         |
| Incorporation Number:  | 1370539                                                                                                                                                                |
| Registered Office:     | First Floor<br>100 McLeod Street<br>Camberley<br>Hastings 4120                                                                                                         |
| Nature of Business:    | Primary Health Services                                                                                                                                                |
| Directors:             | Bayden BARBER<br>Jeremy HARKER<br>Dr Kiriana BIRD<br>Christina HAPE<br>Andrew LESPERANCE<br>Darran LOWES<br>Na Rongowhakaata RAIHANIA<br>Nicola TOYNTON<br>Leigh WHITE |
| Shareholder:           | Te Matau a Māui Health Trust<br>100 shares                                                                                                                             |
| Bankers:               | BNZ                                                                                                                                                                    |
| Solicitors:            | Langley Twigg Law<br>NAPIER                                                                                                                                            |
| Auditors:              | PricewaterhouseCoopers<br>NAPIER                                                                                                                                       |



# Health Hawke's Bay Limited

## Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2021

|                                                                                      | NOTE | 2021              | 2020              |
|--------------------------------------------------------------------------------------|------|-------------------|-------------------|
| <b>REVENUE</b>                                                                       |      |                   |                   |
| Contract revenue                                                                     | 1    | 58,152,210        | 52,325,763        |
| <b>Total revenue</b>                                                                 |      | <b>58,152,210</b> | <b>52,325,763</b> |
| <b>EXPENSES</b>                                                                      |      |                   |                   |
| Contract payments                                                                    | 2    | 54,447,208        | 48,153,206        |
| Fees paid to auditors for:                                                           |      |                   |                   |
| Annual audit of financial statements                                                 |      | 21,000            | 15,473            |
| Advisory committee fees                                                              |      | 31,966            | 37,345            |
| Directors fees                                                                       |      | 156,468           | 129,868           |
| Director meeting expenses                                                            |      | 62,453            | 6,486             |
| Gain/Loss on disposal of plant and equipment                                         |      | 87                | -                 |
| Depreciation                                                                         | 8    | 70,602            | 61,905            |
| Amortisation                                                                         |      | -                 | 29,870            |
| Occupancy costs                                                                      |      | 91,161            | 74,013            |
| Other costs                                                                          |      | 642,188           | 592,495           |
| Salaries and wages                                                                   | 4    | 3,045,735         | 2,753,903         |
| <b>Total expenses</b>                                                                |      | <b>58,568,866</b> | <b>51,854,563</b> |
| <b>Operating surplus/(deficit) before financing</b>                                  |      | <b>(416,657)</b>  | <b>471,200</b>    |
| Finance revenue                                                                      | 3    | 60,497            | 141,260           |
| <b>Net finance revenue</b>                                                           |      | <b>60,497</b>     | <b>141,260</b>    |
| Gain/(Loss) on disposal of available for sale financial assets                       |      | 1,642             | (10,182)          |
| <b>Net other gains</b>                                                               |      | <b>1,642</b>      | <b>(10,182)</b>   |
| <b>Surplus/(deficit) for the period</b>                                              |      | <b>(354,517)</b>  | <b>602,278</b>    |
| Other comprehensive revenue and expense                                              |      |                   |                   |
| Item that will be reclassified to surplus/(deficit)                                  |      |                   |                   |
| Gain/(loss) on revaluation of available-for-sale financial assets                    |      | (32,160)          | (12,343)          |
| <b>Other comprehensive revenue and expense for the period</b>                        |      | <b>(32,160)</b>   | <b>(12,343)</b>   |
| <b>Total comprehensive revenue and expense for the period attributable to owners</b> |      | <b>(386,677)</b>  | <b>589,934</b>    |

# Health Hawke's Bay Limited

## Statement of Changes in Equity

for the year ended 30 June 2021

### 2021

|                                                                               | NOTE | SHARE<br>CAPITAL | AVAILABLE<br>FOR SALE<br>REVALUATION<br>RESERVE | RETAINED<br>EARNINGS | TOTAL<br>EQUITY  |
|-------------------------------------------------------------------------------|------|------------------|-------------------------------------------------|----------------------|------------------|
| Balance as at 1 July 2020                                                     |      | 1                | 58,251                                          | 3,874,689            | 3,932,939        |
| Surplus/(deficit) for the period                                              |      |                  |                                                 | (354,517)            | (354,517)        |
| Other comprehensive revenue and expense                                       |      |                  | (32,160)                                        |                      | (32,160)         |
| Total comprehensive revenue and expense for the period attributable to owners |      | -                | (32,160)                                        | (354,517)            | (386,677)        |
| <b>Balance as at 30 June 2021</b>                                             |      | <b>1</b>         | <b>26,091</b>                                   | <b>3,520,172</b>     | <b>3,546,264</b> |

### 2020

|                                                                               | NOTE | SHARE<br>CAPITAL | AVAILABLE<br>FOR SALE<br>REVALUATION<br>RESERVE | RETAINED<br>EARNINGS | TOTAL<br>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          |
| <b>Balance as at 30 June 2020</b>                                             |      | <b>1</b>         | <b>58,251</b>                                   | <b>3,874,689</b>     | <b>3,932,939</b> |



# Health Hawke's Bay Limited

## Statement of Financial Position

for the year ended 30 June 2021

|                                        | NOTE | 2021             | 2020             |
|----------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                          |      |                  |                  |
| Cash and cash equivalents              | 5    | 1,729,847        | 2,550,077        |
| Trade and other receivables            | 6    | 3,161,132        | 2,735,711        |
| Other investments                      | 7    | 236,239          | 1,149,439        |
| <b>Total Current Assets</b>            |      | <b>5,127,218</b> | <b>6,435,226</b> |
| Plant and equipment                    | 8    | 281,300          | 285,824          |
| Other investments                      | 7    | 2,133,223        | 814,550          |
| <b>Total Non-Current Assets</b>        |      | <b>2,414,523</b> | <b>1,100,374</b> |
| <b>Total Assets</b>                    |      | <b>7,541,742</b> | <b>7,535,601</b> |
| <b>LIABILITIES</b>                     |      |                  |                  |
| Trade and other payables               | 9    | 1,838,310        | 2,446,086        |
| GST Payable                            |      | 205,231          | 126,279          |
| Employee benefits                      | 10   | 281,881          | 257,030          |
| Reserve funding                        |      | 1,505,026        | 659,682          |
| Revenue in advance                     |      | 165,033          | 113,586          |
| <b>Total Current Liabilities</b>       |      | <b>3,995,478</b> | <b>3,602,660</b> |
| <b>EQUITY</b>                          |      |                  |                  |
| Share Capital                          | 12   | 1                | 1                |
| Available for sale revaluation reserve |      | 26,091           | 58,251           |
| Retained Earnings                      |      | 3,520,172        | 3,874,689        |
| <b>Total Equity</b>                    |      | <b>3,546,264</b> | <b>3,932,941</b> |
| <b>Total Equity and Liabilities</b>    |      | <b>7,541,742</b> | <b>7,535,601</b> |

# Health Hawke's Bay Limited

## Statement of Cash Flows

for the year ended 30 June 2021

|                                                             | NOTE     | 2021<br>\$       | 2020<br>\$       |
|-------------------------------------------------------------|----------|------------------|------------------|
| <b>CASHFLOWS FROM OPERATING ACTIVITIES</b>                  |          |                  |                  |
| Receipts from contracts                                     |          | 58,610,365       | 50,232,980       |
| Payments to suppliers                                       |          | (59,067,888)     | (51,320,605)     |
| GST paid                                                    |          | 78,952           | 98,831           |
| <b>Net cashflows from/(used in) operating activities</b>    |          | <b>(378,571)</b> | <b>(988,794)</b> |
| <b>CASHFLOWS FROM INVESTING ACTIVITIES</b>                  |          |                  |                  |
| Net Cash Flows from investments                             |          | (436,078)        | 450,000          |
| Acquisition of plant & equipment                            |          | (66,078)         | (85,235)         |
| Disposal of plant & equipment                               |          | -                | -                |
| Acquisition of intangible assets                            |          | -                | -                |
| Interest received                                           |          | 60,497           | 141,260          |
| <b>Net cashflows from/(used in) investing activities</b>    |          | <b>(441,659)</b> | <b>506,025</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |          | <b>(820,230)</b> | <b>(482,769)</b> |
| Cash and cash equivalents at the beginning of the year      |          | 2,550,077        | 3,032,846        |
| <b>Cash and cash equivalents at the end of the year</b>     | <b>5</b> | <b>1,729,847</b> | <b>2,550,077</b> |
| <b>RECONCILIATION TO PROFIT/(LOSS) FOR THE PERIOD</b>       |          |                  |                  |
| <b>Surplus/(deficit) for the period</b>                     |          | <b>(386,677)</b> | <b>589,934</b>   |
| <b>Adjustments for non-cash items;</b>                      |          |                  |                  |
| Depreciation                                                |          | 70,602           | 61,905           |
| Amortisation                                                |          | -                | 29,870           |
| Gain/Loss on sale of plant and equipment                    |          | 87               | -                |
| Gain/Loss on sale of investments                            |          | (1,642)          | 10,182           |
| Movement in available for sale revaluation reserve          |          | 32,160           | 12,343           |
| <b>Adjustments for non operating items;</b>                 |          |                  |                  |
| Interest Received                                           |          | (60,497)         | (141,260)        |
| <b>Adjustments for movements in;</b>                        |          |                  |                  |
| Decrease/(Increase) in trade and other receivables          |          | (438,636)        | (1,080,632)      |
| Increase/(Decrease) in GST                                  |          | 78,952           | 98,831           |
| Increase/(Decrease) in trade and other payables             |          | (594,561)        | 372,854          |
| Increase/(Decrease) in employee entitlements                |          | 24,851           | 69,330           |
| Increase/(Decrease) in prepaid revenue                      |          | 51,447           | 53,875           |
| Increase/(Decrease) in reserve funding                      |          | 845,344          | (1,066,026)      |
| <b>Net cashflows from/(used in) operating activities</b>    |          | <b>(378,571)</b> | <b>(988,794)</b> |

# Health Hawke's Bay Limited

## Significant Accounting Policies

for the year ended 30 June 2021

### 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 2021 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

In April 2021, the New Zealand Government announced substantial changes will be made to the structure of the health system. All District Health Boards (DHBs) will be disestablished on 30 June 2022 and replaced by one national organisation, Health New Zealand (Health NZ).

At present, DHBs have to commission general practice services through Primary Health Organisations (PHOs) like Health Hawke's Bay Limited; this will not be the case in the future health system. However, many of the services provided by PHOs – such as coordinating multidisciplinary teams and supporting clinical improvement – will be all the more important in the future health system. Health NZ will be responsible for determining how best to deliver these services in each locality, including whether there is a role for an organisation to coordinate locality networks.

On the basis that primary health services will continue with a greater emphasis under the health reforms, Health Hawkes Bay Limited is best placed to continue to provide many of the services it currently provides and any changes are expected to take longer than 12 months from the date of these financial statements, these financial statements have been prepared on a going concern basis. 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 Hawkes'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 Hawkes's Bay Limited, this will be the 30/06/2022 year).

Management has assessed the impact of this standard and additional disclosures will be provided outlining why the Company exists, what it intends to achieve, how it goes about doing this and what we have done in the period to achieve this.



## 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 return 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 fair value, 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.

## 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.

## 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

## Note to the Financial Statements

for the year ended 30 June 2021

### 1 Contract Revenue

|                                                         | 2021<br>\$        | 2020<br>\$        |
|---------------------------------------------------------|-------------------|-------------------|
| Capitation                                              | 35,594,736        | 33,634,923        |
| Care Plus                                               | 3,180,235         | 3,493,412         |
| Services to Improve Access                              | 2,849,590         | 3,235,572         |
| Health Promotion                                        | 443,971           | 744,984           |
| Health Pathways                                         | 253,403           | -                 |
| Coordinated Primary Options                             | 1,314,859         | 1,333,197         |
| System Level Measures                                   | 819,340           | 950,713           |
| Mental Health                                           | 1,061,454         | 1,066,479         |
| Integrated Primary Mental Health and Addiction Services | 1,554,114         | -                 |
| Before School Checks                                    | 384,070           | 313,410           |
| Management services revenue                             | 1,260,582         | 1,282,585         |
| Rural Health                                            | 407,990           | 471,826           |
| Other Contracts                                         | 2,217,804         | 1,902,987         |
| Provider Partnership                                    | 2,533,897         | -                 |
| COVID-19                                                | 4,276,164         | 3,895,675         |
| <b>Total contract revenue</b>                           | <b>58,152,210</b> | <b>52,325,763</b> |

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

### 2 Contract Payments

|                                                         | 2021<br>\$        | 2020<br>\$        |
|---------------------------------------------------------|-------------------|-------------------|
| Capitation                                              | 35,594,736        | 33,634,923        |
| Care Plus                                               | 3,031,225         | 2,953,389         |
| Services to Improve Access                              | 2,938,920         | 2,948,965         |
| Health Promotion                                        | 216,390           | 237,650           |
| Health Pathways                                         | 253,403           | -                 |
| Coordinated Primary Options                             | 1,314,859         | 1,333,197         |
| System Level Measures                                   | 819,340           | 950,713           |
| Mental Health                                           | 1,010,456         | 1,066,479         |
| Primary Mental Health Initiative                        | 50,997            | -                 |
| Integrated Primary Mental Health and Addiction Services | 1,191,042         | -                 |
| Before School Checks                                    | 384,070           | 313,410           |
| Provider Partnership                                    | 2,794,465         | -                 |
| Rural Health                                            | 407,990           | 471,826           |
| Other Contracts                                         | 139,236           | 302,211           |
| COVID-19                                                | 4,300,076         | 3,940,443         |
| <b>Total contract payments</b>                          | <b>54,447,208</b> | <b>48,153,206</b> |

### 3 Finance Revenue

|                                     | 2021<br>\$    | 2020<br>\$     |
|-------------------------------------|---------------|----------------|
| <b>INTEREST REVENUE</b>             |               |                |
| Loans and receivables               | 17,787        | 53,452         |
| Available-for-sale financial assets | 42,710        | 87,808         |
| <b>Total finance revenue</b>        | <b>60,497</b> | <b>141,260</b> |

### 4 Employee Benefit Expense

|                                       | 2021<br>\$       | 2020<br>\$       |
|---------------------------------------|------------------|------------------|
| Wages and Salaries                    | 2,969,316        | 2,673,964        |
| Other employee benefits               | 76,419           | 79,939           |
| <b>Total employee benefit expense</b> | <b>3,045,735</b> | <b>2,753,903</b> |

### 5 Cash and Cash Equivalents

|                                        | 2021<br>\$       | 2020<br>\$       |
|----------------------------------------|------------------|------------------|
| Current accounts                       | 1,728,875        | 1,446,235        |
| Term deposits                          | –                | 1,102,870        |
| Petty cash                             | 972              | 972              |
| <b>Total cash and cash equivalents</b> | <b>1,729,847</b> | <b>2,550,077</b> |

### 6 Trade and Other Receivables

|                                          | 2021<br>\$       | 2020<br>\$       |
|------------------------------------------|------------------|------------------|
| Trade receivables                        | 2,514,054        | 2,380,244        |
| Other receivables                        | 597,422          | 292,596          |
| Prepayments                              | 49,657           | 62,871           |
| <b>Total trade and other receivables</b> | <b>3,161,132</b> | <b>2,735,711</b> |

### 7 Other Investments

|                                  | 2021<br>\$       | 2020<br>\$       |
|----------------------------------|------------------|------------------|
| Current fixed interest bonds     | 236,239          | 1,149,439        |
| Non-current fixed interest bonds | 2,133,223        | 814,550          |
| <b>Total other investments</b>   | <b>2,369,462</b> | <b>1,963,989</b> |

The fixed interest bonds include an Unlisted Portfolio Investment Entity – Nikko AM NZ Cash Fund which had a balance of Nil as at the end of the year. (2020: 614,356).



## 8 Plant and Equipment

|                                   | MOTOR<br>VEHICLES<br>\$ | LEASEHOLD<br>IMPROVEMENTS<br>\$ | COMPUTER<br>EQUIPMENT<br>\$ | FURNITURE<br>& FITTINGS<br>\$ | TOTAL<br>\$    |
|-----------------------------------|-------------------------|---------------------------------|-----------------------------|-------------------------------|----------------|
| Balance as at 1 July 2020         | 69,352                  | 110,254                         | 31,701                      | 74,517                        | 285,824        |
| Acquisitions                      | -                       | -                               | 60,835                      | 10,022                        | 70,857         |
| Disposals                         | -                       | -                               | (4,780)                     | -                             | (4,780)        |
| Depreciation Expense              | (19,581)                | (9,425)                         | (26,164)                    | (15,431)                      | (70,602)       |
| <b>Balance as at 30 June 2021</b> | <b>49,771</b>           | <b>100,829</b>                  | <b>61,592</b>               | <b>69,107</b>                 | <b>281,300</b> |
| Cost                              | 97,906                  | 141,297                         | 249,143                     | 134,661                       | 623,006        |
| Less: Accumulated Depreciation    | (48,135)                | (40,468)                        | (187,550)                   | (65,553)                      | (341,706)      |
| <b>Balance as at 30 June 2021</b> | <b>49,771</b>           | <b>100,829</b>                  | <b>61,592</b>               | <b>69,107</b>                 | <b>281,300</b> |

|                                   | MOTOR<br>VEHICLES<br>\$ | LEASEHOLD<br>IMPROVEMENTS<br>\$ | COMPUTER<br>EQUIPMENT<br>\$ | FURNITURE<br>& FITTINGS<br>\$ | TOTAL<br>\$    |
|-----------------------------------|-------------------------|---------------------------------|-----------------------------|-------------------------------|----------------|
| 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)       |
| <b>Balance as at 30 June 2020</b> | <b>69,352</b>           | <b>110,254</b>                  | <b>31,701</b>               | <b>74,517</b>                 | <b>285,824</b> |
| Cost                              | 97,906                  | 141,297                         | 193,087                     | 129,158                       | 561,448        |
| Less: Accumulated Depreciation    | (28,554)                | (31,043)                        | (161,386)                   | (54,641)                      | (275,624)      |
| <b>Balance as at 30 June 2020</b> | <b>69,352</b>           | <b>110,254</b>                  | <b>31,701</b>               | <b>74,517</b>                 | <b>285,824</b> |

## 9 Trade and Other Payables

|                                       | 2021<br>\$       | 2020<br>\$       |
|---------------------------------------|------------------|------------------|
| Trade payables                        | 1,172,975        | 2,183,355        |
| Sundry payables                       | 665,336          | 262,731          |
| <b>Total trade and other payables</b> | <b>1,838,310</b> | <b>2,446,086</b> |

## 10 Employee Benefit Liability

|                                         | 2021<br>\$     | 2020<br>\$     |
|-----------------------------------------|----------------|----------------|
| Wage accrual                            | 118,842        | 109,123        |
| Liability for annual leave              | 163,039        | 147,907        |
| <b>Total employee benefit liability</b> | <b>281,881</b> | <b>257,030</b> |

## 11 Financial Instrument Classification

2021

|                                       | LOANS AND<br>RECEIVABLES<br>\$ | AVAILABLE<br>FOR SALE<br>\$ | OTHER<br>AMORTISED<br>COST<br>\$ | TOTAL<br>CARRYING<br>AMOUNT<br>\$ |
|---------------------------------------|--------------------------------|-----------------------------|----------------------------------|-----------------------------------|
| <b>ASSETS</b>                         |                                |                             |                                  |                                   |
| Cash and cash equivalents             | 1,729,847                      | -                           | -                                | 1,729,847                         |
| Trade and other receivables           | 3,111,475                      | -                           | -                                | 3,111,475                         |
| Other investments                     | -                              | 236,239                     | -                                | 236,239                           |
| <b>Total current financial assets</b> | <b>4,841,322</b>               | <b>236,239</b>              | <b>-</b>                         | <b>5,077,561</b>                  |
| Other investments                     | -                              | 2,133,223                   | -                                | 2,133,223                         |
| Total non-current financial assets    | -                              | 2,133,223                   | -                                | 2,133,223                         |
| Total financial assets                | 4,841,322                      | 2,369,462                   | -                                | 7,210,784                         |
| <b>LIABILITIES</b>                    |                                |                             |                                  |                                   |
| Trade and other payables              | -                              | -                           | 1,838,310                        | 1,838,310                         |
| Total current financial liabilities   | -                              | -                           | 1,838,310                        | 1,838,310                         |

2020

|                                            | LOANS AND<br>RECEIVABLES<br>\$ | AVAILABLE<br>FOR SALE<br>\$ | OTHER<br>AMORTISED<br>COST<br>\$ | TOTAL<br>CARRYING<br>AMOUNT<br>\$ |
|--------------------------------------------|--------------------------------|-----------------------------|----------------------------------|-----------------------------------|
| <b>ASSETS</b>                              |                                |                             |                                  |                                   |
| 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                         |
| <b>Total current financial assets</b>      | <b>5,222,917</b>               | <b>1,149,439</b>            | <b>-</b>                         | <b>6,372,355</b>                  |
| Other investments                          | -                              | 814,550                     | -                                | 814,550                           |
| Total non-current financial assets         | -                              | 814,550                     | -                                | 814,550                           |
| <b>Total financial assets</b>              | <b>5,222,917</b>               | <b>1,963,989</b>            | <b>-</b>                         | <b>7,186,905</b>                  |
| <b>LIABILITIES</b>                         |                                |                             |                                  |                                   |
| Trade and other payables                   | -                              | -                           | 2,446,086                        | 2,446,086                         |
| <b>Total current financial liabilities</b> | <b>-</b>                       | <b>-</b>                    | <b>2,446,086</b>                 | <b>2,446,086</b>                  |

### Fair Value Disclosures

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

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

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

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

## Other Investments

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

The Company manages its Investment Portfolio in terms of its SIPO. The SIPO is monitored on a regular basis by the Board and amended as necessary. The company moved from Bank of New Zealand (BNZ) to Stewart Group in May 2021, who 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 exposure to 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.

| 2021           | GLOBAL<br>BONDS | NZ CASH & CASH<br>BONDS EQUIVALENTS |             | TOTAL       |
|----------------|-----------------|-------------------------------------|-------------|-------------|
| AAA to AA-     | 86%             | 0%                                  | 100%        |             |
| A+ to A-       | 9%              | 86%                                 |             |             |
| BBB+ to BB+    | 6%              | 14%                                 |             |             |
| Unrated        |                 |                                     |             |             |
| Funds Invested | \$1,717,965     | \$651,497                           | \$1,728,875 | \$4,098,337 |
| 2020           | GLOBAL<br>BONDS | NZ CASH & CASH<br>BONDS 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 |

## 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.

## 12 Capital and Reserves

|                                   | 2021<br>\$ | 2020<br>\$ |
|-----------------------------------|------------|------------|
| <b>ORDINARY SHARES</b>            |            |            |
| Opening Balance                   | 1          | 1          |
| Issue of ordinary shares for cash | -          | -          |
| <b>Closing Balance</b>            | <b>1</b>   | <b>1</b>   |

### SHARE CAPITAL

At 30 June 2021 share capital comprised 100 ordinary fully paid shares (2020:100). 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.

## 13 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;

|                            | 2021<br>\$   | 2020<br>\$    |
|----------------------------|--------------|---------------|
| Less than one year         | 9,711        | 20,205        |
| Between one and five years | -            | 9,711         |
| More than five years       | -            | -             |
|                            | <b>9,711</b> | <b>29,916</b> |

During the year ended 30 June 2021, \$20,205 was recognised as an expense in the Statement of Comprehensive Revenue and Expenses in respect of operating leases (2020: \$25,572).

## 14 Related Party Transactions

### Identity of Related Parties

#### Parent and Ultimate Controlling Party

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

Trustees of Te Matau a 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 \$17,416 (2020:\$16,578) to the Trustees of the Te Matau a Māui 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:

|                                                               | 2021<br>\$ | 2020<br>\$ |
|---------------------------------------------------------------|------------|------------|
| Director's fees paid to members of the governing body         | 56,468     | 129,868    |
| Directors expenses paid to members of the governing body      | 62,453     | 6,486      |
| Meeting attendance fees paid to members of the governing body | 5,900      | 9,219      |
| Members of the senior management team                         | 839,127    | 744,112    |

The governing body was made up of nine individuals as at 30 June 2021 (2020: nine).

The senior management team was made up of six FTEs as at 30 June 2021 (2020: 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.



|                                                                                                                                                                                                                                                                                                                                                      | 2021<br>\$ | 2020<br>\$ |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Darran Lowes, a Director of the company is also a Director and shareholder of Taradale Medical Centre Ltd (TMCL) & City Medical Ltd (CML). Taradale Medical Centre Ltd & City Medical Ltd received capitation and other payments during the financial year of:                                                                                       |            |            |
| The company made payments to TMCL of:                                                                                                                                                                                                                                                                                                                | 2,958,822  | 2,871,518  |
| The company made payments to CML of:                                                                                                                                                                                                                                                                                                                 | 148,550    | 54,396     |
| The company received from TMCL of:                                                                                                                                                                                                                                                                                                                   | 2,506      | 4,835      |
| The company received from CML of:                                                                                                                                                                                                                                                                                                                    | 199        | 314        |
| As at balance date the company had funds owing to the TMCL of:                                                                                                                                                                                                                                                                                       | 33,795     | 24,276     |
| As at balance date the company had funds owing to the CML of:                                                                                                                                                                                                                                                                                        | 7,267      | 9,735      |
| As at balance date the company had funds owing from the TMCL of:                                                                                                                                                                                                                                                                                     | –          | 2,631      |
| As at balance date the company had funds owing from the CML of:                                                                                                                                                                                                                                                                                      | –          | 351        |
| 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:                                                                                                                                                                                                                                                                                                                | 556,169    | 534,166    |
| As at balance date the company had funds owing to the CMCL of:                                                                                                                                                                                                                                                                                       | 5,972      | 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:                                                                                                                                                                                                                                                                                                                | 9,214,462  | 8,173,725  |
| The company received from HHCL of:                                                                                                                                                                                                                                                                                                                   | –          | 1,323      |
| As at balance date the company had funds owing to the HHCL of:                                                                                                                                                                                                                                                                                       | 200,231    | 359,802    |
| Mark Petersen 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 |
| The company made payments to HBDHB of:                                                                                                                                                                                                                                                                                                               | –          | 396,532    |
| 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     |
| At balance date they had the following outstanding balances:                                                                                                                                                                                                                                                                                         | –          | 1,738      |
| 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:                                                                                                                 |            |            |
| The company made payments to Totara Health Ltd of:                                                                                                                                                                                                                                                                                                   | –          | 1,558,094  |
| 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 Māui 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 :                                                                                                                                                                                                                                                                                                                          | 4,551,138  | 10,622,090 |
| The company received:                                                                                                                                                                                                                                                                                                                                | 3,951      | 5,893      |
| As at balance date the company had funds owing to:                                                                                                                                                                                                                                                                                                   | 94,347     | 38,647     |
| As at balance date the company had funds owing from:                                                                                                                                                                                                                                                                                                 | 72         | –          |

## 15 Impact of Coronavirus (COVID-19)

In March 2020, the World Health Organization declared an ongoing global outbreak of a novel coronavirus ('COVID-19') as a pandemic. In response, the New Zealand Government implemented a range of public health and economic measures to mitigate the impact of the COVID-19 pandemic. The COVID-19 pandemic continues to inhibit general activity and confidence levels within the community, and the economy. The Company continues to monitor developments and initiate plans to mitigate adverse impacts and maximise opportunities.

While actual results achieved in the 30 June 2021 financial statements have been better than expected in the COVID-19 environment, residual market uncertainty regarding the economic impact of the pandemic remains. It is not possible to estimate the full impact of the COVID-19 pandemic's short and long-term effects. As at the date of the signing of these financial statements, all reasonably known and available information with respect to the COVID-19 pandemic, has been taken into consideration and all reasonably determinable adjustments have been made in preparing these financial statements.

Since year end, all of New Zealand moved to Alert Level 4 on 18 August 2021 following an outbreak of the Delta variant. Hawke's Bay was subsequently moved to Alert Level 3 on 31 August 2021, and to Alert Level 2 on 7 September 2021. Hawke's Bay remains at Alert Level 2 at the time of signing the annual report. 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. These increases in Alert Level has seen 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 with a rise in interest rates expected during the next financial year. The impact of this is uncertain but management have taken appropriate steps throughout the year to update and adapt policies to minimise risk.

# Independent Auditor's Report

## To the Directors of Health Hawke's Bay Limited

### 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 2021, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

### What we have audited

The financial statements comprise:

- the statement of financial position as at 30 June 2021;
- 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 significant accounting policies and other explanatory information.

### 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.

### Independence

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International*

*Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Company in the areas of annual budgeting assistance. The provision of these other services has not impaired our independence as auditor of the Company.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

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





If, based on the work we have performed 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 International Public Sector Accounting Standards (PBE IPSAS), 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/assurance-standards/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:

A handwritten signature in black ink, which appears to read 'Maxwell John Dixon', is written over a horizontal line.

Chartered Accountants

Napier

21 October 2021



# HEALTH HAWKE'S BAY

Te Oranga o Te Matau-a-Māui

FIRST FLOOR,  
100 MCLEOD STREET,  
HASTINGS 4120  
PHONE 06 871 5646  
[www.healthhb.co.nz](http://www.healthhb.co.nz)