Annual Report
for the year ended
30 June 2015

Presented to the House of Representatives pursuant to section 150(3) of the CE Act.

Contents

Message from the Board Chairman

During the 2014/15 year we celebrated the completion of several years of redevelopment at Taupo Hospital. The ceremony also marked the end of the Lakes Health Services Improvement Project which began with the turning of the sod ceremony at Rotorua Hospital in 2009 and has resulted in state of the art hospital facilities for the Lakes DHB communities.

Lakes DHB remains committed to improving the health outcomes of our most vulnerable populations in particular Maori, our children and youth and people with mental health conditions. The long term outcomes sought are that people take greater responsibility for their health, stay well in their homes and communities and receive timely and appropriate specialist care when necessary. Our focus is on maintaining and improving quality whilst reducing cost by increasing productivity and redesigning services wherever possible.

Engaging with iwi governance boards informs our decision making as we strive to improve health outcomes for Maori. During the year, a joint iwi and Lakes Board member group was formed and iwi governance representatives participated in the planning process around the Annual Plan and the Maori Health Plan.

The DHB continues to reorient the way it works, to embrace a collaborative, cross-sector multi agency approach, where information services and resources are co-ordinated and shared to improve outcomes. The Board has continued to work closely with other social sector organisations and initiatives including Whanau Ora, Children's Action Plan, Social Sector Trials (Excel), Healthy Families (NZ) and Youth Mental Health.

Clinical leadership is the cornerstone of achieving our goals and targets. Lakes DHB continues to develop effective and enduring partnerships between clinicians, clinical teams, and between primary, secondary and tertiary services. Our clinical governance structure is embedded into our service planning and management to ensure good clinical engagement into service improvement.

National health targets have proven successful at driving major improvements for patients and Lakes DHB Board members carefully scrutinise the results every quarter. In 2014/15 Lakes DHB was the top achiever of all the DHBs for the immunisation health target in quarter 3 which is a very good result for our children. Lakes DHB has consistently exceeded the target that 95 per cent of patients in hospital who smoke are offered brief advice and support to quit smoking. Health targets are underpinned by our 'Lakes Way' approach to service delivery which puts the patient at the centre of what we do and how we deliver services.

Integration between regional DHBs is important for both financial and clinical reasons. This year saw the successful implementation of an electronic pharmacy system across the Midland region. Our DHB is committed to the regional planning process and collaborative activity evidenced by both clinical and management representatives being part of the various regional and national forums and networks.

Lakes DHB has worked hard to plan for and provide services closer to home whilst endeavouring to remain within budget. While our performance to budget has been a challenge, the Board has taken steps to minimise budget issues in future years by having active savings programmes. The Board recognises that to manage acute demand into the future it must continue to invest in community and primary health development.

My sincere thanks go to my fellow Board members, and to every person in the Lakes DHB health sector who strives every day to improve the health of our community. The health services our community enjoys are a result of your dedication, commitment and hard work.

Deryck Shaw
Chair, Lakes District Health Board

Message from the Chief Executive

There are two stand out areas of focus for the DHB which are critical to achieving more equitable outcomes for our population: child and maternal health and management of long term conditions.

Lakes DHB has had an energetic focus on the first 1000 days of a child's life, because we believe if we get it right in the early stages, we will have a much healthier population. Lakes has worked on the continuum of care from pregnancy to six years of age with primary care, lead maternity carers(LMCs), Well Child Tamariki Ora providers, Family Start, Ministry of Social Development, Whanau Ora and Social Sector Trials (EXCEL) to make progress against this priority.

The DHB has achieved maternal and child health targets including: childhood immunisations (quarter 3), smoking in pregnancy, health targets, B4 Schools targets and new born enrolment. I am also pleased with the successful models of integrated maternal and child health service models established in Turangi and Western Heights (Rotorua). An electronic oral health patient management system, Titanium, has also been implemented into the community oral health service.

Integrated care is an important strategy for improving the health of our population and child health is no exception. Better coordination and co location of services will improve outcomes for children in the areas of health, social/emotional well being and education. The 2014/15 year has seen the DHB join with the Rotorua Lakes Council to further develop the child health centre concept as a joint child health and library hub.

Long term conditions, particularly those exacerbated by tobacco use and maternal smoking are significant contributors to health disparity. We have worked closely with our primary care partners to ensure rigorous management of long term conditions. Supporting smokers to quit needs to be integrated into all primary, secondary and maternity health services and DHBs have a leading role here. Activities to reduce smoking in pregnancy are part of our Maternity Quality and Safety programme, Well Child Tamariki Ora Quality Improvement Framework and Maternal and Child Health Integration programme as well as an outcome for the Children's Action Plan work.

Lakes DHB continues to focus strongly on service integration across the health systems including primary care direct referral for diagnostics, clinical pathways and looking at ways to promote the sharing of patient controlled records. The key to better health as well as financial sustainability is earlier intervention and population based initiatives delivered in the community. Primary Options for Acute care (POAC) and LINC long term condition programmes are examples.

Lakes DHB is a part of the Midlands Health Network Alliance, (Waikato DHB, Midlands Health Network, Taranaki DHB, Tairawhiti DHB) as well as the Team Rotorua Health Alliance (RAPHS PHO, Lakes DHB and Te Arawa Whanau Ora Collective). An exciting Midlands Health Network Alliance development in Taupo/Turangi is the new model of care for primary health – the Health Care Home. This sees a focus on better patient access, integration and supporting patient self management in order to create sustainable general practice. The Team Rotorua Alliance Leadership Team established three Service Level Agreement Teams (SLATS) in this year to work up strategies for child health, health of older people and care and support for those with long term conditions.

Quality and patient safety are a top priority for Lakes DHB. Quality of care, listening to consumers and the community and preventing harm are at the centre of the Lakes DHB Quality Improvement Plan. All DHB staff, clinical leaders and managers are responsible for improving quality and participating in quality improvement initiatives and projects.

I would like to acknowledge our greatest resource – our human resource. The dedication and commitment of our staff has been a critical success factor for our many achievements and I sincerely thank our staff for working so tirelessly to make these achievements a reality.

Ron Dunham
Chief Executive

Our Statement of Purpose

Vision
The Lakes District Health Board's Vision for the health and independence of its community is:

Healthy Communities – *Mauriora!*

Mission
- Improve health for all;
- Maximise independence for people with disabilities;
- With tangata whenua support a focus on health.

Values
Lakes District Health Board has three core values:

1. Manaakitanga
   Respect and acknowledgement of each other's intrinsic value and contribution

2. Integrity
   Truthfully and consistently acting collectively for the common good

3. Accountability
   Collective and individual ownership for clinical and financial outcomes and sustainability

Our Strategic Priority for 2014/15

In accordance with obligations outlined in the NZ Public Health and Disability Act 2000, Lakes DHB's overarching priority for 2014/15 was:

Reducing Health Inequalities

In seeking to improve the health outcomes of Maori and other segments of our population, Lakes DHB acknowledges the importance of:
- People being supported to take greater responsibility for their health
- People staying well in their homes and communities
- People receiving timely and appropriate specialist care

Underlying these three themes, Lakes DHB has six key strategic priorities:
- Child, youth and maternal health;
- Older people's health;
- Mental health and addiction services;
- Hospital and specialist services;
- Service integration involving, primary, community and secondary health services; and
- Managing long term conditions.

Underpinning the change implicit in these strategic priorities has been the DHB's support for the New Zealand Triple Aim which focuses on improvements in quality of care at the level of individual and population health based on achieving the best value for public health system resources. Over the past year, commitment to the DHB's strategies and objectives has been met through the purchase of a range of health and disability support services from many providers. These providers have included Maori health providers, Health Rotorua PHO, Midlands Health Network and community and primary health providers. Services have been purchased in the areas of health and disability support, child health and well child facilitation, youth and school health services, diabetes services, retinal screening (via optometrists), pharmacy, oral health, independent nurse clinics, aged care, other hospitals, hospices, and mental health.

About Lakes District Health Board

Lakes DHB was established under the New Zealand Public Health and Disabilities Act 2000 and is responsible for planning, prioritising, funding and providing government-funded health and disability support services to the over 100,000 people living in the Rotorua, Taupo, Mangakino and Turangi districts.

Lakes DHB is responsible for funding personal health, Maori health, mental health, primary health, aged care services and some public health in the Lakes district and operates two general hospitals; Rotorua and Taupo supported by the community based services.

Our hospital services provide inpatient beds, outpatient clinics and day services across medical, surgical, child health and maternity services. Within these services there are a variety of specialties (cardiac rehabilitation and diabetes services, surgical specialties such as orthopaedics and ear, nose and throat) and special units (intensive care, coronary care and special care baby units). Surgical services provide operations through theatre complexes at Rotorua and Taupo hospitals. Emergency departments exist at both hospital sites.

Mental health, alcohol and other addictions services are provided through a full range of inpatient and community support services. These services are for child and youth, adult and older people, and incorporate Maori mental health services.

Community-based services provided include district nursing, social work and home support services and disability support. Population health services include public health nursing, school dental services, immunisation, universal newborn hearing screening, vision and hearing testing and B4 School checks.

Through contracts, Lakes DHB funds a range of providers in the wider health sector. Lakes DHB holds over 300 contracts with approximately 145 health service providers and also contracts dentists, pharmacists and primary care services.

Good Employer Initiatives and Equal Employment Opportunities (EEO)

Lakes DHB is a major employer in the Lakes district with approximately 1,350 staff working full time, part time and casual. In addition, there are over 100 contracted staff working at Lakes DHB for OCS, and Spotless Services.

Lakes DHB, as part of its good employer practices and in line with its objective of growing a positive organisational culture, ensured the fair and proper treatment of employees in all aspects of their employment by continuing to review and renew policies, procedures and programmes in accordance with a set review timeline.

In order to enhance transparency and fairness to all groups, the organisation has participated in a further EEO study through the University of Waikato.

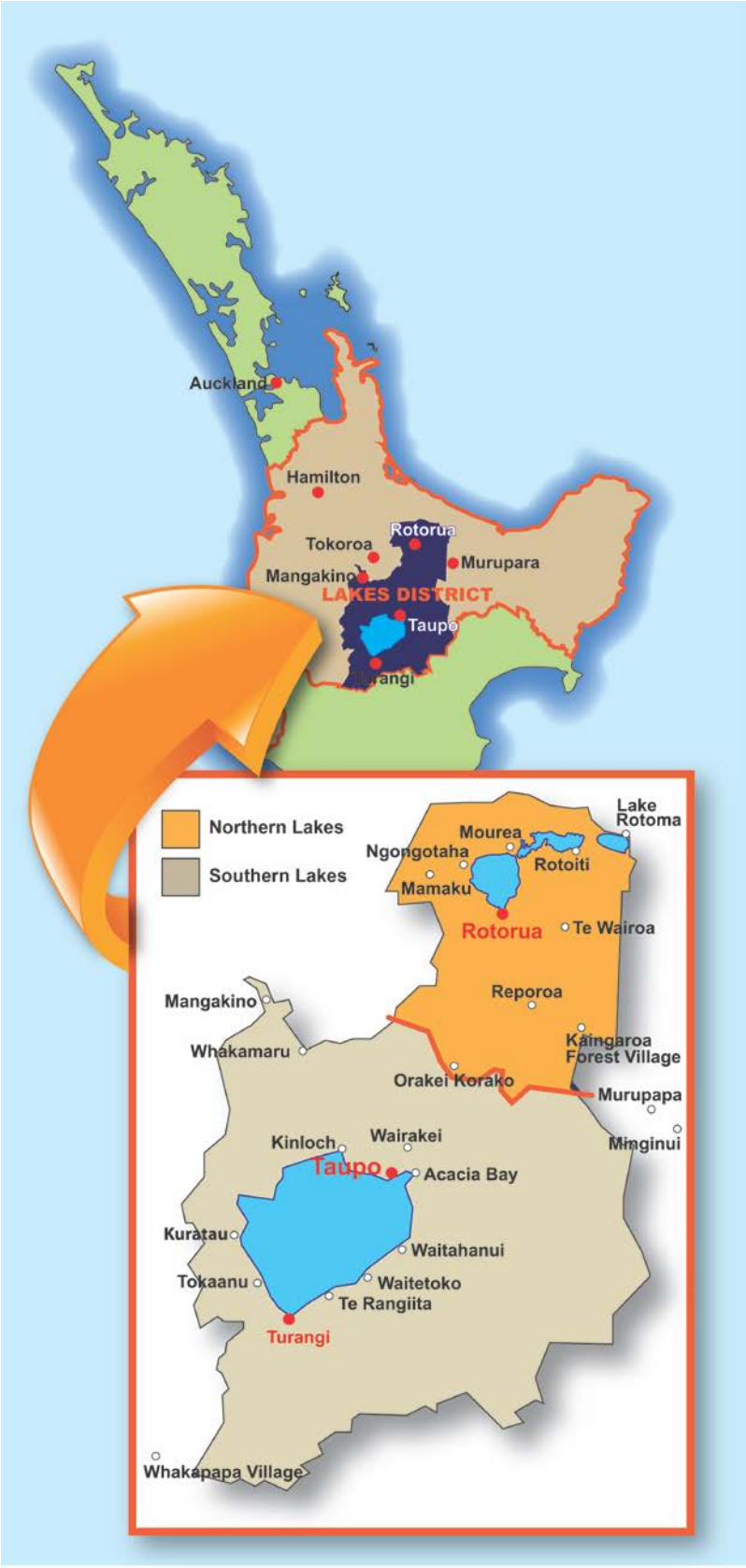
Good employer initiatives focused on bipartite meetings which were held with Council of Trade Union (CTU) union groups on a regular (quarterly / monthly) basis to discuss industrial matters, continue to build on healthy workplaces principles and developing effective partnerships.

The Board appoints the chief executive to manage all DHB operations.

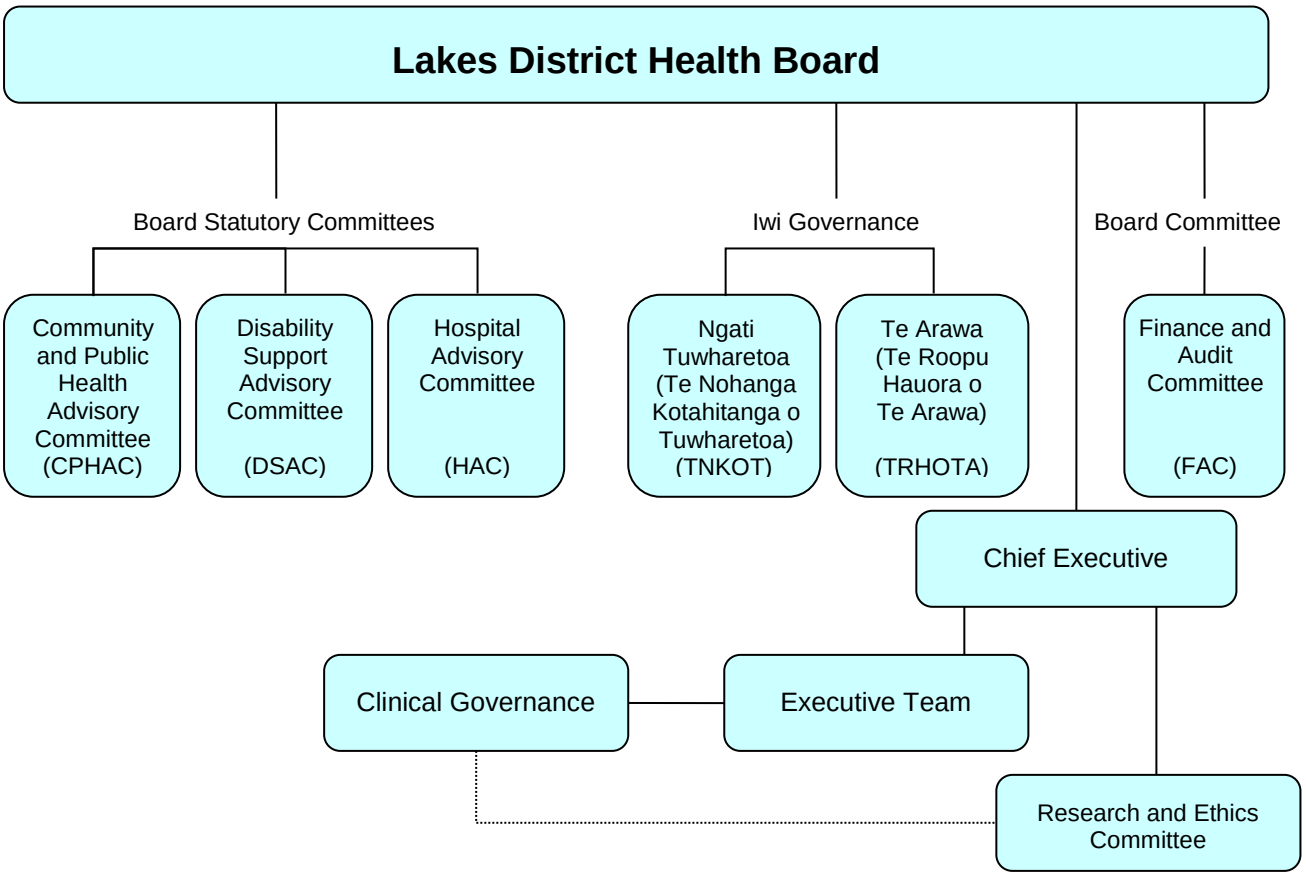
The continued upwards trend in the Staff Satisfaction Survey results for 2012 have shown the policies and practices of the DHB are enhancing a positive and healthy workplace for our employees.

Lakes DHB has become the first DHB or crown entity in New Zealand and first organisation in the Bay of Plenty region to achieve the Gold Standard in the WorkWell audit.

Lakes DHB Boundaries



Governance Structure for 2014/15



The Board

Accountability
The Board holds monthly meetings to monitor progress toward its strategic objectives and to ensure that the affairs of the DHB and its subsidiaries are being conducted in accordance with the DHB's policies. The Disability Support Advisory Committee (DSAC) and Community and Public Health Advisory Committee (CPHAC) meet six weekly and the Hospital Advisory Committee (HAC) meets monthly. The Finance and Audit Committee (FAC) also meets monthly. For membership of each committee see Appendix One.

Lakes DHB Board members were appointed to the advisory committees at the 13 December 2013 Board meeting.

Conflicts of Interest
The Board maintains an Interests Register and ensures Board members are aware of their obligations to declare any potential conflicts of interest.

Risk Management
The Board acknowledges that it is ultimately responsible for the management of risks to the DHB. The Board has charged the chief executive through its risk management policy with establishing and operating a risk management programme in accordance with the Australian/New Zealand Standard Risk Management AS/NZ 4360:2004. Internal audit occurs as a part of the Board's risk management activity.

Lakes District Health Board 2014
L-R seated: Danny Loughlin, Ailsa Gathergood, Deryck Shaw (Chair), Mary Burdon, Ian McLean
L-R standing; Merepeka Raukawa-Tait, Rob Vigor-Brown, Lyall Thurston (Deputy Chair)' Maggie Bentley, Charles Sturt
Inset: Tamarapa Lloyd

Lakes DHB Board Members

Board Members	Meetings Attended
Deryck Shaw - Chair	11/11
Lyall Thurston – Deputy Chair	11/11
Mary Burdon	11/11
Rob Vigor-Brown	11/11
Ailsa Gathergood	10/11
Tamarapa Lloyd	10/11
Danny Loughlin	10/11
Merepeka Raukawa-Tait	9/11
Ian McLean	8/11
Charles Sturt	8/11
Maggie Bentley	7/11

Iwi Governance Bodies

Lakes DHB's Maori Health and Planning and Funding divisions continue to ensure that information is provided to iwi governance bodies and that opportunities are given to provide feedback on Lakes DHB developments. Te Roopu Hauora o Te Arawa (TRHOTA) and Te Nohanga Kotahitanga o Tuwharetoa (TNKOT) have worked hard to ensure that hapu and iwi of Te Arawa and Ngati Tuwharetoa are informed of and participate in DHB developments. The chairs of the iwi governance bodies sign off on the DHB annual plan. Further, a joined leadership group has been established Te Kahui Oranga which has representation from both TNKOTH and TRHOTA. The leadership group has a terms of reference, and meets quarterly with members of the District Health Board.

Iwi governance representatives continue to participate in the Hospital Advisory Committee (HAC), Community, Public Health Advisory Committee (CPHAC) and Disability and Support Advisory Committee (DSAC). At these meetings they receive up to date Ministry of Health and Lakes DHB information, then feed this information back to their respective iwi boards or ask Maori Health to arrange a presentation to their board at their monthly hui.

The iwi governance chairs attend the Midland Iwi Relationships Board forum that meets bi monthly. This regional collaboration has been developed to participate and contribute to the regional work that is occurring across the Midland region. During the 2014/15 year discussion continued as to how to operate the iwi governance structure in a way that is more efficient and also takes into account increased Midland iwi governance responsibilities. It is expected that these discussions will be completed in the 2015/2016 year.

Iwi Governance Body Membership

Te Roopu Hauora o Te Arawa Members	Te Nohanga Kotahitanga o Tuwharetoa Members
Peri Marks (Chair)	Ned Wikaira (Chair)
Aroha Morgan (Deputy Chair)	Kim Gosman (Deputy Chair)
Aroha Oneroa (Rangatahi)	Anah Pedersen (Pouakani)
Beatrice Yates (Ngati Pikiao - Koeke)	Arana Taumata (Tutetawha Tapuwae)
Harata Patterson (Ngati Rangiwewehi)	Delani Brown (Ngati te Maunga)
Kathy Porter (Ngati Hurunga o te Rangi)	Edna Isaacs (Ngati Rauhoto)
Lilian Emery (Ngati Ngararanui)	Fenella Hodgkinson (Lake Taupo Hospice)
Liz McDonald (Ngati Rangiteaorere)	Gaile Ngatai (Te Whare Manaakitanga o Taumarunui)
Sue Westbrook (Ngati Tahu/Ngati Whaoa)	Jorian Rameka (Administrator)
Tahae Tait (Ngati Whakaue)	Leann Loughlin (Ngati Ruingarangi)
Trish Wairua-Harper (Administrator)	Mere Maniapoto (Mokai)
	Olga Rameka (Ngati Hinerau)
	Peehi Wall (Kuia)
	Raukura Ropiha (Ngati Tutemohuta)
	Tuatea Smallman (Ngati Turangitukua)
	Tuihana Rameka (Ngati Hineure)

Community and Public Health Advisory Committee

The Community and Public Health Advisory Committee advises the Board on the needs and health status of the Lakes district population and priorities for use of the health funding provided. The aim of the advice is to ensure that service interventions provided and funded by the Lakes DHB, and policies adopted by Lakes DHB, maximise health gain for the district's population.

The Committee's advice may not be inconsistent with the New Zealand Health Strategy. The Committee focuses on some key policy areas including:

- Primary care and the implementation of the Better, Sooner, More Convenient business cases and primary health organisations
- Whanau Ora and the development and implementation of nationally approved whanau ora initiatives
- Pharmacy including the national process for updating the pharmacy agreement and any locally led initiatives
- Chronic conditions including the ongoing progress towards the Health Targets and locally led initiatives
- Public health concerns including oral health and obesity

CPHAC Committee Membership

Committee Members	Meetings Attended
Lyall Thurston – Chair	7/7
Ailsa Gathergood – Deputy Chair	5/7
Deryck Shaw – Board Chair, Ex-officio	7/7
Mary Burdon	7/7
Charles Sturt	6/7
Maggie Bentley	4/7
Tania Hodges – Waikato DHB committee representative	
Jacob Te Kurapa – Bay of Plenty DHB committee representative	
Lawrie Croxson – community representative	
Catriona Watson – community representative	
Margie Robbie – community representative	
Peri Marks – TRHOTA primary representative	
Ana Pedersen – TNKOTH primary representative	
Sue Westbrook – TRHOTA alternate representative	
Delani Brown – TNKOTH alternate representative	
Dr Phil Shoemack/Dr Jim Miller – Ex-officio Medical Officers of Health	
Janet Hanvey – Ex-officio Toi Te Ora Public Health	
Des Epp – Ex-officio RAPHS representative : replaced in June 2015	
Kathy Rex – Ex-officio RAPHS representative	
Maree Munro – Ex-officio Midlands Health Network : replaced in November 2014	
Helen Parker – Ex-officio Midlands Health Network	

Disability Support Advisory Committee

The Disability Support Advisory Committee advises the Board on the disability support needs of the Lakes district population and priorities for use of the health funding provided. The aim of the advice is to promote the inclusion and participation in society, and maximise the independence of the people with disabilities. The committee gives direction on the disability support services the Lakes DHB provides.

The Committee's focus includes the following:

Health of Older People

- Developing and maintaining health and community support services to provide older people in the Lakes district with a continuum of care, including support for carers, regular review of aged residential care capacity and occupancy, quality of workforce skills and training.

Mental Health and Addiction Services

- Advancing continuum of care approach to health and support services to people with mental health issues.

Support for Disabled People

- Improving access to health and disability services.
- Increasing the awareness and education for people working in the health and disability sector.

Consumer Participation

- Arrangements have been put in place for two members of the DSAC committee to assist hospital management in reviewing the templates for letters that are sent to service users, including those that are used in the complaints process. This involvement will ensure that a consumer perspective is considered during the revision of these documents.

Responsive Services

- Encouraging the delivery of health and disability services in a way that is responsive and sensitive to the needs of people with disability and monitoring the implementation of policies, in particular, those relating to services of older people, people with long term disability and people who require palliative care services.

Meetings feature invited speakers who provide information on trends and initiatives that are occurring in this and other communities thus ensuring continual development of committee and staff members' knowledge.

DSAC Committee Membership

Committee Members	Meetings Attended
Lyall Thurston – Chair	7/7
Rob Vigor-Brown – Deputy Chair	7/7
Deryck Shaw – Board Chair, Ex-officio	6/7
Ailsa Gathergood	6/7
Charles Sturt	6/7
Merepeka Raukawa-Tait	3/7
Crystal Beavis – Waikato DHB committee member	
Jacob Te Kurapa – Bay of Plenty DHB committee member	
Colin Cockburn – community representative	
Cherie Reinders – community representative	
Mere Maniapoto – TNKOTH primary representative	
Sue Westbrook – TRHOTA primary representative	
Rauroha Clarke – TRHOTA alternate representative	
Leann Loughlin – TNKOTH alternate representative	
Renee Delamere – Ex-officio Support Net representative	

Hospital Advisory Committee

The Hospital Advisory Committee monitors the financial and operational performance of the Hospital and Specialist Secondary Services (H&SSS), assesses strategic issues relating to the provision of hospital services by or through Lakes DHB and gives the Board advice and recommendations on the monitoring and assessment of performance.

The Hospital Advisory Committee's primary function is that of performance monitoring. The key monitoring work carried out in the 2014/15 year was:

Monitoring of regular H&SSS reports to the Ministry of Health. These include:

- Health Targets
- Hospital benchmarking indicators
- Contract performance including elective services
- Elective Services Patient Flow Indicators (ESPIs)
- Crown Funding Agreement performance relating to H&SSS

Monitoring oversight of the progress on major projects. This has included:

- Clinical governance systems
- Lakes Health Services Improvement Project site development – design brief and concept design
- Progressing lean thinking approach to work design and efficiency
- Credentialing process
- Annual Clinical Services Plan – progress against the targets set for each service
- Workforce development for H&SSS
- Human resource and industrial relations
- Quality and productivity improvement

HAC Committee Membership

Committee Members	Meetings Attended
Mary Burdon – Chair	10/10
Danny Loughlin – Deputy Chair	6/10
Deryck Shaw – Board Chair – Ex officio	9/10
Ian McLean	9/10
Maggie Bentley	8/10
Tamarapa Lloyd	4/10
Ewan Wilson – Waikato DHB community representative : Replaced June 2015	
Martin Gallagher – Waikato DHB community representative	
Mark Arundel – Bay of Plenty DHB community representative	
Julie Calnan – community representative	
David Honore – community representative	
Aroha Morgan – TRHOTA primary representative	
Ned Wikaira – TNKOTH primary representative	
Harata Paterson – TRHOTA alternate representative	
Edna Isaacs – TNKOT alternate representative	

Finance and Audit Committee

The Finance and Audit Committee assists the Board with reviewing the monthly financial accounts and related business planning issues. The committee also reviews information systems initiatives, financing issues and the viability of proposed business opportunities. The Finance and Audit Committee is not a statutory committee of the Board.

The purpose of the FAC committee is to ensure that the DHB Board complies with its financial accountabilities and responsibilities including, but not limited to, those set out in sections 39, 41 and 42 of the NZPHD Act and section 51 and part 4 of the Crown Entities Act 2004 and related regulations.

FAC's role includes but is not limited to:

- overseeing the development of the DHB's financial strategies, to monitor the effective management of the organisation's finances and to manage the associated risk issues;
- ensuring that the information presented to the Board is accurate, identifies the relevant issues and is useful for decision making;
- ensuring that appropriate quality, audit and risk management frameworks and systems are established, implemented, monitored and reviewed.

Major projects in 2014/15 included:

- Reviewing and approving all governance policies as they required updating
- Participating in the Insurance Renewal proposal for 2014-15 period with Marsh and Health Benefits Limited
- Evaluating the impact of various Health Benefits Ltd (HBL) projects on Lakes DHB
- Recommended the Board approving in principle the draft Lakes DHB Annual Plan for 2015/16 prior to submitting to Ministry of Health
- Reviewing the business cases and recommended the Board approve the:
    - Discussions with and finalisation of a Microsoft Audit that was undertaken of our IS environment.
    - LCP Hardware and software Refresh (Phase III) at a total cost of $979,029
    - SonoSite Xporte Ultrasound systems x 3, $251,000.
    - Echo Cardiology PACs upgrade - $391,115
    - Approved in principle the National Infrastructure Business Case that HBL is progressing
    - FMIS combined hardware and software upgrade estimated at $195,459
    - Corporate SAN replacement, $285,210.
    - Extended the Linen Services contract for another year, pending decision on HBL advice
    - Approval of hAlliance contract with Baxters
    - Approved the alterations to our inpatient Mental Health & Addiction Services facility - $238k
    - Extended Food Services for a further 12 months with Spotless Services Limited pending decision on national HBL recommendation
    - Internet Explorer 11 upgrade to comply with DIA, $375,772
    - Anaesthetic machines x 8, $466,364.
    - Replacement CT Unit, $1,060,000
    - Obtained Board approval to continue with the revised business case for HBL Finance Procurement and supply chain.

FAC Committee Membership

Committee Members	Meetings Attended
Danny Loughlin - Chair	11/11
Rob Vigor-Brown – Deputy Chair	11/11
Ian McLean	11/11
Deryck Shaw – Ex-Officio	10/11
Merepeka Raukawa-Tait	9/11
Tamarapa Lloyd	5/11

Research and Ethics Committee

The Lakes DHB Research and Ethics Committee was established in 2005 to promote and support high quality locally focused research carried out in accordance with appropriate ethical standards and to encourage the development of an energetic and relevant research culture within the DHB.

Of the committee members, three cover Maori and community interests and possess backgrounds that complement the range of ethical, research and clinical skills of other members who are all employees of the Lakes DHB.

The committee meets on the first Wednesday of each month and deals with research submissions from a range of researchers and research organisations from within and outside the Lakes DHB boundaries. Its activities also include assisting staff and consumers work through ethical issues that have arisen around clinical practice and other work situations. The committee continues to host well-attended and successful research seminars in November of each year - the first being held in 2007.

Research and Ethics Committee Membership

Committee Members
Barry Smith (Population Health Analyst, Lakes DHB), chair
Suzanne Gower, (Private Health Consultant), deputy chair, community representative (resigned during year)
Jennifer Anastasi (Clinical Manager, Rotorua General Practitioners Group), primary health representative
Ulrike Buehner (Consultant Anaesthetist), medical representative (resigned May 2015)
Kristina Maconaghie community representative, Taupo
Jodie Malone, community representative (resigned during year)
Annie Morley, Clinical Nurse Manager, ICU/CCU (joined during year)
Kharen Ortega, Clinical Nurse Educator, Orthopaedic Unit
Sonia Hawkins, Clinical Manager Tipu Ora
Bernie Solomon, Clinical Nurse Educator, Mental Health (resigned May 2015)
Marita Ranclaud, Portfolio Manager, Mental Health

Clinical Governance

The reporting to Clinical Governance from the service level has been formalised, with services reporting high level activity on a standardised template.

The Clinical Governance Executive Group continues to meet providing oversight and leadership to the main committee. It also deals with high level risks and strategies.

A timetable for subcommittee reporting is being developed and meetings have been held with the Subcommittee chairs such as the Pharmaceutical Advisory Committee to improve their functioning.

The Mortality Review Nurse role is well embedded and has identified some key areas for quality improvement activities. In addition the organisational Mortality and Morbidity Group is continuing to meet regularly and is expanding its scope to review Health Round Table and HSMR data. It is standardising its reporting utilising a similar process to enable it to feed into any case reviews that occur across the organisation. Work is underway to align all of this work with mortality and morbidity meetings occurring at departmental level.

The organisation has formed a Clinical Audit Committee and appointed an Audit Co-ordinator to improve the activity and effectiveness of clinical audit within the DHB. A number of a senior managers and clinicians sit on this group and provide a strategic overview to facilitate system improvement in a more robust manner through audit and to improve the overall quality of individual audit projects.

The Medication Safety Group continues to focus on medicine reconciliation and has a programme schedule to reduce harm from opiate prescribing within the DHB. The group is engaging well with community through the engagement of community representatives. The theme of consumer engagement is replicated with representatives sitting on the Clinical Governance and Infection Control Committees.

The hospital ICU Outreach Team has reached the end of its six–month trial and has shown great success in reducing ICU re-admissions and improving quality of care for patients on the ward. This group's work is supported by the Clinical Governance Group and will continue to be so.

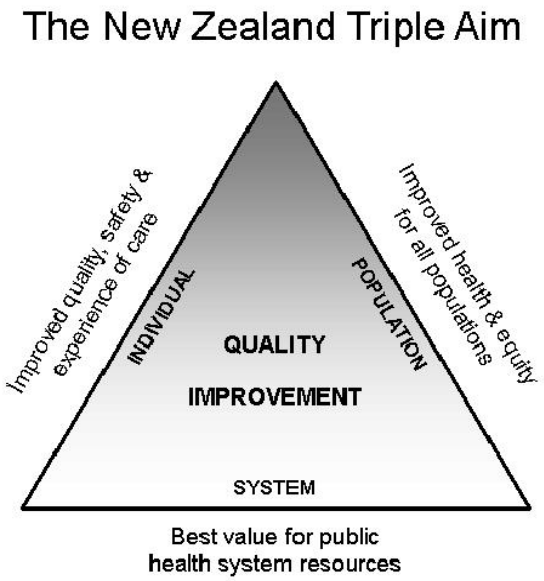
Clinical Governance

Membership	
Ron Dunham	Chief Executive
Martin Thomas	Chief Medical Officer, Chair of Clinical Governance Committee
Gary Lees	Director of Nursing and Midwifery, Chair of Clinical Governance Committee
Jo Scott	Personal Assistant CMO & DonM, Secretariat to Committee
Dale Oliff	General Manager Clinical Services
Hannes Schoeman	General Manager, Human Resources
Lesley Yule	Quality and Risk Manager
Sue Wilkie	Communications Officer
Eugene Berryman-Kamp	Pou Whakarite Maori Health
Gail Goodfellow	Service Manager, Mental Health Services
Gerrie Snyman	Clinical Director Surgical Services
Stephen Bradley	Clinical Director Woman, Child and Family
Peter Freeman	Clinical Director Emergency Department
Paul Malpass	Clinical Director Taupo
Jane Chittenden	Service Manager Medical
Gail Goodfellow	Service Manager Mental Health
Greg Vandergoot	Service Manager Surgical Services
Roger Lysaght	Service Manager Ambulatory
Donna Mayes	Service Manager Woman, Child and Family

Jenny Martelli	Service Manager Medical Management Unit/Hospital Support
Julie Eilers	Service Manager Taupo Hospital, Dental and District Nursing Service
Michael O'Connell	Clinical Nurse Director Mental Health
Jane James	Clinical Nurse Director Surgical Services/Medical Services
Jenny Stratton	Clinical Nurse Director Taupo Hospital
Christine Payne	Clinical Nurse Director - WCF, Ambulatory, Medical Management Unit
Ann McKellar	Allied Health Professional Advisors Group Representative
Alex Wheatley	Chief Information Officer
Alan Mountfort	Finance Manager / CFO
Wendy Bunker	Programme Manager
Joanne Hartigan	Laboratory Manager
Denise Aitken	Clinical Director Quality
Ulrike Buehner	Clinical Director Quality
Nic Crook	Clinical Director Medical Services
Sue Finch	Clinical Midwife Manager

Quality and Safety

Lakes DHB Quality work is focussed around the New Zealand Triple Aim.



Lakes DHB has one Improvement Advisor trained in the IHI methodology of improvement science and a number of staff who have attended short courses on elements of the science. This methodology has and will continue to filter through the improvement programmes throughout the organisation. The organisation is committed to the initiatives specified by the Health, Quality and Safety Commission and to improving the safety of patients though taking into account local observations and experiences and being involved in national patient safety campaigns.

Improving Quality:
Quality and Safety markers

Falls
Lakes staff regularly submitted risk assessment and developed care plans for the cohort of patients at risk of falls. The organisation did not meet the national target. Work will continue within the services to improve results over the coming year.

Infection Prevention and Control
Lakes DHB have consistently met the target for Hand Hygiene and Surgical Site Infection.

Patient Experience
Lakes DHB has consistently met the targets for positive consumer experience marker although our highest rate of return has been 38% during this financial year. To achieve this return the organisation has been sending the survey through the post to randomly selected consumers. Lakes DHB has committed to collect an increased number of e-mail addresses as this programme is based on requesting participation by either SMS messaging or e-mails.

Consumer Participation
Lakes DHB has engaged with consumers who are included in the Clinical Governance team, Infection Control Team and one who assists in bed side audits. We do have consumer representation in our Maternity Quality Programme and in developing the Lakes Children's Centre.

Quality Account
Lakes DHB produced a Quality Account in 2014 and can be found on our website. Publication for 2015 will be October in line with this report.

Medication safety programme
The Opioid Harm project is been undertaken within the Orthopaedic Unit at Rotorua Hospital and staff are joining the Collaborative hosted by the HQSC.

Quality of care
The patient centred care concept has had a slow uptake within the inpatient environment. ICU has lead this work and developed a number of tools to work in partnership with the patient and their family/whanau. The introduction of a wall chart of information for families, the opportunity for families to write or draw stories about the family member all leads to staff having further knowledge of who they are nursing. The 'What matters for me today' chart has been introduced to the medical unit.

Reduction in medication errors cannot be substantiated even though the introduction of the 'Green bag concept' to be used as a step to medication reconciliation for patients own mediations has been well embedded. A full process to improve the capturing and management of patient allergies has been introduced with the introduction of yellow bands for patients who identity with an allergy has been undertaken and will have a post implementation audit in the following financial year.

There has been a reduction in LOS due to the hip and knee ERAS programme.

The organisation has developed an all of systems approach to clinical audit and mortality and morbidity review which will have an advantage in coming years of encouraging a global approach to improvement.

Prevention of Harm
There was a reduction in incidents with serious harm from 17 in the year 2012/13, 9 in 2013/14 and 13 in 2014/15.

The introduction of an electronic system, although not yet live in the organisation, progresses well across the Midland region. The programme is planned to be operational across the five DHBs by December 2015.

Reducing Inequalities

Reducing health inequalities remains at the top of Lakes DHB's agenda. Poorer health and significant health disparities between population groups persist, providing the DHB with its greatest challenge for 2014/15 and beyond. Detailed results are to be found in the Statement of Performance section, page 32.

However, compared with the final quarter of 2013/14, progress shown at the same period in 2014/15 has included:

- The achievement of the B4 Schools programme targets which included seeing 98% of all four year old Lakes DHB children living in areas of high deprivation (Quintile 5).
- HPV immunisation coverage for year 8 girls in Lakes DHB schools continues to be very well focussed and targeted for young Maori women with the results highlighting the success of this approach with significantly higher coverage for Maori than non-Maori.
- All Lakes DHB school based health services and youth one stop shops are focussed on delivering services to high deprivation children and young people, including the delivery of increased services in Decile 1, 2 and 3 schools, Rotorua School for Young Parents and Alternate Education providers.
- A continued reduction in teenage pregnancies and terminations of pregnancy for women under 20 years of age, with a more marked drop for young Maori than young non-Maori women.
- Measures for decayed, missing and filled teeth (DMFT) data for 2012/13 and 2013/14 show Lakes DHB's five year olds to have amongst the worst oral health in the country (varying from first to third worst in the country for different reporting periods). Of serious concern is the fact that these data show that Maori experience much worse oral health than other segments of our population. Given this persistent disparity, Lakes DHB has worked to reformulate its oral health strategy that was operationalised during the 2014/15 year. This new approach saw some improvement in the DMFT results for both fluoridated (1.43 to 1.18) and non-fluoridated (3.08 to 2.73) areas. The DHB will continue to work to promote fluoridation of public water supplies as evidence in the last year shows a marked difference in results for fluoridated versus non-fluoridated areas (calculated using residential address as a proxy for access to a fluoridated water supply).
- Continued equitable Maori/non-Maori hospitalised smoker advice continues to be achieved whilst also meeting the 95% target although work in improving performance is still required with regard to the primary smoking target.
- The achieving of equitable results for eight month immunisation rates by one PHO while the other PHO is showing good improvement in this regard.
- Although, performance around CVD Risk Assessment (a National Health Target) has shown considerable improvement during the 12 month period to June 2014 in respect of both PHOs, disparity is still evident between Maori and non-Maori (using 'high need' and 'other' as proxy measures from the PHO reporting system). Closing this gap is an area of focus for the coming year.
- While not national targets, the continuing discrepancies seen between Maori and non-Maori for breast and cervical screening is a concern given the serious consequences associated with these conditions and the fact the Maori have higher mortality rates around both of these. Reducing the disparity in these areas was a key focus for the 2014/15 year were a halving of the gap between Maori and non-Maori was encouraging.
- Did not Attends or Was not Brought (as in children) to outpatient clinics remains a concern in spite of the focus on this area. While there is some improvement shown with regard to those under 15 years of age there is still a long way to go to achieve equity.
- The Community Pharmacy Programme that focuses on medicines adherence for those with long term conditions is now underway in Lakes and it is expected this will drive benefits as long term

conditions account for significant health disparity. However it is too early to gauge effectiveness of this programme.

The disparity chart below indicates the key areas of disparity between Maori and non-Maori at the end of the 2013/2014 year, and the equivalent measure for quarter 4 as at June 30, 2015 except where otherwise indicated.

Measure	Māori / Non Māori Disparity 2013/14	Actual 2013/14	Recent 2014/15	Goal 2015/16	5 year goal (eliminate disparity)
8 Month Immunisation Rate	13%	6%	4%	↓ to achieve equity	Nil
% Breastfed at Six Months	Unknown (data issues)	18%	3%	↓ to achieve equity	Nil
% Children Enrolled in Dental Services	15%	13%	38%	↓ to achieve equity	Nil
CVD Risk Assessment	20%	12%	8%	↓to achieve equity	Nil
3 Year Cervical Cancer Screen	13%	12%	10%	↓to achieve equity	Nil
Breast Screen	15%	13%	6%	↓ to achieve equity	Nil
Was not brought / Failed to deliver services to children < 15 years - Outpatient Services (for Maori vs NZ European)	10%	17.8% Rate ration 3.6	13.2% Rate ratio 2.8	↓ to achieve equity	Nil
Sudden Unexpected Death of Infant	The crude SUDI rate suggests that there is a difference between Maori and non-Maori, for 2008-2012 the Maori rate was 2.58, non Maori 0.87.				

The challenge for the Lakes DHBs is to configure health service delivery in a way that takes account of the complex relationships between the key social determinants of health (e.g. housing quality and employment), whilst recognising that a number of public and private agencies through their policies and activities also play a major role in influencing health outcomes.

Lakes Health Services Improvement Project (LHSIP)

During 2014/15, Lakes DHB completed works at Taupo hospital. This comprised Maternity, Emergency Department, Radiology, Inpatient unit, Outpatients, Day Stay, front entrance, physiotherapy, refurbishment of a former maternity building for mental health staff and remaining areas being seismically strengthened.

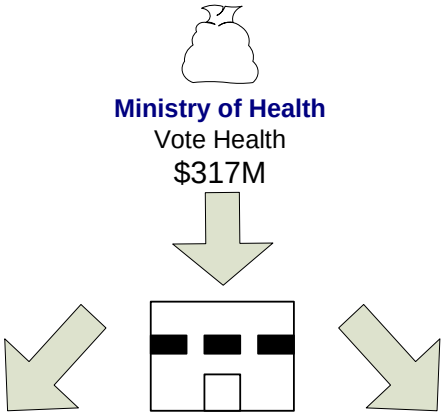
Taupo Hospitals

At Rotorua hospital there is continued remedial works to seismic restraints on mechanical and electrical services which are expected to be completed in December 2015.

Rotorua Hospital

How Lakes DHB Funding Flows[1]:

Note: "Provider Arm" is an umbrella term and includes other DHB Provider Arms. Community Services include the community services of other DHBs e.g. Hauora Waikato



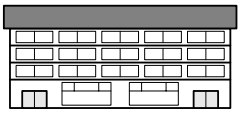
Ministry of Health
Vote Health
$317M

Lakes DHB

$5M
Governance and Administration (G&A)

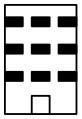
CE, Governance (Board and Statutory Committees), Corporate Services, Planning and Funding

$152M



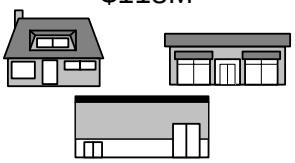
Provider Arm (HSSS/Population Health)
Clinical Services, ED, Specialist Assessments, Surgery, Fracture Clinic, Chemotherapy, Pain Clinics, District Nursing, Home Oxygen, Home Help, Meals on Wheels, NASC, IDFs, etc

$42M



Other DHBs
Secondary and Tertiary

$118M



Community Services
Labs, Pharmacy, Mental Health, Dentists, Aged Residential Care, PHOs, NGOs, Public Health, Home Based Support Services, Primary Care

[1] CE (Chief Executive), P&F (Planning & Funding), ED (Emergency Department), PHOs (Primary Health Organisations), NGOs (Non Government Organisations), NASC (Needs Assessment Service Co-ordination), IDFs (Inter District Flows)

Key Achievements for 2014/15

Lakes DHB continues to work at reducing health disparity in its region with this goal being the underlying factor that shapes much of the health service delivery in the Lakes district. This is a goal shared by the primary/community sector who has given pivotal support to the DHB in its significant achievements. The better working and patient environments resulting from the Rotorua and Taupo Hospital site redevelopment has contributed to the year's achievements.

Health Targets

Most Health Target results are based on performance in the last quarter of the 2014/15 year. The exceptions to this data span are for "improved access to elective surgery" and "better help for smokers to quit" primary care target where a 12-month data period is used. The "more heart and diabetes checks" target represents five years data. Good performance across all health targets is important to Lakes as a part of its overall goal to reduce health disparity in the Lakes region.

Nationally, three targets were met for the final quarter of 2014/15:

- Improved access to elective surgery target (108% against a target of 100%)
- Shorter waits for cancer treatment (100% against a target of 100%)
- Better help for smokers to quit hospital target (98% against a target of 95%) and Primacy Care (92% against a target of 90%).

While Lakes did achieve the 90% primary smoking target still more focus is required to work with primary care to improve the level of "advice to quit" given to smokers in its enrolled population. Currently, Lakes ranks 8th out of 20 on this indicator. A similar comment can be made around the push for more heart and diabetes checks in the primary sector. Another persistent challenge for the DHB remains the meeting of the "shorter stays in emergency departments" target where Lakes is last after returning a figure showing that 90% of presentations (as against a target of 95%) were admitted, discharged or transferred from ED within six hours. Lakes DHB has put considerable work into progressing this target with the appointment of a shorter stays target manager, and this work is ongoing. However, results to date have been disappointing.

Childhood Immunisation

Lakes DHB has seen a significant improvement since 2010 when Lakes DHB had the lowest immunisation coverage in the country with only 65% of all two-year-olds having an up to date immunisation record. At the end of the fourth quarter 2014/15, Lakes had 92% against the target of 95% of all eight month olds up to date noting that in quarter three Lakes DHB reached 96% coverage and ranked first among the twenty DHBs. Thus, further work is needed on developing a systems approach across primary care and the DHB immunisation team. The goal is to see consistently high results across all quarters.

Elective Services

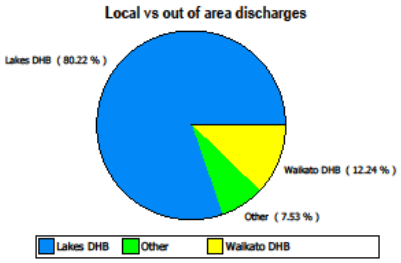
During the 2014/15 year, the target for elective procedures for Lakes DHB population was 3727 discharges. The actual number achieved was 4035 discharges of which 3237 (80%) elective operations and procedures were carried out in the Lakes DHB hospitals and 20% at our inter district flow (IDF) service providers.

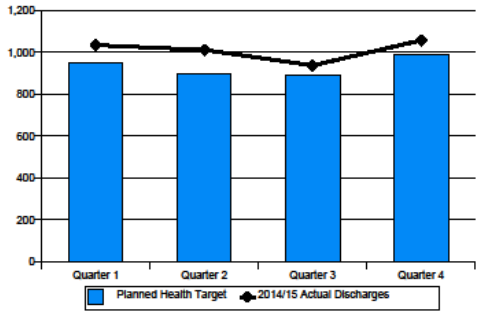
A total of 14,295 first specialist assessments have been completed against the Health Target of 11,555. Of these outpatient appointments, 12,168 were attended at both hospital sites in Rotorua or Taupo, Lakes DHB, and at our specialist third party provider locations. Lakes DHB continues to demonstrate improved access to elective services.

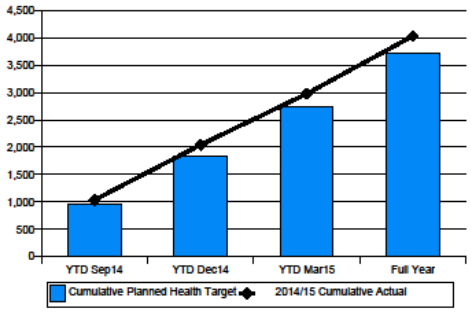
2014/15 Improved Access to Elective Surgery Health Target Delivery by Quarter

Lakes DHB	Achieved

Financial Quarter	Planned Health Target	2014/15 Actual Discharges	Plan to Actual Variance	YTD Plan	YTD Discharges	YTD %
Quarter 1	948	1,033	85	948	1,033	109.0%
Quarter 2	899	1,010	111	1,847	2,043	110.6%
Quarter 3	890	936	46	2,737	2,979	108.8%
Quarter 4	990	1,056	66	3,727	4,035	108.3%
	3,727	4,035	308	3,727	4,035	108.3%







Health Target figures are DHB of Domicile and include Publicly funded, Elective admissions, Surgical purchase units, and Intraocular Injections and Skin Lesions reported to NMDS

Report to: June 2015

Date Last Refreshed: 03/08/2015

Elective Services Performance Indicators (ESPIs)

The clinical teams put a lot of effort into achieving the four months target (no referrals waiting longer than four months for First Specialist Assessment or elective procedure) by end of December 2014 and are striving to maintain these targets. We note that some 72% of patients already received their elective procedure within three months of referral to the booking system during the 2014/15 year.

Smoking Health Target

Better Help for Smokers to Quit

Significant project work has gone into achieving the secondary care and maternity smoking Health Target and providing smoking cessation services. We have a particular focus on smoking in pregnancy. Lakes DHB's population has a higher rate of smokers than nationally, however the recent census results of smoking prevalence in the Lakes population indicated (proportionally) a more pronounced reduction than the national decline in the number of smokers.

Lakes has also provided support to primary care in Rotorua to assist GPs meet the smoking target for their enrolled populations. Results have slowly improved as a result and the 90% target was reached in the final quarter of 2014/15.

B4 Schools

In 2013, the Minister required DHBs to increase their B4 Schools coverage from 80% to 90% for all four-year-old children. Included in this was the requirement that 90% were children living in areas of high deprivation. In 2015 Lakes DHB reached a level where 97% of all four year old children received a B4 School check, which included 98% of children living in areas of high social deprivation against the target of 90%. This is a great achievement as it shows that all four-year-olds are having a comprehensive check-up before they start school. In a unique Lakes DHB initiative, our Public Health nursing team is catching the other children once they begin school.

Cancer and Palliative Care

The Midland Cancer Network team continues to provide support to Lakes with the development of a range of cancer and palliative care services expected nationally to be delivered across the region.

The key areas of service development in Lakes have included:

- Consolidation of a Cancer care co-ordinator team, including psychological and supportive care service development locally and regionally.
- Increased use of regional multi-disciplinary clinician video conferencing to discuss treatment protocols for people diagnosed with cancer
- Completing the develop of a database to track patients diagnosed with cancer through treatment and follow up and measured against target timeframes
- Analysing access to non acute specialist services and cancer treatment timeframes under the faster cancer treatment target
- Defining exceptional access criteria for people seeking treatment through the Bay of Plenty Kathryn Kilgour Centre
- Negotiating access to accommodation and support through Cancer Society Lions Lodge for people accessing Waikato DHB cancer treatment centre
- Reviewing transport options for people from Rotorua and Taupo needing to travel to Waikato
- Participating regionally in the development of services relating to tumour standards for breast, gynaecology, prostate, bowel cancers

Regionally, the Midland Cancer Network, with all hospices and specialist palliative care services, works closely to develop a full range of services in recognition of increasing future demand and limited expert staff and resources.

The key areas of development in Lakes have included:

- Improving access to medical palliative care specialist services, including visiting services and the ongoing education of advanced medical trainees regionally
- Ongoing regular palliative care focussed education to other health professionals
- Support for the use of End of Life Care planning tools in both hospital and residential care settings
- Standardising referral and care planning processes used by specialist palliative care nursing services
- Aligning national service specifications with local service models
- Carrying out a five year comparison review of client and funding data to identify changes in trends
- Continued development of clinical palliative care pathway for children

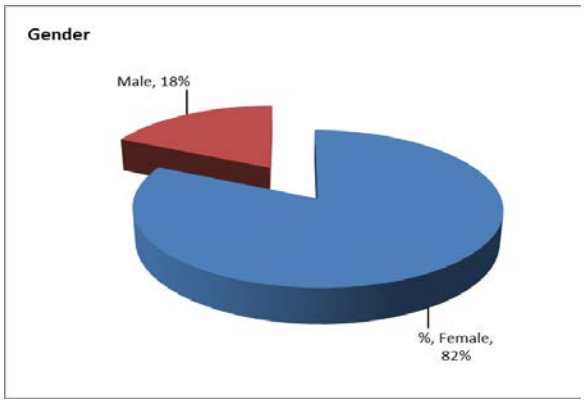
Falling in Love with You, Baby (FILWYB)

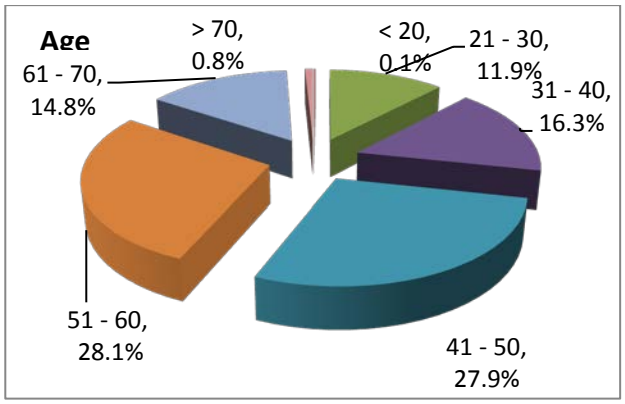
A year long project that explores the utility of attachment informed approaches when working in health and other environments was undertaken by Lakes DHB to support the Children's Team development. The final recommendations of FILWYB have significant implications for both the internal DHB system as well as those services that provide for families within the broader community. FILWYB aligns well to the increasing evidence base around the importance of the first 1000 days and will provide guidance for future service planning.

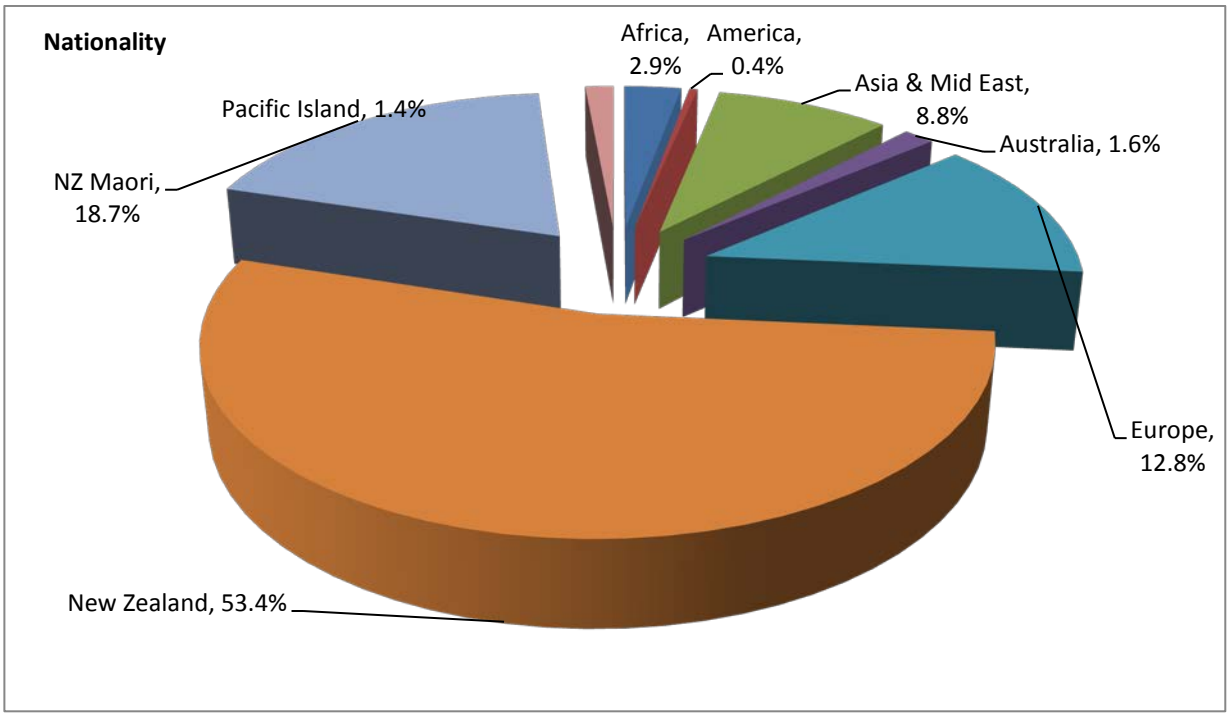
Human Resources

Introduction

Lakes DHB is a major employer in the Lakes district, using contracting services (Spotless and OCS) as well as employing approximately 1464 staff. Lakes DHB offers flexible employment options, permanent, fulltime or part time and casual. The workforce profile at Lakes is depicted in the pie charts below and is made up of a high proportion of female staff 82%. Similar to last year's report, 18.7% of the Lakes DHB workforce have identified themselves as New Zealand Maori, 1.4% as Pacific Island origin and 53.4% as being from New Zealand (also slightly up on the 52.17% last year). The age make-up is consistent with last year's report where 56% of employees are aged between 40 and 60 years and 28.1% between 50-60 years, 12% between 17 and 30, 15.6% between 60-77 years of age and 16.3% between 30 and 40 years.







As a good employer, Lakes DHB ensures staff with disabilities are supported through open and transparent recruitment processes and health and safety pre-employment screening. Equipment and support are provided to staff identifying disabilities. Lakes DHB has an underreported disabled workforce and as such, data has not been included in this report.

Disability requirements have been incorporated into all elements of design of the new build in both Taupo and Rotorua campuses. These elements support both staff and patients and allows for the supports required in the role.

The leaders of Lakes DHB, in conjunction with employees and unions, continue to work within a number of policies to ensure the wellbeing and fair and proper treatment of employees is maintained. Lakes DHB is a good employer with a 100% rating for 2014/15 by the Human Rights Commission. Unions and employee representatives are consulted when new policies are developed or existing policies reviewed.

In all aspects of recruitment, training and other opportunities, our policies ensure equal employment opportunities with leaders within the organisation understanding and adhering to the Lakes DHB policies that support fair work practices. Lakes DHB is a member of the EEO group and utilises the information in the regular newsletters and updates when conducting reviews of policies and procedures. This allows the support and promotion to all employees to treat others, and be treated with, respect and freedom from discrimination. A key policy for this reason is the Lakes DHB's Freedom from Discrimination Policy.

Key Elements and Activities

Leadership, Accountability and Culture
In 2014 THE LAKES WAY was introduced and rolled out to Lakes DHB employees and managers. The philosophy and intent of the programme is to focus on being leaders in the health field, being sensitive to patient needs culturally and as human beings, and to be accountable for the actions taken in providing health care to the community. It is important to the organisation and the community that each patient is recognised as an individual and treated with courtesy and respect in all aspects of their treatment pathway. THE LAKES WAY is broken down into three main components, being the organisation's promise to the patient, the organisation's and individuals' behaviour expectations to meet the promise and the organisation's commitment to our employees to equip them to meet the expectations and promise to the patients.

Activities Included:

- Embedding THE LAKES WAY (organisational commitment to patients and employees)
- On-going Managers in Action (MiA) training for all managerial activities, e.g. Recruitment and Selection (including equal employment), Bullying and Harassment (definition and management of), Performance Appraisals, (fairness and consistency), Worker Safety Checking, etc
- Midlands Leadership Development Programmes – The Leadership in Practice Programme for new leaders and the Advanced Leadership Programme for mid to senior leaders covering both clinical and non-clinical groups
- Regular Bullying and Harassment awareness training for employees (definition and conduct)
- Regular meetings with unions and employee representatives as part of our Bipartite and joint consultative arrangements with union groups.

Recruitment, Selection and Induction
Lakes DHB has been able to accurately report on recruitment statistics via the Taleo system and, where necessary, look at policies required to assist with the attraction of a diverse workforce.

In the period 1 July 2014 to 30 June 2015, 2914 job applications were received by Lakes DHB. Of these applicants, 6% were employed. Of the 449 Maori candidates for jobs, 9% were employed making up almost 25% of the total number employed. Of the 845 New Zealand European applicants, 10% were employed equating 49% of the total number employed.

Lakes DHB has continued its strong participation in the Kia Ora Hauora programme, promoting health careers to Maori with the aim of increasing numbers of Maori participating in health training. In addition to this, there has been continued involvement with secondary schools to place students on experiential work placements – Gateway - where health has been identified as a preferred career option as well as attendance at local career expos to promote health as a career.

Through pre-employment health screening, we are able to support staff (where required) who start work with disabilities.

Activities included:

- Continued commitment to EEO principles in recruitment practices
- Development and review of recruitment and selection practices on a regular basis
- Monthly orientation of new employees to the organisation's expectations and requisite knowledge
- Continued robust selection practices including Maori health representation on interview panels
- Development of a training programme to assist recruiters and interviewers with cultural assessments within the recruitment and selection process
- Monthly reporting on recruitment statistics
- Post-entry survey for new employees at three months to assess Realistic Job Previewing, Induction practices and working environment
- Kia Ora Hauora programme participation
- Attendance at local careers expos
- Secondary school Gateway placements
- Pre-employment health screening
- Individual work station assessments

Employee Development, Promotion and Exit
The learning and development team continues to utilise training needs analysis from the annual performance management process to identify and schedule training for all staff in all areas, including leadership development and capability. All employees have access to dedicated learning and development funds and training days. Continuing professional development is important to all professional groups at Lakes DHB.

The Managers in Action training provided by Lakes DHB and the Leadership Programmes are open for application by all employees allowing employees opportunities for development so that they can step up when more senior roles become available. Lakes DHB supports employees 'acting up' into leadership and management positions for leave cover which provides further opportunity for growth.

Lakes DHB has a history of low turnover and utilises data from exit interviews to improve work areas where necessary.

Activities Included:

- Continuing Professional Development Funds (psychologists, sonographers and MRTs)
- Continuing Medical Education for doctors
- Learning and Development Training Funds
- Nurses' Training fund
- Support of extramural tertiary training
- Provision of Mentoring and Professional Advisors
- Monthly reporting on access by service and professional group including acceptance statistics
- Utilisation of Exit Interviews

Flexibility and Work Design
Lakes DHB operates 24 hours a day, seven days a week, providing full-time, part-time and casual employment opportunities. Lakes DHB has flexible working arrangement policies allowing for employees' diversity with consideration of a flexible approach to rostering for employees requesting alternative working hours for personal reasons. A separate breastfeeding policy allows for mothers returning to the workforce to do so with confidence. The Lakes DHB rostering procedure recognises that not all families are the same and the needs and responsibilities can be very different, this does not have to have a negative impact on the work environment or operational requirements, but can enhance the roster situation.

Activities included:

Continued provision of breastfeeding facilities to mothers returning to work.
Flexible working arrangements where possible for employees changing circumstances.
Flexible rostering practices with some departments allowing for "self-rostering"

Remuneration, Recognition and Conditions
Lakes DHB continues to utilise the Strategic Pay job evaluation and remuneration system for staff on Individual Employment agreements and administrative roles.

Lakes DHB has a Remuneration Procedure specifying equal pay for all groups. The procedure provides for a logical and consistent remuneration system that is known and transparent. Nursing and midwifery roles are scoped using the JERC (Job Evaluation Review Committee) process as per the national multi employer collective agreement.

Recognition activities included:

- Celebratory Long Service Awards
- Nursing and Midwifery Awards
- Staff Christmas BBQ

Harassment and Bullying Prevention
Lakes DHB has a zero tolerance to bullying and harassment. The human resources team continues to provide training programmes in bullying and harassment to managers and team leaders and a separate programme to staff. A clear Harassment Policy is in place at Lakes DHB with a clear definition and easy to follow flow chart for employees should they have bullying or harassment from a colleague.

Activities included:

- Continued Bullying and Harassment training for managers
- Continued Bullying and Harassment training for employees
- Investigation into new training tools and materials
- Investigations into allegations of workplace bullying and harassment
- Counselling and facilitated meetings for employees experiencing workplace relationship issues.

Safe and Healthy Environment

Lakes DHB maintains a high level in health and safety involvement with managers and employees across the business.

Health and Safety Service works closely with Accident Compensation Corporation (ACC) to return staff to work following work and non-work injury claims. The aim is to bring employees back to work early, but safely, and employees are encouraged to be engaged in their return to work planning. Socialisation back into the workplace is important at an early stage, and with the support of their manager and colleagues, a shorter recovery time is achieved.

Employees participate in an annual ACC Workplace Safety Management Practices and biennial WorkWell Focus Group audit which has resulted in a consistently high level of achievement in both audits.

Activities included:

- Achievement of a Tertiary Level pass (the highest Level achievable) in the ACC Workplace Safety Management Practices audit
- Work and non-work illness rehabilitation and return to work programme
- A range of injury prevention programmes
- Employee consultation and support forums
- Maintenance of a Gold Level pass in the WorkWell re-accreditation audit
- Continued Healthy Eating Healthy Actions programme
- Implementation of a 'no added sugar' in drinks sold in the cafeteria and vending machines on Lakes DHB premise
- Employee involvement in return to work programmes
- Provision of a free Employee Assistance Services programme
- Provision of a range of immunisations for employees
- Provision of smoking cessation support options for staff
- Pre-employment health screening and ongoing monitoring of those deemed to be 'at risk' due to the work they are undertaking
- On-site Pilates and massage sessions

Conclusion

Lakes DHB has led the way as a good employer by becoming the first DHB or Crown Entity in New Zealand and first organisation to achieve the Gold Standard in a WorkWell Audit in 2013. The DHB re-certified this result in 2015 to retain Gold standard.

Kia Puawai

In 2013, the Lakes DHB successfully completed a consultative process to develop a maternal and child health services integration programme. The strategic direction and service specifications have been approved by the Ministry of Health. An initial part of the integration programme is addressing the needs of pregnant women, their babies and whanau in the Western Heights population. This area of Rotorua exhibits high levels of health inequalities amongst pregnant women and children. This includes; over representation of babies requiring secondary care services, high levels of smoking in pregnancy, high rates of preventable hospital admissions including rheumatic fever, and high unmet oral and general health needs. This integration programme is aligned with the Well Child Tamariki Ora Quality Improvement Framework.

The service specification describes an integrated continuum of maternity care and early parenting and support that links with primary care. Service providers develop for women and families a pathway through pregnancy and early parenting. The service began on 1 September 2014 at Western Heights

Health Service and is entitled Kia Puawai. The service currently has Lead Maternity Carers and a mothercraft (Startwell) service has recently been added.

Lakes DHB Community Children's Centre

The DHB has a number of teams dealing with children that are currently in accommodation that needs replacing (Infant, Child and Adolescent Mental Health Service [icamhs] and Children's Development Team). Lakes DHB is working with Rotorua Lakes Council to collocate the teams in a central location within the existing library building. With the addition of some other child related services such as dental and paediatric out-patients we are intending to create a more comprehensive child and young person focussed community service. The colocation with the library will add additional value as we are planning with them, ways to improve access to health information to the wider community. This facility will also serve as a hub for services across the district as we are talking to many agencies and NGOs about becoming involved in a wider collaborative to improve services for children. During the 2015/16 year we intend to commission architects, develop designs and initiate the building process. Alongside this we will engage in a wider consultation with the public and with iwi. We will also continue work on developing a collaborative model of care for the centre alongside a wide range of stakeholders.

Steady progress was made over the last quarter of 2014/15, the linkages across government agencies have been a key part of the early discussions and planning. The Ministry of Education, New Zealand Police, Ministry of Social Development have all indicated support for the project as government agencies work hard on developing an intersectorial model for providing care for children and their families.

Maori Health

The nationally driven Whānau Ora innovations in our district are strongly supported by our DHB. Our General Manager Maori Health was on the regional leadership group and our Pou Whakarite has been actively working with the Te Arawa collective on integration projects, starting with vulnerable children in the paediatric ward. Moving forward we need to extend this to the Tuwharetoa collective. The DHB Maori health division will continue to support Whānau Ora as we move into the next phase which includes working with the newly established Whānau Ora Commissioning authority. Accordingly, Whānau Ora is one of the most important initiatives from a Māori health and Māori/whānau development perspective and is incorporated into "He Maheretanga Hauora Maori" – the Maori Health Plan. Whānau Ora is about ensuring a holistic model of service provision which is kaupapa Māori strengths based and puts whānau first and measures change through outcomes determined by whānau. This aligns to the revised He Korowai Oranga overarching aim of Pae Ora – healthy futures.

The Lakes region has two Whānau Ora Collectives, Te Arawa Whānau Ora (TAWO) Collective in the northern end of our district comprising Korowai Aroha Health Trust, Ngati Pikiao Health Services, Arohamai Maori Cancer Support, Te Kahui Hauora Trust, Te Waiariki Purea Trust, Maketu Health and Social Services and Te Roopu a Iwi o Te Arawa. Whanau Ora ki Tuwharetoa (WOKT) is in the southern end of our district (Tuwharetoa Charitable Trust, Te Korowai Roopu Tautoko Inc, Te Kupenga Charitable Trust and Tongariro Whanau Support Trust Inc). Furthermore Manaaki Ora (combined organisations Tipu Ora and Te Utuhina Manaakitanga Trust), whilst outside of the Te Arawa Whānau Ora collective, have Whānau Ora central to their organisations goal.

There have been 2099 individuals in 650 whanau referred to the TAWO programme. 1798 whanau goals were identified and, by 30 June 2015, 659 have been achieved. The top five goals by category are health, education/training, employment, life/personal skills and housing, with health and fitness continuing to be a key focus for whanau. Prevention and management of long term conditions is where the "Whanau Direct" funding has been able to assist with training/walking shoes, gym memberships, sports equipment and bikes all assisting whanau to start to achieve their goals. Some basic housing needs like fixing leaking plumbing to enable access to free insulation programs, household basics and heating and floor coverings etc are also able to be supplied. Vehicle repairs, drivers licences etc all enable a whanau to progress by removing barriers for employment. Rangatahi (13-24 yrs old) and employment will be the focus of TAWO going forward with the new overall program outcome categories being:

- Whanau are more self managing and empowered e.g. new skills

- Whanau wellbeing is enhanced e.g. health improvement
- Whanau are more cohesive and connected e.g. keep whanau safe from violence
- Whanau have acquired knowledge that will better enable them to enhance their lives e.g. education
- Whanau are able to embrace Te Ao Maori e.g. tikanga knowledge
- Whanau are more economically secure e.g. improved financial literacy

In WOKT, last year development consultation occurred on all marae throughout Ngati Tuwharetoa to gauge whanau ideas and needs in regard to the Whānau Ora programme. As a result of that programmes this year have included healthy tane programmes, healthy activity and fishing programmes, he kainga ora stable housing project, Moenga pepe project (weaving of traditional waihanga - sleeping basket and clay uku to hold the pepe whenua - placenta) and a heritage food project. In the quarter ending 30 June 2015, 137 individuals in eight whanau have been referred to the programme. One significant development has been the enlisting of support from Te Ariki, (Tuwharetoa Paramount Chief) who has indicated that Whānau Ora ki Tūwharetoa can be a vehicle for supporting the social, health and education needs of the Tūwharetoa people. This development is noteworthy as it provides a pathway for iwi investment and sustainability for the organisation so it is not solely reliant on government service contracts. Whānau Ora ki Tūwharetoa will also facilitate the achievement of iwi aspirations as identified in the Tūwharetoa Iwi Strategic Plan, Te Kapua Whakapipi. Having the endorsement of Te Ariki opens up further conversations and opportunities to be explored with whānau, hapū, marae and other social and economic entities.

In addition, Excel Rotorua is the social sector trial in our district, delivered by Te Taumata o Ngati Whakuae iho Ake. The current focus is on improving educational outcomes for tamariki and rangatahi. Health outcomes are included and the provider, being iwi based, has a strong focus on Maori gain, both educationally and health wise.

Excel Rotorua is focused on improving education outcomes for 0–18 year olds by:

- Increasing participation in quality Early Childhood Education
- Increasing literacy and numeracy achievement
- Increasing success at NCEA level 2 (or equivalent)
- Reducing risky behaviour (including alcohol and other drug use, sexual behaviour and offending)
- Increasing the number of successful transitions into further education, training and employment.

Iwi Governance

Lakes DHB has two iwi governance bodies, Te Roopu Hauora o Te Arawa for the northern part of the district, and Te Nohanga Kotahitanga o Tuwharetoa, for the southern part. During the 2014/15 year discussion continued as to how to operate the iwi governance structure in a way that is more efficient and also takes into account increased Midland iwi governance responsibilities. It is expected that these discussions will be completed in the 2015/2016 year.

Mental Health and Addictions

Subregional service for youth

Because the Bay of Plenty region does not have its own similar service, the Lakes DHB supported Bay of Plenty DHB having access to the ‘Galbraith’ child and youth service. For a nominal weekly fee to cover food costs, Bay of Plenty DHB is able to use ‘Galbraith’ for its more vulnerable youth who require respite care or as a stepping stone into or out of residential alcohol and other drug (AOD) treatment programmes.

Suicide Prevention Leadership

Suicide prevention planning has required the governance structure for Lakes DHB that oversees this activity reconfigures itself. The emergent leadership group is now embedded and has developed the Suicide Prevention and Post-vention Plan for submission to the Ministry of Health in 2015.

Psychological assessments for transgender youth

The Rotorua Youth One Stop Shop (YOSS) has successfully brokered an arrangement between Lakes DHB (funding), Psychology Consultants and themselves to put in place a pathway for young people needing psychological assessments as part of the process of gender reassignment.

Needs Assessment Service Co-ordination (NASC)

The Lakes DHB Needs Assessment Service Co-ordination service focus continues to be on using health professionals specifically trained in comprehensive health needs assessment and service planning who can work with people and their family to develop a range of support that responds to their identified needs and maximises their ability to remain at home longer or, where appropriate, transfer into long term residential care. The client group includes people who have a need for support that is related to age, long term chronic health conditions, or short term requirements during recovery.

A review in 2014/15 confirmed the volumes of referral to NASC service not surprisingly continues to increase impacting on the service's ability to meet national service delivery timeframes. An additional four needs assessors have been appointed with the aim of improving response times and actively managing support for people with high and complex needs.

As at June 2015, 100% of the NASC client base of approximately 3000, were assessed using a standardised geriatric assessment interRAI tool which identifies the clinical risks for individual older people - information which is shared with their general practitioner. Nationally collated information is now available to influence the development of support services in Lakes. Assessment of residents in all Lakes aged related residential care settings is also now based on the interRAI geriatric assessment tool and completed by trained and competent registered nurses working in this sector. The impact is that planning the care of residents is able to be based on clinical information around risk for the resident.

The cost of support services available through NASC has increased over 2014/15 and further work is planned to ensure older people are supported to age well and continue to live in the community for longer with access to DHB funded services being prioritised to those with highest need.

The NASC team continues to successfully provide people able to be discharged early with required community support.

National Health Sector Entities

During 2013/14 we aligned our planning with the planning intentions of key national agencies. These agencies include:

- Health Benefits Ltd (HBL)
- National Health Information Technology Board
- Health Quality and Safety Commission
- Health Workforce NZ
- National Health Committee (NHC)
- Health Promotion Agency
- PHARMAC

Nursing Initiatives and Programmes

The career force training started last year has resulted in the first graduating class and we are currently recruiting for a second intake.

School nurses are now meeting regularly with the Associate Director of Nursing (Primary and Community), allowing them to share ideas and learning across the group and giving them access to professional support from the DHB.

An essentials of care audit has been introduced to check service user opinion of the quality of nursing care delivered in the hospital setting.

A pilot ICU outreach service has been implemented which operates at the weekends. This is designed to improve detection of deteriorating patients at a time of week when Health Roundtable data showed we had higher numbers of failure to rescue.

An improved process and record for managing fluid balance has been introduced in response to audit data showing that performance on the old forms was below expected.

A 'green bag' has been introduced as a visible place to put patient's own medication which is helping us improve medication reconciliation accuracy within the hospital.

New restraint documentation and training has been developed with a focus on the consent aspect of restraint use. This is aimed at promoting conversation with service users and their family/whanau to ensure we use the least restrictive options when caring for patients.

Older People's Health

Improved Services for Older People:

From 2014, the population of older people in Lakes is expected to rise with an increased number of people who turn 65 and those in the most vulnerable and very old categories. This will see an increase in demand for support and medical services and over the next five years coinciding with a reduction in the health professional / carer workforce. This will challenge the need for the DHB to ensure older people remain as fit and able for longer so as to reduce this demand for funded services / support.

A number of national and regional priorities continue to influence DHB service development and locally the focus continues to be on:

- Supporting primary care to identify people with dementia earlier, consider treatment and ensure referral to range of support services for the person and their carer.
- Reducing the risk of falls and injury from falls in hospital and the community
- Increasing access to allied health / community rehabilitation programmes to support older person to retain their mobility, strength and balance
- Earlier diagnosis and improved management of delirium in acute settings
- Preventing osteoporosis and the risk of second fractures for people over 50 through development of fracture liaison service.
- Redesigning home and community support services to be more flexible and sustainable through the:
    - Development of individualised funding service for people with long term support – chronic health conditions
    - Regional policy for Paid Family Carers living in the same home as the client
    - Midland approach to future HBSS service development
- Support of the development of specialist services for older people living in the community or in residential care
- Reduction in harm from medication
- Working with PHO alliance groups to define how to better meet the clinical and support needs of older people
- Support of national work considering payment of support workers for travel in between clients, and improving the quality of home and community support services through development of less casualised, untrained workforce
- Improving the quality of Home and Community Support Services and Aged Related Residential Care providers services through regular auditing processes and the introduction of national complaints reporting process for home based support providers
- Regular review of Aged Related Residential care provider occupancy and capacity needs
- Reduction in the risk of social isolation for older people via the continuing development of:
    - Accredited Visitors service through Rotorua Age Concern
    - Stroke Foundation aphasia therapy group
    - Family Focus - Elder Abuse and Neglect Prevention service
    - Alzheimers Society – Living Well with Dementia education programme for carers

Primary Care

The key achievements for a `whole of system` approach have been built on the continued strength of relationships and shared approaches between primary care and hospital based (secondary services) in the Lakes DHB region.

The growing maturity of two Alliance Leadership Teams (ALT) that include integrated parties, now have plans in place for future focus and priority of service design.

In the southern region GP practices will be transitioning to new model of care known as Health Care Home for sustainable development of the GP service.

Primary care has maintained a focus on key health deliverables to drive health gains for our population within health targets and capacity and consolidation of new service programmes that address chronic disease prevention and management of Long Term Conditions (LTC).

- LTC management programmes provide the most effective platform for `Integrated` service delivery currently, with programmes maturing their approach through information systems provides links for disease register/ patient data transfer, management of care planning, MDT interventions and development of clinical measures that improve case management at the practice level.
- Self-management service options assist patient discharges based on improved/success measures which are being completed alongside risk assessment and monitoring through primary care plans.
- Primary Health Organisation (PHO) performance with primary health targets has shown consistent improvement and positive results when compared to the national average performance;
- With regard to the 'more heart and diabetes checks' target, primary health achieved 87.6% against a target of 90%;
- In the southern Lakes region LTC management programmes employed multi disciplinary roles in dietetics and social work to strengthen the team approach and have continued to provide activity and nutrition programme support for self management. Nurse practitioner roles have worked closely with DHB secondary specialists to provide a seamless service for clients in the community.
- In the northern Lakes region the Lakes Integrated Network Care (LINC) programme has consolidated the LTC approach through nurse led care co-ordination such as the `Diabetes Care Improvement Programme` (DCIP) for management of a critical long term condition. The LINC programme provides a suite of tools, including dynamic disease registers and risk stratification, to assist providers in allocating patients to care programmes based on their level of need.
- The clinical pathways tool `Map of Medicine` has rolled out to both primary and secondary clinicians as part of a regional Midland approach. Clinicians have completed the localisation of pathways for deep vein thrombosis (DVT), cellulitis, dementia, contraception, gout, child asthma, lung cancer, colo-rectal cancer and several gynaecology pathways.
- The alliance contracting approach has provided a consistent and planned approach for new service design in the southern region. The Midlands Alliance has released a three year plan that sets out a comprehensive approach for successful implementation of primary care programmes, including Lakes Primary Options and Map of Medicine.
- In the Northern region the Team Rotorua Alliance with RAPHS/PHO and the Te Arawa Whanau Ora Collective have successfully completed stage one for new service design through three `Service Level Alliance Teams` (SLATs) reporting in the prioritised areas; long term conditions (LTC), older person's Health and child health. The prioritised reviews of these projects are now being framed into implementation plans for both immediate projects and projects with longer term objectives.
- Extended GP management of patients in the community who have presented with acute illness has improved through implementation of `Primary Options for Acute Care` (POAC) primary options programme for Taupo/Turangi practices. The programme provides timely diagnostic and clinical management support to the practices to prevent avoidable referral to ED at no extra cost for the patient.
- Community pharmacies in the Lakes region have adopted the national approach for improved medicine management and have actively registered clients with adherence to medication issues within their LTC programme for monthly clinical management. All pharmacies have adopted the approach and client numbers are expected to grow consistently as the programme tools become an accepted part of the pharmacy service.
- Continued development of electronic processes accessible across the whole system remains a priority for primary care providers including e-referral between primary and secondary care. Patient Portal, National Child Health Information Programme (NCHIP), access to clinical pathways for

consistent client journeys and shared care planning that utilises the continuum of service provider input for a whole of system and right for person outcome are the key goals.

Rheumatic Fever

Lakes DHB was identified by the government as a DHB with a high and growing rate of rheumatic fever and rheumatic heart disease. We are required to address this and to co-ordinate services and prioritise initiatives to achieve the government's Better Public Services target to reduce the incidence of rheumatic fever by two thirds to 1.3 cases per 100,000 people by 2017. In 2013 the Minister of Health agreed to our approach and signed off the Lakes DHB Rheumatic Fever Plan for the five year period 2013-2018. While numbers are small the impact of rheumatic fever on children is life-long and a considerable cost to families and communities. Additionally, this is a disease of developing countries. Progress to date has seen a reduction in acute cases and a primary care approach to treating strep throats which can progress to acute rheumatic fever. A register of all rheumatic fever patients enables the DHB to continue providing follow up care and prevent recurrences.

Services have been implemented that target children and families at risk of Rheumatic fever. These programmes include rapid response nursing services for children in high prevalence areas to sore throat assessment and treatment. In the same area we have implemented a healthy homes programme where children at risk or admitted to secondary care with related illnesses are referred for housing assessments and support to improve their housing. This may include heating, insulation, bedding and clothing.

Taiohi Health and Wellbeing Strategic Plan

The Prime Ministers Youth Mental Health Project has required Lakes DHB to focus on how the needs of young people aged 12 – 18 years are best met within the context of a relatively well population group who access most of their health supports from primary care settings. The Taiohi Health and Wellbeing Strategic Plan, developed for Lakes DHB by the Ministry for Youth Development, is a framework that describes what is required to enable optimal health outcomes for young people. In 2015/16, an implementation plan will be tabled with the local PHO/DHB Alliance structures as a first step to progressing this strategy.

Turangi Maternal and Child Health Service

The 2012 Taupo Maternity Facility and Service Implementation Report recommended the Lakes DHB in partnership develop a sustainable model of service delivery to Turangi pregnant women and explore alternative models of service delivery in partnership with other service providers in Turangi. In 2013, Lakes DHB was successful in a proposal to the Ministry of Health to implement a Maternal and Child Health integration programme. This included a Turangi service which integrated maternal and child health services for pregnant women and their children up to age five years. The Turangi site opened in February 2014 and is strongly community driven and well supported by iwi. The service is funded by Lakes DHB and has other services co-located such as Family Start and Ministry of Social Development providers.

This service has started to show improved outcomes for Turangi babies and children. These include immunisation coverage of 8 month and 24 month old babies, increased breastfeeding rates, decreases in the number of babies admitted to the Special Care Baby Unit, and all pregnant women being enrolled with a Lead Maternity Care giver.

National Health Targets[2]

Health Targets are a set of national performance measures specifically designed to improve the performance of DHBs by focussing on rapid progress against key national priorities. They provide a focus for action.

Public reporting of DHB health target results is made every quarter comparing DHB's performance and progress against the targets.

Below are listed the 2014/15 Lakes DHB Quarter Four results.

Key **A** Achieved - **NA** Not Achieved

Table: Lakes DHB Health Targets 2014/15

Health Target	Long Term Target	Lakes 2014/15 target	Result	Status
	95 percent of patients will be admitted, discharged, or transferred from an Emergency Department (ED) within six hours.	95 percent	90%	NA
	The volume of elective surgery will be 3,727 discharges per year.	100 percent	108.3%	A
	85 percent of patients referred with a high suspicion of cancer wait 62 days or less to receive their first treatment (or other management) and to be seen within two weeks to be achieved by July 2016.[3]	85 percent	52.4%	NA
	95 percent of eight months olds will have their primary course of immunisation (six weeks, three months and five months immunisation events) on time.	95 percent	92.3%	NA
	• 95 percent of hospitalised patients who smoke and are seen by a health practitioner in public hospitals; and • 90 percent of enrolled patients who smoke and are seen by a health practitioner in general practice are offered brief advice and support to quit smoking. Within the target a specialised identified group will include: • Progress towards 90 percent of pregnant women who identify as smokers at the time of confirmation of pregnancy in general practice or booking with lead maternity carer are offered advice and support to quit.	95 percent 90 percent	98% 92%	A A
	90 percent of the eligible population will have had their cardiovascular risk assessed in the last five years.	90 percent	87.2%	NA

[2] Note the commentary from page 27 on these targets.

[3] "All patients ready for treatment wait less than four weeks for radiotherapy or chemotherapy" was the previous cancer health target and further details are provided on page 49 for this target. The data covers the period January-June 2015.

Lakes DHB Statement of Performance 2014/15

The outputs noted in the Statement of Performance reflect the performance of the four main functions carried out by District Health Boards. These output classes are:

1. Prevention
2. Early Detection and Management
3. Intensive Assessment and Treatment Services
4. Rehabilitation and Support

Prevention

Preventative services are publicly funded services that protect and promote health of the whole population or identifiable sub-populations and comprises services designed to enhance the health status of the population as distinct from treatment services which repair/support health and disability dysfunction. Preventative services address individual behaviours by targeting population-wide physical and social environments to influence health and wellbeing.

Preventative services include health promotion to ensure that illness is prevented and unequal outcomes are reduced; statutorily mandated health protection services to protect the public from toxic environmental risk and communicable diseases; and, population health protection services such as immunisation and screening services. High need and at risk population groups are also more likely to engage in risky behaviours and to live in environments less conducive to making healthier choices. Prevention services represent our best opportunity to target improvements in the health of high need populations and to reduce inequalities in health status and health outcomes.

Early Detection and Management

Early detection and management services are delivered by a range of health and allied health professionals in various private, not-for-profit and government service settings, including general practice, community and Maori health services, pharmacist services, community pharmaceuticals (the Schedule), child and adolescent oral health and dental services.

These services are by their nature more generalist, usually accessible from multiple health providers and from a number of different locations within the DHB. On a continuum of care these services are preventative with treatment services focused on individuals in smaller groups of individuals.

Intensive Assessment and Treatment Services

Intensive assessment and treatment services are delivered by a range of secondary, tertiary and quaternary providers using public funds. These services are usually integrated into facilities that enable co-location of clinical expertise and specialised equipment such as a 'hospital'. These services are generally complex, more costly and provided by health care professionals that work closely together.

They include:

- Ambulatory services (including outpatient, district nursing and day services across the range of secondary preventive, diagnostic , therapeutic, and rehabilitative services
- Inpatient services (acute and elective streams) including diagnostic, therapeutic and rehabilitative services
- Emergency Department services including triage, diagnostic, therapeutic and disposition services.

On a continuum of care these services are at the complex end of treatment services and focused on individuals, rather than groups.

Rehabilitation and Support

Rehabilitation and support services are delivered following a 'needs assessment' process and coordination input by Needs Assessment and Service Coordination (NASC) services for a range of services including palliative care services, home-based support services and residential care services.

On a continuum of care these services provide support for individuals following a health-related event.

The financial performance associated with these four functions is detailed in Note 34 in the financial section.

The target results are taken from the final quarter of the 2014/15 fiscal year. Where other data periods are used, these will be clearly noted.

Key **A** Achieved **PA** Partially Achieved **NA** Not Achieved

The 2014/15 Vote Health Estimates of Appropriations noted that performance information for selected Non-departmental Appropriations (Health Workforce Training and Development, National Child health Services, National Contracted Services, National Disability Support Services, National Elective Services, National Emergency Services, National Health Information Systems, National Maternity Services, National Mental health Services, National Personal Health Services, and Primary Health Care Strategy) would be reported in part through DHBs 2014/15 Annual Reports. The Ministry of Health has advised DHBs that the Minister of Health will report this information instead of DHBs. Readers wishing to view the overall budget and performance information for these selected Non-departmental Appropriations will be able to refer to the Minister of Health's 2014/15 Vote Health Non-Departmental Expenditure report. This report will be made available on the Ministry of Health's website.

1 Outcome: People are supported to take greater responsibility for their health

Impact	Baseline measure			Targets		
	Output Description		Base	2014/15	Result	Achieved / Not Achieved
Fewer people smoke	Percentage of hospitalised smokers offered advice to quit (Health Target)	Maori	97%	95%	100%	A
		Non-Maori	98%	95%	95%	A
		Total	98%	95%	98%	A
	Percentage of PHO enrolled smokers offered advice to quit (Health Target)	Maori	55%	90%	83%	NA
		Non-Maori	48%	90%	102%	A
		Total	52%	90%	92%	A
	Percentage of pregnant women who identify as smokers at the time of confirmation of pregnancy in general practice or booking with Lead Maternity Carer are offered advice and support to quit (Health Target and Maori Health Plan)	Maori	Not available	90%	87.5%	NA
		Non-Maori[4]	Not Available	90%	-	-
		Total	84.2%	90%	91.2%	A

Significance of the Measure

It is estimated that some 5,000 New Zealanders die prematurely each year as a direct result of smoking with an estimated reduction in life expectancy being around 15 years. Moreover, the negative consequences of smoking impacts unevenly across the population with Maori, and those experiencing higher levels of social deprivation, suffering most. In terms of the Lakes DHB's aim to reduce health disparity across its population it is critical that work on helping smokers quit is given prominence.

Lakes DHB Performance

Lakes DHB has achieved well against the Minister's 'secondary' smoking target since 2011, often returning a figure of 100%. Although Lakes reached the primary health target in the final quarter in 2014/15 much more effort is clearly required to gain equity in this measure. Of particular note this year has been the particular emphasis placed on initiatives to reduce smoking rates amongst pregnant women to reduce the risk of associated health conditions for infants in the first year of life such as respiratory illness and, more seriously, sudden unexplained death in infancy (SUDI). To this end, a

[4] Numbers are too small to meaningful state as a percentage

midwife attached to the smokefree team has worked in pre and post-natal contexts to ensure these women are offered advice to quit.

Impact	Baseline measure			Targets		
	Output Description		Base	2014/15	Result	Achieved / Not Achieved
Reduction in Vaccine Preventable Diseases	Percentage of eight-month-olds fully immunised (Health Target & Maori Health Plan)	Maori	81%	95%	90%	NA
		Non-Maori	92%	95%	94%	NA
		Total	86%[5]	95%	92%	NA
	Percentage of the population >65 years who have received the seasonal influenza immunisation (PPP & Maori Health Plan)	High Needs	62%	70%	59%	NA
		Total	66%	70%	62%	NA

Significance of the Measure

Immunisation is one of the most important medical interventions to prevent serious disease and also one of the safest. Timing of immunisation is organised to make sure children are protected as early as the immunisation can be effective. All children should be immunised on time for best protection. Childhood diseases like whooping cough and many forms of meningitis can cause death or brain damage to a baby and are preventable. To be really effective, and recognising the concept of herd immunity, 90-95 per cent of the childhood population needs to be immunised.

The current schedule for children to be immunised through their family doctor is at:

- six weeks
- three months
- five months
- 15 months
- four years
- 11 years
- 12 years (available at school)

Immunisation is currently a health target with DHBs and primary care working together to achieve a situation where 95 percent of eight months olds will have their primary course of immunisation (six weeks, three months and five months immunisation events) on time by July 2015.

Older people and people with long term chronic health conditions are recognised as vulnerable populations to influenza flu epidemics which occur during the winter months and are related to an increase number of hospital admissions, general practice visits and risk of further long term effects or death.

Influenza vaccinations are offered to all over the age of 65 and more particularly encouraged for the older frailer population to be provided through primary care. The uptake depends on national and local public awareness marketing and primary care initiatives to contact eligible people with the greatest effect being when immunisation is undertaken in autumn, rather than winter.

Lakes DHB Performance

Lakes DHB did not achieve the 8 month immunisation target at the end of quarter four, however Lakes did reach the target in the previous quarter, quarter three, and had the highest coverage of all 20 DHBs. This is very disappointing and will require focused outcomes based initiatives in 2014/15 to achieve rates for Maori that are the same as for non-Maori.

Influenza vaccination during 2014 / 15 which covers the winter of 2014 and the autumn of 2015 indicates the annual target of 70% was not achieved. It is noted the national supply of vaccination was several weeks late in arriving in NZ and may have influenced the annual target result.

[5] Baseline is Year to June 30th, 2013

Impact	Baseline measure			Targets		
	Output Description		Base	2014/15	Result	Achieved / Not Achieved
Improving Health Behaviours	Percentage of infants who are fully or exclusively breastfed at 6 months (Maori Health Plan)[6]	Maori	9%	25%	17%	NA
		Non-Maori	18%	25%	20%	NA
		Total	16%	25%	19%	NA
	The number of people participating in the GRx (Green Prescription) programmes[7]	Total	742	817	501	NA
	Reduce the prevalence of gonorrhoea (local measure)[8]	Number of cases	104	98	148	NA
		Rate per 100,000	101	95	143	NA

Significance of the Measure

The Green Prescriptions service is intended to introduce people identified at risk of long-term health conditions, through education and personal skills development, to improved physical activity levels and healthy nutrition to reduce the need for health service intervention. The programmes focus on self-management, as individuals and the family/whanau environment forms a proactive part of the systematic approach to management of Long Term Conditions (LTC) within the health service environment. Critically, the programme is focused on children 4 – 18 years and their family/whanau and has specific reference to obesity (weight control), high blood pressure, and depression/anxiety and pre diabetic prevalence present for the person. The value of breastfeeding for the health of children is well established.

Lakes DHB Performance

Green Prescriptions is a national programme and includes the following range of programmes in the Lakes region; `Active Living`, `Family Lifestyle Coach` and `Play in the Bay`. The performance is measured on volume targets and reported outcomes from participants by survey.

Referral volumes to the service record a high success rate for intervention with 43% Maori referrals into the programmes across the Rotorua, Taupo and Turangi regions. Consistent GP referrals reflected in coverage and a reported high engagement rate to programmes of 90% for referrals.

Programme outcomes rated from client feedback and monitoring fall into three main areas; increased activity (average 86%); changes in nutritional habits (44% positive change in weight) and the person adopting a greater awareness of self-improvement for key personal challenges with only 14% reporting no benefit.

GRx services are provided within Lakes DHB by Sport BOP for the Rotorua/northern Lakes district and Sport Waikato for Taupo/Turangi and southern Lakes.

The percentage of infants who are fully or exclusively breastfed at 6 months results suggest that more work is needed to encourage and support women to breastfeed to this point in their child's development.

[6] Data covers period July – December, 2014

[7] A Green Prescription (GRx) is a health professional's written advice to a patient to be physically active, as part of the patient's health management

[8] Data covers the 12 months to March, 2015

2 Outcome: People stay well in their homes and communities

Impact	Baseline measure			Targets		
	Output Description		Base	2014/15	Result	Achieved / Not Achieved
An improvement in childhood oral health	Percentage of children (0-4) enrolled in DHB funded dental services (PP13)	Maori	49%	85%	46%	NA
		Non-Maori	62%	85%	84%	NA
		Total	57%	85%	63%	NA
	Percentage of enrolled pre-school and primary school children (0-12) overdue for their scheduled dental examination (PP13b)		22%	15%	11%	A
	Percentage of adolescent utilisation of DHB funded dental services (PP12)[9]		53%	85%	67.7%	NA

Significance of the Measure

Good oral health demonstrates early contact with a health promotion health prevention service and reduced risk factors, such as poor diet, which has lasting health benefits in terms of improved nutrition and healthier body weight and general wellbeing. Oral health is also an integral part of lifelong health and impacts on nutrition, health seeking behaviour, self esteem and quality of life.

Maori children are three times more likely to have decayed, missing and filled teeth and improved oral health is a proxy measure of equity of access and effectiveness of mainstream targeting to high needs.

While water fluoridation can significantly reduce tooth decay across all population groups, only about one fifth of children up to 18 years of age in the Lakes DHB district have access to fluoridated water.

Lakes DHB Performance

Lakes DHB did not meet the targets in the area of oral health. This is disappointing as it is an area of health critical to our high need population. Moreover, it is preventable through, among other interventions, early access to community oral health services and oral health education and promotion. It is evident from the data that this is an area of inequality. While the Lakes DHB oral health business case has been nearly completed, this area remains a significant issue. The implementation of the electronic oral health record (Titanium) over the past year for every child has started to show both health benefits and efficiency gains.

[9] Data covers the 2014 calendar year.

Impact	Baseline measure			Targets		
	Output Description		Base	2014/15	Result	Achieved / Not Achieved
Long-Term Conditions are Detected Early and Managed Well	Per cent of the eligible population will have had their cardiovascular risk assessed in the last five years (Health Target & MHP)	Maori	53%	90%	82%	NA
		Non-Maori	73%	90%	90%	A
		Total	66%	90%	87%	NA
	Improve the proportion of patients with good or acceptable glycaemic control (PP20)		20%	Increase in proportion	11%	NA
	Percentage of eligible women (25-69) have a cervical cancer screen every 3 years (Maori Health Plan)[10]	Maori	71%	80%	71.2%	NA
		Non-Maori	84%	80%	81.5%	A
		Total	80%	80%	78.1%	NA
	Percentage of eligible women (50-69) have a breast screen in the last 2 years (Maori Health Plan)[11]	Maori	51%	70%	65%	NA
		Non-Maori	66%	70%	71%	A
		Total	64%	70%	70%	A

Significance of the Measure

Key outcome sought: `New Zealanders living longer, healthier and more independent lives`

Diabetes is a good indicator of the responsiveness of a health service to people in most need, as it is a major and increasing cause of disability and premature death. Long term conditions comprise the major health burden for New Zealand now and into the foreseeable future. Levels of deprivation are a significant predictor for high needs however Maori and Pacific peoples are disproportionately affected.

Cardiovascular Diabetes Risk Assessment is targeted as a key early detection measure for long-term conditions within primary care; that will assist transfer clients into a care management approach so that self-management and regular checks prevent avoidable hospital admissions, promote improved health outcomes through regular advice and create timely access to integrated primary and secondary service options as and when required.

National Screening Unit/Ministry of Health programmes for breast and cervical screening are intended to capture all women and those identified as high priority, to reduce incidence and mortality through routine screens at regular intervals (at minimum within a three to five year period).

Disparity in results between Maori and Non-Maori have led to a priority approach for access to screening and reduce the inequality of health outcome for Maori, Pacific and other Non-European ethnic groups. Lakes DHB will continue to focus on achieving equitable outcomes along these measures.

Lakes DHB Performance

Primary care enrolment with PHO for primary medical care is maximised, currently 35% of the enrolled population for Lakes is Maori, slightly below the percentage of Maori for total population of the region as a whole.

Cardio vascular disease (CVD) risk assessment has improved but plateaued in the last two quarters with the PHO/GP practice performance reaching only 87% which sits just below the national average of 88%. The result is marginally below the national target of 90% and the PHO performance target set within the Integrated Performance and Incentive Framework (IPIF) programme. Maintenance of current systematic activities within the Long Term Conditions (LTC) programmes in place in both the northern and southern Lakes areas are expected to eventually meet the national target, this is also expected as the number of

[10] Data coverage is the three years to 31 June 2015

[11] In the 2014/15 Annual Plan data for breast screening, was given as covering a three year period. This was incorrect. The data properly covers a two year period.

people who remain unscreened are known and out- reach service approaches seek to contact people at work and other venues outside the GP practice.

Diabetes is a condition of focus within LTC programmes with annual follow-up equalling the national target of 90% and exceeding the national average of 77%. PHO LTC programmes include `Diabetes Care Improvement Packages`, this approach has a strong involvement of multi-disciplinary team members and allied health services, for managed care from within the clients medical home (GP) practice, for support to treatment services and self- management.

The Lakes Diabetes Team (LDT) provides an integrated vehicle for the range of services including consumers active with diabetes to achieve a co-ordinated LTC approach. This is matched to national guidelines, MoH work planning and local implementation, which includes clinical leadership, shared resources, CME availability and a network of staff contacts.

Cervical screening performance at the Lakes DHB level is marginally below the national target of 80% at 78.1%. The performance of the PHO `support to screening` services have maintained consistent improvement to meet PHO targets, including improvement in coverage for priority woman that has reduced the disparity between Non-Maori and Maori. However the overall trend for reduction of disparity although improved indicates a plateauing of results which will need a planned approach to avoid any loss of performance for improved access by priority women.

Breast screening coverage for women aged 50-69 over two years reached 70% which equals the national target of 70% but still reflects the need to improve access to screening for Maori women.

Lakes DHB s working in partnership with contracted primary care PHO services and selected kaupapa Maori providers to deliver an Integrated Care approach for Long Term Conditions; LTC programmes have built service capacity with clinical staff and implemented clinical tools (Risk Assessment, Care Planning and Care Co-ordination); engaged multi-disciplinary team (MDT) skills and experience and developed additional services such as nutrition and exercise programmes which support people with self-management, resulting in a co-ordinated care approach for people managing their long term conditions.

Impact	Baseline measure			Targets		
	Output Description		Base	2014/15	Result	Achieved / Not Achieved
Fewer People are Admitted to Hospital for Avoidable Conditions	Percentage of Rest Home residents receiving vitamin D supplement from their GP		76%	80%	82%	A
	Percentage of all Emergency Department presentations who are triaged at levels 4&5		57%	55%	53.7%	A
	Percentage of eligible population who have had their B4 school checks completed	High Needs	84%	90%	97%	A
		Total	80%	90%	98%	A
	Incidence rates per 100,000 for rheumatic fever		7.8	4.7	5.2	PA
	Hospitalisation rates per 100,000 for acute rheumatic fever		6.8	4.7	5.2	PA
	Increased coverage numbers of Year 9 students receiving HEEADSSS assessment in decile 1-3 schools	Maori	NA	400	-	-
		Non-Maori	NA	400	-	-
		Total	180[12]	800	480	NA

Significance of the Measure

The Well Child Tamariki Ora (WCTO) and B4 School check service is a screening, surveillance, education and support service offered to all New Zealand children and their family/whānau from birth to five years. It assists families/whānau to improve and protect their children's health.

Vitamin D supplements for vulnerable older people living in age related residential care facilities is a key intervention. Research has confirmed the majority of older adults have insufficient levels of Vitamin D and are at risk of increased falls and injury from falls. Adequate levels of Vitamin D improve muscle strength and balance as well as bone density and cognitive function. The ACC injury prevention focus is to minimise the risk of injury, especially fracture of neck of femur as a result of a fall, by encouraging general practice and residential care providers to use Vitamin D supplements.

Lakes DHB Performance

Lakes DHB has three WCTO providers, Tuwharetoa Health Charitable Trust (Turangi/Taupo), Plunket and Tipu Ora (Rotorua). The providers have a set number of new babies allocated to them annually in relation to the number of births in the population. All babies are enrolled at birth with the services then looking after them for their core checks through their pre school years. If families shift, the babies are transitioned between providers and DHBs. In the coming year we will be focussing on ensuring all babies are enrolled with a WCTO provider and 100% of babies receive their core checks in the first 12 months.

The Lakes DHB Public Health Nursing and Screening Service coordinate the B4 School programme and work with Tipu Ora, Plunket Rotorua and the Midland Health Network to provide the service to Lakes DHB four year olds. Lakes DHB achieved well above the 90% B4 School target for 2014/15 year. This is a significant achievement in a high deprivation population due to the difficulty in finding children who are not engaged with early childhood education, are transient and are not engaged with other child health services. The target was achieved through a mixture of home visiting and community clinics.

The national target of 75% relating to rest home residents receiving vitamin D supplement continues to be met by residential care providers with the quarter 4 results being 90% with the annual average for 2014/15 reaching 82%. Efforts continue to expand implementation to include older populations both within care and in the community.

[12] Data for terms 3 and 4 2012 and terms 1 and 2 2013. Data not available by ethnicity.

Impact	Baseline measure		Targets		
	Output Description	Base	2014/15	Result	Achieved / Not Achieved
More People Maintain their Functional Indepen-dence	Percentage of older people receiving long-term home support who have had a comprehensive clinical assessment and a completed care plan in the last 12 months	95%	100%	100%	A
	Acute re-admission rate	6.9%	6.6%	6.8%	NA
	Inpatient average length of stay (elective)	3.06	3.06	3.44	NA
	Percentage of patients who require radiation or chemotherapy are treated with 4 weeks (Health Target)	100%	100%	100%	A
	Faster Cancer Treatment –proportion of patients with a confirmed diagnosis of cancer who receive their first cancer treatment within 31 days of diagnosis[13]	New Measure	100%	92%	NA

Significance of the Measure

With knowledge and support vulnerable groups of people can build their resilience and become less dependent on funded services.

The increase in the proportion of the population in older age categories over the next 10 to 15 years enhances the need to support people to age positively and remain mobile, active, socially engaged with their community and living at home for longer in an aim to minimise the need for high cost treatment or institutional care. The incidence of chronic medical conditions and age related conditions such as dementia will also increase the demand for community and residential support services.

The national, regional and local emphasis is on knowing the people who need support, using standardised comprehensive assessment of the need processes, collaboration and sharing information with other health professionals and service providers, providing seamless services that are outcome focussed and flexible and responsive to the person's (and carer's) family/whanau.

Lakes DHB Performance

Responsive home and community support services focus on identified need and providing information, education and support that will meet a need which, in Lakes, includes access to community based allied health teams, as well as a range of home-based support services and respite and day programmes.

Regionally, work is underway to change the model of home based support services to focus less on completing tasks and more on building resilience so older people can care for themselves and be independent longer. This work will continue into the 2015 / 16 year.

The number of older people being referred to physiotherapy and occupational therapists as part of attending community rehabilitation programmes continues to rise with the expected outcomes of improved mobility, strength and balance and increased access to aids and equipment to support living at home for longer. These teams utilise information from standardised comprehensive clinical geriatric assessment tool - interRAI and are linked with the home-based support providers staff to ensure continuity to their intervention.

Lakes DHB contracts with two services to specifically develop non facility based meaningful activity programmes for people who have dementia and who would not attend a normal day activity programme. Both services have increased capacity and activities over the last 12 months and report that participants and their carers find the experiences positive and engaging. Carers of people who have dementia have

[13] Data covers the period January-June 2015

the opportunity of participating in internationally recognised training programme – Living Well with Dementia facilitated through Mental Health Services for Older People and Alzhemiers NZ local teams.

Lakes DHB through Needs Assessment Service Co-ordination (NASC) services has used the interRAI assessment tools for the past seven to eight years for all older people requiring community support. In the last 12 months, the employment of additional assessors has resulted in reduction in waiting times for assessments or reassessments. Quarterly reviews of the number of assessments that have been completed using interRAI assessment tools indicates that 100% of older people are receiving services based on an interRAI assessment. InterRAI assessments are also used for all people being discharged from hospital and needing short term support in the recovery period.

In addition, interRAI clinical assessment tool for long term care has been nationally implemented into Age Related Residential care and in Lakes, all residential care providers for older people have trained RNs to be able to undertake a standardised assessment and follow up reassessments that is electronically stored nationally. The assessments are used to determine residents care plans.

InterRAI data is now available to influence areas where service development is required to reduce health and care risks for older people.

Access to radiotherapy and chemotherapy cancer treatment through both Waikato DHB and Kathryn Kilgour Centre, Tauranga continues to meet the national requirement of 100% of patients receiving treatment within four weeks of diagnosis and agreed treatment plan.

The national health target to promote faster access to cancer treatment from the date of diagnosis changed in October 2014 to cover all forms of treatment, not just those requiring chemotherapy or radiotherapy and all cases and tumour streams. Lakes DHB achieves a nationally very high percentage of people receiving cancer treatment within 31 days of diagnosis, with 92.1% in the last six months of the year. Midland Cancer Network aim was for 80% in the first year.

The new faster cancer treatment health target expects people to receive their first cancer treatment within 62 days of being referred with a high suspicion of cancer and the triaging clinician believes the patient needs to be seen within two weeks. By July 2016, 85% of patients are expected to meet this criteria and currently Lakes DHB is continuing to develop the processes and data collection systems to support this. To date, the percentage of patients fitting into this criteria is lower than expected and may reflect that people are being referred for treatment once diagnosis is confirmed or may be accessing hospital services at the time of diagnosis.

3 Outcome: People receive timely and appropriate specialist care

Impact	Baseline measure			Targets		
	Output Description		Base	2014/15	Result	Achieved / Not Achieved
People Have Appropriate Access to Elective Services	Percentage of patients waiting longer than four months (from Jan 2015) for their first specialist assessment (Elective Service Performance Indicator 2)		0.1%	Nil	Nil	A
	Number of surgical discharges under the elective initiative (Health Target)		3659	3727	4,035	A
	Did-not-attend percentage for outpatient services (Maori Health Plan)	Maori	14.1%	12.7%	20.4%	NA
		Non-Maori	4.4%	4.0%	7.2%	NA
		Total	7.8%	7.0%	11.4%	NA

Significance of the Measure

Access to elective services for the Lakes' population as early as possible aid our communities' overall wellbeing. Our aim is to operate theatre space as efficiently as possible, while reducing idle time where practical. To enable more elective procedures, higher volumes of first and follow up assessment were also required. The commitment of quality staff to deliver these targets was put in place for 2014/15. Where specialist treatment lay outside of the secondary skill set of our DHB, appropriate referrals to tertiary hospitals were made.

The extent to which service users attend outpatient services is an important measure of the degree to which service provision to individual patients is complete.

Lakes DHB Performance

Lakes DHB populations have had access to and been served in excess of the target around elective services. The waiting list continues to reduce in line with the Ministry of Health's expectations and guidelines. No patient has had a wait of more than four months from January 2015. Standard intervention rates have been met in a number of specialist areas with orthopaedics being a standout for 2014/15. Theatre utilisation continued to meet the target enabling a satisfactory workflow and throughput during 2014/15 for Lakes DHB and peer DHB workload.

Lakes has been working to reduce the disparity noted in it's 'did not attend' data. This has included regular monitoring and investigating where the key issues lie in order to better target effort.

Impact	Baseline measure				Targets		
	Output Description			Base	2014/15	Result	Achieved / Not Achieved
Improved Health Status for those with Severe Mental Illness and/or addictions	**Short Term Clients**[14] Percentage of people referred for non-urgent mental health or addiction services are seen within 3 weeks (Policy Priority 8)	Mental Health	0-19 yr olds	66.0%	80%	54.6%	NA
			20-64 yr olds	79.2%	80%	57.4%	NA
			65+ yr olds	89.9%	80%	78.0%	NA
		Addictions	0-19 yr olds	75.5%	80%	58.6%	NA
			20-64 yr olds	73.1%	80%	76.3%	NA
			65+ yr olds	66.7%	80%	81.8%	A
	Long Term Clients 1. The number of adults and older people (20 years plus) with enduring serious mental illness or addictions who have been in treatment* for two years or more since the first contact with any mental health service (* in treatment = at least one provider arm contact every three months for two years or more.) 2. Provide employment status for the adult client group according in line with the table below 3. Describe the methodology used to ensure adult measure long-term clients employment status.	In Paid employ-ment >30 hrs a week	Maori	New measure	Not available	Capacity to collect data not yet in place	
			Pacific	New measure	Not available		
			Total	New measure	Not available		
		In Paid employ-ment 1 - 30 hrs a week	Maori	New measure	Not available		
			Pacific	New measure	Not available		
			Total	New measure	Not available		
		Unem-ployed - less than 1 hour per week	Maori	New measure	Not available		
			Pacific	New measure	Not available		
			Total	New measure	Not available		
	Average length of acute inpatient stays in days (KPI 8)[15]			8.2	12	10.8	A
	Rates of post-discharge community care (KPI 18)			69.5%	90%	79%	NA

Significance of the Measure

This measure is concerned with the capacity of services to see people in a timely manner while planning for effective discharge and follow up as a means to reducing symptom exacerbation or relapse of mental illness.

[14] Data covers the year to March 2015
[15] Data covers year to June 2015

Systems that improve service access and make for a more seamless 'flow' through the service continuum (including primary care) provide service users with better opportunity for earlier intervention and reduced long term impact from illness.

Lakes DHB Performance

Considerable work continued to occur to enable Lakes DHB to meet its targets for mental health and addiction services.

Reporting against the measures has been affected in part by the relatively small numbers of under 20 year olds (relapse prevention plans), limitation of wait time data to 10 months of information for the year, and significant issues with data quality.

Long stay inpatients impact on the average length of stay which, as an indicator, is a broader reflection of the increasing complexity and/or risk that people are presenting with. The high level of support required by these individuals was unable to be catered for within the constraint of existing service delivery.

The Lakes DHB is working on approaches to collecting employment status information noted in the indicator above.

Impact	Baseline measure		Targets		
	Output Description	Base	2014/15	Result	Achieved / Not Achieved
More People With End Stage Conditions are Supported Appropriately	Number of Aged Residential Facilities utilising advanced directives	New measure	Not available	100%	A

Significance of the Measure

Provision of palliative care is a part of most health services with specialist palliative care services being available through hospices and Waikato DHB. Recent national documents and reports outline the current and future demands for palliative care including a resource and capability framework that focuses on the need for further up-skilling of all providers of palliative care, standardising clinical pathways and establishing a regional pool of specialist expertise.

Advanced directives gives health professionals and care providers direction on what treatment of care the resident considers as important at a time when they may not be able to express their views.

All Lakes DHB Age Related Residential care providers are regularly audited to ensure this information is in place.

Work continues to promote the use of Advanced Care Plans which can be stored on the Patient Management information hospital records to give clinicians even more information around a persons wishes and beliefs that can be used to direct medical treatment.

Lakes DHB Performance

A review of both specialist palliative care services provided through hospice over a five year period completed in 2014, highlights a 45% increase in demand for these services with the percentage of people who have non cancer related palliative changing from 23% to 44%.

Both services report that the complexity of client need has increased in recent years as palliative oncology treatments improve, there are more people undergoing palliative radiotherapy and chemotherapy for symptom control (mostly pain management) than ever before with both Waikato DHB oncologists and palliative care medical specialists being involved. The need for care co-ordination between services has increased. Visiting specialist palliative care physician clinics in both Rotorua and Taupo and a 24 / 7 telephone advice link to Waikato continue. The psycho-social needs of people and their families have been identified as an area for future service development. The service change in Taupo with the transfer of palliative care from district nursing to Lake Taupo hospice nursing team in 2012 has seen an increase in the percentage of people dying at home (from 44% to 78% of client group) and a reduction in avoidable hospital admissions. In addition there has been an increase in the length of time between referral and death for both services which has allowed services to be less responding to crisis and more to considering the holistic needs of the person and their carers. A new end of life care model (Last Days of Life programme) has replaced the Liverpool Care Pathway and continues to significantly improved end of life care in age related residential facilities and hospital settings.

The specialist palliative care providers, along with other providers of palliative care are continuing to meet regularly to implement the actions outlined in the Lakes Adult Palliative Care Work Plan and are also linked with the Midland Cancer Network – cancer executive and palliative care team, regional specialist palliative care provider networks and the Lakes Palliative and Cancer services forums. Collaborative work continues to develop a Lakes paediatric palliative care clinical pathway for children and families that will involve Lakes paediatric team taking clinical lead and working closely with the specialist paediatric palliative care team of Starship and the local specialist palliative care teams through hospice.

Impact	Baseline measure			Targets		
	Output Description		Base	2014/15	Result	Achieved / Not Achieved
Support Services	Radiology – Improved wait times for diagnostic services – accepted referrals for CT and MRI receive their scan within 6 weeks	CT	TBC	90%	80.51%	NA
		MRI	TBC	80%	51.18%	NA
	Non-urgent community laboratory tests are completed and communicated to practitioners within the relevant category timeframes	Category 1: Within 24 hours	100%	95%	98%	A
		Category 2: Within 96 hours	100%	100%	100%	A
		Category 3: Within 72 hours	100%	100%	100%	A
	Number of community pharmacy prescriptions items		947,082	Decrease[16]	1,414,781	NA

Significance of the Measure

Access to community referred diagnostics including radiology, is a clinical pathway strategy that is designed to enhance an `Integrated` model of health care, that will also assist management of acute demand on secondary services, avoid inappropriate hospital admissions and ED presentation and support people to receive health services closer to their home in the community.

Primary referred radiology facilitates improved integration between primary and secondary referral for primary care management and first specialist intervention.

The Community Pharmacy Services Agreement (CPSA) is now at stage four in its development towards increased `patient centric` community pharmacy services within the community service model. This new service approach will see pharmacist assisted medication management for improved adherence to treatments and avoidance of multiple medications due to better reconciliation and clinical control. This approach will integrate pharmacy dispensing within the persons medical care team (GP) practice and linked to key health programmes. One of these programmes is management of Long Term Conditions (LTC) where patients are registered into a pharmacy programme for pro-active management in the community.

The key impact gained to date has been a reduction in repeat dispensing although it is acknowledged there has also been growth in initial dispensing to better manage medicines reconciliation.

Lakes DHB Performance

Community Pharmacy Services has consolidated the planned reduction in repeat prescriptions evidenced within a further reduction in the total number of prescriptions by 29%.

Community pharmacies in the Lakes region have adopted the national approach for improved medicine management and have actively registered clients with adherence to medication issues within their Long Term Conditions (LTC) programme for regular clinical management.

Lakes DHB has trialled a Clinical Pharmacy role working within a GP practice and feedback to date has been positive from the medical team for the roles contribution to treatment plans and patient education achieved.

The clinical pharmacy role outcomes include; improved co-ordination of medication regime with other service providers attending the patient; improved self- education for patients adherence and reduction of client poly pharmacy.

[16] The target in the annual plan was "TBC" and this has been changed to "Decrease" based on a decision that Lakes DHB would like to see fewer, not more, prescriptions being provided to it's community as an indicator of improving health status.

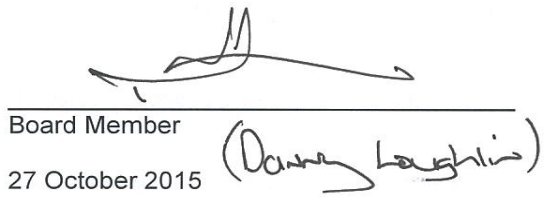
Statement of Responsibility for the Year Ended 30 June 2015

1 The Board and management of Lakes District Health Board accept responsibility for the preparation of the financial statements and the judgments used in them.

2 The Board and management of Lakes District Health Board accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non financial reporting.

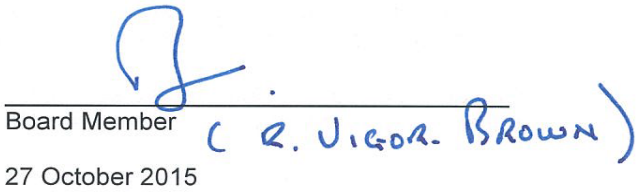
3 The Board and management of Lakes District Health Board accept responsibility for any end of year performance information provided by Lakes District Health Board under section 19A of the Public Finance Act 1989.

4 In the opinion of the Board and management of Lakes District Health Board the financial statements for the year ended 30 June 2015 fairly reflect the financial position and statement of service performance of Lakes District Health Board.



Board Member

27 October 2015



Board Member

27 October 2015

Report of the Audit Office

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Lakes District Health Board group's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Lakes District Health Board and its subsidiaries. The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of the group consisting of Lakes District Health Board and its subsidiaries (collectively referred to as 'the Group'), on her behalf.

We have audited:

- the financial statements of the Group on pages 61 to 109, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 40 to 55.

Unmodified opinion on the financial statements

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2015; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards.

Qualified opinion on the performance information because of limited controls on information from third-party health providers

Some significant performance measures of the Group, (including some of the national health targets, and the corresponding district health board sector averages used as comparators), rely on information from third-party health providers, such as primary health organisations. The Group's control over much of this information is limited, and there are no practical audit procedures to determine the effect of this limited control. For example, the primary care measure that includes advising smokers to quit relies on information from general practitioners that we are unable to independently test.

Our audit opinion on performance information of the Group for the period ended 30 June 2014, which is reported as comparative information, was modified for the same reason.

In our opinion, except for the effect of the matters described above, the performance information of the Group on pages 40 to 55:

- presents fairly, in all material respects, the Group's performance for the year ended 30 June 2015, including:
    - for each class of reportable outputs:
        - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
        - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
    - what has been achieved with the appropriations; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 27 October 2015. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. We were unable to determine whether there are material misstatements in the statement of performance because the scope of our work was limited, as we referred to in our opinion.

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the appropriateness of the reported performance information within the Group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Group's financial position, financial performance and cash flows; and
- present fairly the Group's performance.

The Board's responsibilities arise from the Crown Entities Act 2004, the New Zealand Public Health and Disability Act 2000 and the Public Finance Act 1989.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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

B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2015

	Notes	Lakes DHB Group Budget 2015 $000	Lakes DHB Group Actual 2015 $000	Lakes DHB Group Actual 2014 $000	Lakes DHB Actual 2015 $000	Lakes DHB Actual 2014 $000
Revenue						
Revenue	1	322,286	325,128	315,952	324,470	315,301
Other operating revenue	2	3,889	4,616	4,227	4,833	5,160
Gains	3	0	21	51	21	51
Finance revenue	4	422	801	836	744	786
Total revenue		326,597	330,566	321,066	330,068	321,298
Expenditure						
Personnel costs	5	104,297	103,692	98,766	103,692	98,766
Depreciation and amortisation expense	12, 13	11,587	10,627	10,127	10,627	10,127
Other operating expenses	6	201,744	211,357	200,490	210,781	200,042
Finance costs	4	2,643	2,442	2,452	2,442	2,452
Capital charge		6,456	6,668	6,511	6,668	6,511
Total operating expenditure		326,727	334,786	318,346	334,210	317,898
SURPLUS/(DEFICIT) BEFORE TAX		(130)	(4,220)	2,720	(4,142)	3,400
Share of associate/joint venture surplus/(deficit)	7 , 14	130	175	(40)	0	19
SURPLUS/(DEFICIT) BEFORE TAX		0	(4,045)	2,680	(4,142)	3,419
Income tax expense		0	0	0	0	0
SURPLUS/(DEFICIT) AFTER TAX		**0**	**(4,045)**	**2,680**	**(4,142)**	**3,419**
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Gains on property revaluations	20	0	9,046	0	9,046	0
Cash flow hedges	20	0	(504)	948	(504)	948
Total other comprehensive revenue and expense		**0**	**8,542**	**948**	**8,542**	**948**
TOTAL COMPREHENISVE REVENUE AND EXPENSE		**0**	**4,497**	**3,628**	**4,400**	**4,367**

Explanations of significant variances against budget are detailed in note 35

The accompanying accounting policies and notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2015

	Notes	Lakes DHB Group Budget 2015 $000	Lakes DHB Group Actual 2015 $000	Lakes DHB Group Actual 2014 $000	Lakes DHB Actual 2015 $000	Lakes DHB Actual 2014 $000
BALANCE AT 1 JULY		82,401	86,029	82,702	83,423	79,357
Capital contribution from the Crown		0	0	0	0	0
Repayment of capital to the Crown		(301)	(301)	(301)	(301)	(301)
Total comprehensive revenue and expense		0	4,497	3,628	4,400	4,367
BALANCE AT 30 JUNE	20	**82,100**	**90,225**	**86,029**	**87,522**	**83,423**

Explanations of significant variances against budget are detailed in note 35

The accompanying accounting policies and notes form part of these financial statements

Statement of Financial Position as at 30 June 2015

	Notes	Lakes DHB Group Budget 2015 $000	Lakes DHB Group Actual 2015 $000	Lakes DHB Group Actual 2014 $000	Lakes DHB Actual 2015 $000	Lakes DHB Actual 2014 $000
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	8	1,071	4,197	9,659	3,352	8,191
Receivables	9	7,206	11,271	8,087	11,213	8,015
Inventories	10	2,169	2,131	2,006	2,131	2,006
Other financial assets	15	0	700	0	0	0
TOTAL CURRENT ASSETS		10,446	18,299	19,752	16,696	18,212
NON - CURRENT ASSETS						
Receivables	9	0	623	0	623	0
Property, plant and equipment	12	144,796	152,588	146,331	152,588	146,331
Intangible assets	13	12,051	3,526	2,823	3,526	2,823
Investments in associates	7	1,210	0	0	0	0
Investments in joint ventures	14	0	1,182	1,141	0	0
Other financial assets	15	0	750	0	750	0
TOTAL NON - CURRENT ASSETS		158,057	158,669	150,295	157,487	149,154
TOTAL ASSETS		**168,503**	**176,968**	**170,047**	**174,183**	**167,366**
LIABILITIES						
CURRENT LIABILITIES						
Payables	16	14,750	16,050	15,199	15,968	15,124
Employee entitlements	17	12,491	14,073	13,086	14,073	13,086
Borrowings	18	7,287	4,674	6,687	4,674	6,687
Provisions	19	0	31	65	31	65
Derivative financial instruments	11	86	0	72	0	72
TOTAL CURRENT LIABILITIES		34,614	34,828	35,109	34,746	35,034

The accompanying accounting policies and notes form part of these financial statements

	Notes	Lakes DHB Group Budget 2015 $000	Lakes DHB Group Actual 2015 $000	Lakes DHB Group Actual 2014 $000	Lakes DHB Actual 2015 $000	Lakes DHB Actual 2014 $000
NON CURRENT LIABILITIES						
Employee entitlements	17	2,615	2,488	2,407	2,488	2,407
Borrowings	18	47,440	47,301	45,702	47,301	45,702
Other financial liabilities	15	0	750	0	750	0
Derivative financial instruments	11	1,734	1,376	800	1,376	800
TOTAL NON CURRENT LIABILITIES		51,789	51,915	48,909	51,915	48,909
TOTAL LIABILITIES		**86,403**	**86,743**	**84,018**	**86,661**	**83,943**
NET ASSETS		**82,100**	**90,225**	**86,029**	**87,522**	**83,423**
EQUITY						
Crown equity	20	20,688	20,693	20,994	20,688	20,989
Other reserves	20	45,085	54,576	46,034	54,576	46,034
Retained earnings/(losses)	20	15,189	14,166	18,009	12,258	16,400
Trust funds	20	1,138	790	992	0	0
TOTAL EQUITY		**82,100**	**90,225**	**86,029**	**87,522**	**83,423**

For and behalf of the Board

Board Member

27 October 2015

Board Member

27 October 2015

Explanations of significant variances against budget are detailed in note 35

The accompanying accounting policies and notes form part of these financial statements

Statement of Cash Flows for the year ended 30 June 2015

	Notes	Lakes DHB Group Budget 2015 $000	Lakes DHB Group Actual 2015 $000	Lakes DHB Group Actual 2014 $000	Lakes DHB Actual 2015 $000	Lakes DHB Actual 2014 $000
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash was provided from:						
Receipts from MOH and patients		326,008	326,688	321,367	326,234	320,898
Dividend received		0	0	0	0	900
Interest received		422	801	836	744	786
		326,430	327,489	322,203	326,978	322,584
Cash was applied to:						
Payments to suppliers		205,845	209,890	204,457	209,480	204,008
Payments to employees		101,103	102,624	98,086	102,624	98,086
Interest paid		2,522	2,442	2,452	2,442	2,452
ACC Partnership Programme Payments		120	218	159	218	159
Distribution to owners: capital charge		6,456	6,668	6,511	6,668	6,511
GST (net)		83	16	35	(8)	23
		316,129	321,858	311,700	321,424	311,239
Net cash flows from operating activities	**21**	10,301	5,631	10,503	5,554	11,345
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
Proceeds from sale of property		0	0	0	0	0
		0	0	0	0	0
Cash was applied to:						
Purchase of other financial assets		0	700	0	0	0
Purchase of property, plant and equipment		9,465	7,584	10,692	7,584	10,692
Purchase of Prepaid Licence		0	730	0	730	0
Purchase of intangible assets		5,577	1,364	909	1,364	909
		15,042	10,378	11,601	9,678	11,601
Net cash flows from investing activities		(15,042)	(10,378)	(11,601)	(9,678)	(11,601)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
Proceeds from finance lease liabilities		1,913	0	1,143	0	1,142
Proceeds from CHFA loans		0	0	0	0	0
Proceeds from shareholder capital injection		0	0	0	0	0
Cash was applied to:						
Repayments of shareholder capital		(301)	(301)	(301)	(301)	(301)
Repayments of finance lease liabilities		0	(414)	0	(414)	0
Net cash flows from financing activities		1,612	(715)	842	(715)	841
Net increase/(decrease) in cash, and cash equivalents		**(3,129)**	**(5,462)**	**(256)**	**(4,839)**	**585**
Cash and cash equivalents at beginning of year		4,199	9,659	9,915	8,191	7,606
Cash and cash equivalents at end of year	**8**	**1,070**	**4,197**	**9,659**	**3,352**	**8,191**

During the period Lakes DHB acquired property, plant and equipment totaling $1,011k (2014: $1,966k) by means of finance leases.

Explanations of significant variances against budget are detailed in note 35

The accompanying accounting policies and notes form part of these financial statements

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

Summary of Accounting Policies

Reporting Entity

The Lakes District Health Board (Lakes DHB or the DHB) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. The DHB's ultimate parent is the New Zealand Crown.

The consolidated financial statements of the Lakes DHB Group comprise of Lakes DHB and its subsidiaries (together referred to as 'The Group') and Lakes DHB Group's interest in associates and jointly controlled entities.

The group consists of Lakes DHB, its subsidiary, Spectrum Health Limited (100% owned), in substance subsidiary, The Lakes District Health Board Charitable Trust, and jointly controlled entities HealthShare Limited (20% owned) and Laboratory Services Rotorua (50% owned).

The DHB's primary objective is to deliver health, disability and mental health services to the community within its district. Accordingly, the DHB has designated itself and the group as a public benefit entity (PBE) for accounting purposes applying the International Public Sector Accounting Standards (IPSAS).

Statement of compliance

These financial statements are prepared in accordance with the Public Health and Disability Act 2000 and the Crown Entities Act 2004, which include the requirement to comply with New Zealand GAAP.

These financial statements, including comparatives, have been prepared in accordance with Public Sector PBE Accounting Standards (PBE Standards)-Tier 1. The standards are based on International Public Sector Accounting Standards (IPSAS). Previously published financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards as appropriate for public benefit entities (NZIFRS(PBE)). The impact of moving from NZIFRS(PBE) to PBE Standards was not significant. This is due to a strong degree of convergence between the two sets of standards.

For the purposes of these financial statements, the Lakes District Health Board reporting entity has been designated as a public benefit entity. PBEs are reporting entities whose primary objective is to provide goods and services for community or social benefit and where any equity has been provided with a view to supporting the primary objective rather than for as financial return to equity holders.

Basis of Preparation

The financial statements have been prepared on the basis of historic cost modified by the revaluation of certain assets and liabilities, and prepared on an accrual basis, unless otherwise specified (for example in the statement of cash flows).

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, ($000) unless separately identified.

Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. For example, the present value of cash flows that are predicted to occur a long time into the future, as with the settlement of some staff provision, depends on judgements regarding future cash flows, including inflation assumptions and the risk free discount rate used to calculate present values.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Lease classification
Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the DHB.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

The DHB has exercised its judgement on the appropriate classification of leases, and has determined a number of lease arrangements are finance leases.

Land and buildings revaluations
Note 12 provides information about the estimates and assumptions applied in the measurement of re-valued land and buildings.

Estimating useful lives and residual values of property, plant and equipment
The useful lives and residual values of property, plant and equipment are reviewed at each balance date. Accessing the appropriateness of useful life and residual value estimates requires the DHB to consider a number of factors such as the physical condition of the asset, advances in medical technology, expected period of use of the asset by the DHB, and expected disposal proceeds (if any) from the future sale of the asset.

An incorrect estimate of the useful life or residual life will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. The DHB minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales.

The DHB has not made significant changes to past assumptions concerning useful lives and residual values.

Where other judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

Early adoption of standards and interpretations

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Lakes DHB has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. Lakes DHB will apply these updated standards in preparing its 30 June 2016 financial statements. Lakes DHB expects there will be minimal or no change in applying these upgraded accounting standards.

Reporting period

The reporting period for these financial statements is the financial year ended 30 June 2015.

Changes in accounting policies

This is the first set of financial statements prepared using the new Public Sector PBE Accounting Standards (PBE Standards)-Tier 1 and comparative information for the year ended June 2014 has been restated to comply with the new standard. The significant adjustments arising from transition to the new standard are provided in note 36.

There have been revisions to accounting standards which have been applied from 1 July 2014.

The Minister of Commerce approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the DHB is classified as a Tier 1 reporting entity and is required to apply the International Public Sector Accounting Standards (IPSAS). These standards have been developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is or reporting periods beginning on or after 1 July 2014. The DHB has transitioned to the new standards and has applied them in preparing the 30 June 2015 financial statements. The accounting policies have been changed to accommodate the new Accounting Standards, this has not had a material impact on the revenue, expenditure and balance sheet items compared to prior years.

Significant Accounting Policies

Basis of consolidation

Subsidiaries

Lakes DHB is required under the Crown Entities Act 2004 to prepare consolidated financial statements in relation to the group for each financial year. Subsidiaries are entities controlled by Lakes DHB. Control exists when Lakes DHB has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

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

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

Joint ventures

Joint ventures are those entities over whose activities Lakes DHB Group has joint control, established by contractual agreement. The consolidated financial statements include Lakes DHB's interest in joint ventures using the equity method from the date that joint control commences until the date that joint control ceases.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or Revenue and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of Lakes DHB Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance date sheet date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive revenue and expenses.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZD at foreign exchange rates ruling at the dates the fair value was determined.

Budget figures

The budget figures are those approved by the board in its Annual Plan, included within the Statement of Intent, tabled in parliament. The budget figures have been prepared in accordance with NZ GAAP.

Financial instruments

Non-derivative financial assets

Non-derivative financial assets comprise investments in equity securities, trade and other receivables, cash and cash equivalents, interest bearing loans and borrowings, and trade and other payables.

Non-derivative financial assets are recognised initially at fair value plus, for instruments not at fair value through the surplus or deficit, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial asset is recognised if Lakes DHB Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if Lakes DHB Group's contractual rights to the cash flows from the financial assets expire or if Lakes DHB Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that Lakes DHB Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if Lakes DHB Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits with maturity of no more than three months from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of Lakes DHB Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

Lakes DHB Group's investments in equity securities are classified as available-for-sale financial assets. Subject to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Instruments at fair value through the surplus or deficit

An instrument is classified as at fair value through the surplus or deficit if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through the surplus or deficit if Lakes DHB Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the surplus or deficit when incurred.

Subsequent to initial recognition, financial instruments at fair value through the surplus or deficit are measured at fair value, and changes therein are recognised in the surplus or deficit.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment costs.

Investments in equity securities

Investments in equity securities held by Lakes DHB Group are classified as available-for-sale, except for investments in equity securities of subsidiaries, associates and joint ventures which are measured at cost.

The fair value of equity investments as available-for-sale is their quoted bid price at the balance sheet date.

Property, plant and equipment

Classes of property, plant and equipment

The major classes of property, plant and equipment are as follows:

- Freehold land
- Leasehold
- Freehold buildings
- Plant, equipment and motor vehicles
- Work in progress

Owned assets

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

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

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

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

Property, plant and equipment vested from the Hospital and Health Service

Under section 95(3) of the New Zealand Public Health and Disability Act 2000, the assets of Lakeland Health Limited (a Hospital and Health Service) vested in Lakes DHB on 1 January 2001. Accordingly, assets were transferred to Lakes DHB at their net book values as recorded in the books of the Hospital and Health Service. In effecting this transfer, the health board has recognised the cost (or in the case of some land and buildings the valuation) and accumulated depreciation amounts from the records of the Hospital and Health Service. The vested assets will continue to be depreciated over their remaining useful lives.

Disposal of property, plant and equipment

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

Subsequent costs

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

Depreciation
Depreciation is charged to the statement of comprehensive revenue and expenses using the straight line method. Land is not depreciated.

Depreciation is set at rates that will write off the cost or fair value of the assets, less their estimated residual values, over their useful lives. The estimated useful lives of major classes of assets and resulting rates are as follows:

Class of asset	**Estimated life**	**Depreciation rate**
Buildings		
Structure	25 to 150 years	1% - 4%
Services	15 to 30 years	3% - 7%
Fit-out	5 to 20 years	5% - 20%
Site specific	20 to 50 years	2% - 5%
Plant and equipment	5 to 20 years	5% - 20%
Motor vehicles	5 to 15.5 years	6.5% - 20%
Computer hardware	3 to 7 years	14.3% - 33%

The residual value of assets is reassessed annually.

Work in progress is not depreciated. The total cost of a project is transferred to the appropriate class of asset on its completion and then depreciated.

Intangible Assets

Acquisition
Intangible assets that are acquired by Lakes DHB Group are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure
Subsequent expenditure on intangible assets is capitalised only when it increases the service potential or future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

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

Type of Asset	*Estimated life*	*Amortisation rate*
• Software purchased/in-house	3 - 10 years	10% - 33%
• Rights to access shared services	indefinite	Nil

Investment properties
Investment properties are properties which are held either to earn rental revenue or for capital appreciation or for both. Investment properties are stated at fair value. An external, independent registered valuation company, having an appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the portfolio every twelve months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Any gain or loss arising from a change in fair value is recognised in the statement of comprehensive revenue and expenses. Rental revenue from investment property is accounted for as described in the accounting policy on rental revenue (see below). When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained

earnings. Any loss arising in this manner is recognised immediately in the statement of comprehensive revenue and expenses.

If an investment property becomes owner-occupied, it is reclassified as property and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent reporting. When Lakes DHB Group begins to redevelop an existing investment property for continued use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by property basis when Lakes DHB Group holds it to earn rentals or capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in the accounting policy on operating lease payments and finance lease payments (see below).

Debtors and other receivables

Debtors and other receivables are initially recognised at fair value and subsequently stated at amortised cost less impairment losses. Bad debts are written off during the period in which they are identified.

A receivable is impaired when there is objective evidence that the DHB will not be able to collect amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the debtor is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are classified as current (that is, not past due).

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost, adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of good and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the weighted average cost method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the statement of comprehensive revenue and expenses in the period of the write-down.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances, call deposits, and deposits with a maturity of no more than three months from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of Lakes DHB Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment

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

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

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

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

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

The recoverable amount of Lakes DHB group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual trade receivables that are considered significant are subject to this approach. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

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

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is calculated differently depending on whether an asset generates cash or not. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

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

An impairment loss on an equity instrument investment classified as available-for-sale or on items of property, plant and equipment carried at fair value is reversed through the relevant reserve. All other impairment losses are reversed through the statement of comprehensive revenue and expenses. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest-bearing loans and borrowings
Interest-bearing borrowings are classified as other non-derivative financial assets.

All borrowing costs are recognised as an expense in the period in which they are incurred. Borrowings are classified as current liabilities unless Lakes DHB and Group have an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of comprehensive revenue and expenses as incurred.

Defined benefit schemes plans

Lakes DHB belongs to the defined benefit plan contributors scheme (the scheme) which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Long service leave, sabbatical leave, retirement gratuities, and medical education leave

Lakes DHB Group's net obligation in respect of long service leave, sabbatical leave, retirement gratuities and medical education leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the market rate on relevant New Zealand government bonds at the balance date.

Annual leave and sick leave

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

The liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

Presentation of employee entitlements

Sick leave, medical education leave, annual leave, and vested long service leave and sabbatical leave are classified as a current liability. Non-vested long service leave, sabbatical leave, and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Provisions

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

Restructuring

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

Onerous contracts

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

ACC Partnership Programme

Lakes DHB belongs to the ACC Partnership Programme whereby Lakes DHB accepts the management and financial responsibility of work related illnesses and accidents of employees. Under the programme Lakes DHB is liable for all its claims costs for a period of four years up to a specified maximum. At the end of the four year period, Lakes DHB pays a premium to ACC for the value of residual claims, and from that point the liability for on-going claims passes to ACC.

The liability for the ACC Partnership Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to the reporting date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Crown equity;
- accumulated surpluses;
- revaluation reserves; and
- trust funds.

Revaluation reserves
These reserves are related to the revaluation of land and buildings to fair value.

Cash flow hedge reserves
These reserves are related to the revaluation of derivatives.

Trust funds
This reserve records the unspent amount of donations and bequests provided to the DHB.

Creditors and other payables

Creditors and other payables are generally settled within 30 days so are recorded at their face value.

Derivative financial instruments and hedge accounting

Lakes DHB Group uses foreign exchange and interest rate swaps contracts to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investing activities.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive revenue and expenses. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that Lakes DHB Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current credit worthiness of the swap counterparts. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Lakes DHB Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

Lakes DHB Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Lakes DHB Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedge accounting derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Fair value hedge
The gain or loss from re-measuring the hedging instrument at fair value, along with the changes in fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or deficit. Fair value hedge accounting is only applied for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortised to the surplus or deficit over the period to maturity.

Cash flow hedge
The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expenses, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expenses are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expenses will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised in other comprehensive revenue and expenses will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expenses from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expenses from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

Income tax
Lakes DHB is a crown entity under the New Zealand Public Health and Disability Act 2000 and is exempt from income tax under section CB3 of the Income Tax Act 1994.

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

Revenue

Crown funding
The majority of revenue is provided through an appropriation in association with a Crown Funding Agreement. Revenue is recognised monthly in accordance with the Crown Funding Agreement payment schedule, which allocates the appropriation equally throughout the year.

ACC contracted revenue
ACC Contract revenue is recognised as revenue when eligible services are provided and any contract conditions have been fulfilled.

Revenue from other DHBs
Inter district patient inflow revenue occurs when a patient treated within the Lakes DHB region is domiciled outside the Lakes district. The MoH credits to Lakes DHB with a monthly amount based on estimated patient treatment for non Lakes district residents within Lakes DHB. An annual wash up occurs at year end to reflect the actual non Lakes district patients treated at Lakes DHB.

Goods sold and services rendered
Revenue from goods sold is recognised when Lakes DHB Group has transferred to the buyer the significant risks and rewards of ownership of the goods and Lakes DHB Group does not retain either continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

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

Rental revenue
Rental revenue from investment property is recognised in the statement of comprehensive revenue and expenses on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue over the lease term.

Dividend revenue
Dividend income is recognised in the statement of comprehensive revenue and expenses when the shareholder's right to receive payment is established.

Interest revenue
Interest revenue is accrued using the effective interest rate method. The effective interest rate method exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine revenue each period.

Capital charge
The capital charge is recognised as an expense in the financial year to which the charge relates.

Trust and bequest funds
Donations and bequests to Lakes DHB are recognised as revenue when control over assets is obtained. A charitable trust fund has been established and Lakes DHB administers its funds. Donations and bequests received are treated as revenue on receipt in the statement of comprehensive revenue and expenses. Those with restrictive conditions are subsequently appropriated to trust funds forming part of equity.

Leases
Operating lease payments
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease revenue.

Operating lease payments are recognised as an expense in the statement of comprehensive revenue and expenses on a straight-line basis over the lease term.

Finance lease payments
Leases where Lakes DHB Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in the statement of comprehensive revenue and expenses as finance costs.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

The interest expense component of finance lease payments is recognised in the statement of comprehensive revenue and expenses the effective interest rate method.

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

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

A discontinued operation is a component of Lakes DHB Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Business combinations involving entities under common control
A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Lakes DHB Group applies the book value measurement method to all common control transactions.

Statement of cash flows
Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the health board invests as part of its day-to-day cash management.

Operating activities include cash received from all revenue sources of the health board and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. *Financing activities* comprise the change in equity and debt capital structure of the health board.

Cost of service (Statement of Service Performance)
The cost of service statements, as reported in the statement of service performance, report the net cost of services for the outputs of Lakes DHB and are represented by the cost of providing the output less all the revenue that can be allocated to these activities.

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

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

Criteria for direct and indirect costs
"Direct costs" are those costs directly attributable to an output class.

"Indirect costs" are those costs which cannot be identified in an economically feasible manner with a specific output class.

Cost drivers for allocation of indirect costs
The cost of internal services not directly charged to outputs is allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements, the Board has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1 Revenue

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
MOH contracted revenue	300,772	293,477	300,772	293,477
Other Government revenue	2,627	3,488	2,627	3,488
Inter-DHB revenue	18,648	15,862	18,648	15,862
ACC revenue	3,081	3,125	2,423	2,474
Total revenue	**325,128**	**315,952**	**324,470**	**315,301**

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

2 Other Operating Revenue

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Sale of goods	528	452	528	452
Rendering of services	3,560	3,222	3,560	3,222
Dividend revenue	0	0	0	900
Donations and bequests received	320	179	320	171
Other	208	374	425	415
Total other operating revenue	**4,616**	**4,227**	**4,833**	**5,160**

3 Gains

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Non-financial instruments				
Property, plant, and equipment gains on disposal	21	51	21	51
Total gains	**21**	**51**	**21**	**51**

4 Finance Income and Finance Costs

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Finance revenue				
Interest revenue:				
Term and call deposits	801	836	744	786
Total finance revenue	**801**	**836**	**744**	**786**
Finance costs				
Interest expense:				
Interest on finance leases	86	86	86	86
Interest on borrowings	2,356	2,366	2,356	2,366
Total finance costs	**2,442**	**2,452**	**2,442**	**2,452**

5 Personnel Costs

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Salaries and wages	100,736	96,158	100,736	96,158
Defined contribution plan employer contributions	1,888	1,928	1,888	1,928
Increase/(decrease) in employee entitlements/liabilities	1,068	680	1,068	680
Total personnel costs	**103,692**	**98,766**	**103,692**	**98,766**

6 Other Operating Expenses

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Fees to auditor:				
fees to Audit New Zealand for audit of financial statement	122	117	114	110
fees to Audit New Zealand for other services	0	0	0	0
ACC Partnership Programme (note 19)	184	189	184	189
Board of director fees (note 25)	273	248	273	248
Inventory consumption	(20)	0	(20)	0
Impairment of receivables (note 9)	9	13	9	13
Loss on disposal of property, plant, and equipment	60	78	60	78
Minimum lease payments under operating leases	561	634	561	634
(Increase)/decrease in provisions (note 19)	(34)	30	(34)	30
Restructuring expenses	0	0	0	0
Other operating expenses	210,202	199,181	209,634	198,740
Total other expenses	**211,357**	**200,490**	**210,781**	**200,042**

7 Investments in Associates

a) General Information

Lakes DHB had a 50% interest in Lakes Ophthalmic Services Ltd and its reporting date was 30 June.

Lakes Ophthalmic Services Ltd ceased trading on 30 June 2013 and was wound up in 2014. Lakes DHB received its final distribution on 26 June 2014.

	Lakes DHB	
	Actual 2015 $000	Actual 2014 $000
Investment in Lakes Ophthalmic Services Ltd	0	0

The investment in the associate company was carried at cost in Lakes DHB's (parent entity) statement of financial position.

Lakes Ophthalmic Services Ltd was an unlisted company and, accordingly, there are no published price quotations to determine the fair value of this investment.

b) Summarised financial information of associate company

	Lakes DHB Group Actual 2015 $000	Actual 2014 $000
Assets	0	0
Liabilities	0	0
Revenues	0	0
Surplus/(deficit)	0	0
Group's interest	0%	0%

c) Share of profit of associate company

	Lakes DHB Group Actual 2015 $000	Actual 2014 $000
Share of profit/(loss) before tax	0	0
Less: tax expense	0	0
Prior period adjustment	0	0
Share of profit/(loss) after tax	**0**	**0**

d) Investment in associate company

	Lakes DHB Group Actual 2015 $000	Actual 2014 $000
Movements in the carrying amount of investments in associates		
Balance as at 1 July	0	60
New investments during the year	0	0
Disposal of investments during the year	0	-1
Share of total recognised revenues and expenses	0	(39)
Share of dividend	0	-20
Balance at 30 June	**0**	**0**

e) Associates contingencies

Details of any contingent liabilities arising from Lakes DHB's involvement in the associate are disclosed separately in note 23.

8 Cash and Cash Equivalents

	Lakes DHB Group Actual 2015 $000	Actual 2014 $000	Lakes DHB Actual 2015 $000	Actual 2014 $000
Cash at bank and in hand	848	577	3	-14
Term deposits with maturities less than three months	0	800	0	0
Loan to HBL	3,349	8,282	3,349	8,205
Cash and cash equivalents in the statement of cash flows	**4,197**	**9,659**	**3,352**	**8,191**

The carrying value of short-term deposits with maturity dates less than three months approximates their fair value.

The Lakes District Health Board Trust's total value of cash and cash equivalents that can only be used for specified purpose as outlined in the trust deed is $789,098 (2014: $990,996).

9 Receivables

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Current				
Receivables (gross)	11,341	8,148	11,283	8,076
Less provision for impairment	(70)	(61)	(70)	(61)
Total Current	11,271	8,087	11,213	8,015
Non-Current				
Receivables (gross)	623	0	623	0
Total Non Current	623	0	623	0
Total receivables	**11,894**	**8,087**	**11,836**	**8,015**
Total receivables comprises:				
Receivables from the sale of goods and services (exchange transactions)	11,894	8,087	11,836	8,015
Receivables from grants (non-exchange transactions)	0	0	0	0

Impairment

As of 30 June 2015 and 2014, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	Actual 2015 Gross $000	Actual 2014 Gross $000	Actual 2015 Impairment $000	Actual 2014 Impairment $000
Lakes DHB				
Not past due	11,078	7,553	0	0
Past due 1 - 60 days	474	155	(2)	0
Past due 61 - 90 days	183	94	0	(35)
Past due > 90 days	171	274	(68)	(26)
Total	**11,906**	**8,076**	**(70)**	(61)
Lakes DHB Group				
Not past due	11,093	7,625	0	0
Past due 1 - 60 days	497	155	(2)	0
Past due 61 - 90 days	199	94	0	(35)
Past due > 90 days	175	274	(68)	(26)
Total	**11,964**	**8,148**	**(70)**	(61)

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on expected losses for Lakes DHB's pool of debtors.

Expected losses have been determined based on an analysis of Lakes DHB's losses in previous periods, and review of specific debtors as detailed below:

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Individual impairment	70	61	70	61
Collective impairment	0	0	0	0
Total provision for impairment	**70**	**61**	**70**	**61**

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Past due 1 - 60 days	2	0	2	0
Past due 61 - 90 days	0	35	0	35
Past due > 90 days	68	26	68	26
Total individual impairment	**70**	**61**	**70**	**61**

Movements in the provision for impairment of receivables are as follows:

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
At 1 July	61	60	61	60
Additional provisions made during the year	32	50	32	50
Provisions reversed during the year	(14)	(36)	(14)	(36)
Receivables written off during period	(9)	(13)	(9)	(13)
At 30 June	**70**	**61**	**70**	**61**

10 Inventories

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Pharmaceuticals	381	315	381	315
Surgical and medical supplies	894	853	894	853
Other supplies	856	838	856	838
Total inventories	**2,131**	**2,006**	**2,131**	**2,006**

The carrying amount of inventories pledged as security for liabilities is $Nil (2014: $Nil). No inventories are subject to retention of title clauses.

The write down of inventories held for distribution because of a loss in service potential amounted to $Nil (2014: Nil). There have been no reversals of write downs (2014: Nil).

11 Derivative Financial Instruments

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Current liability portion				
Interest rate swaps - cash flow hedges	0	72	0	72
Total current liability portion	0	72	0	72
Non - current liability portion				
Interest rate swaps - cash flow hedges	1,376	800	1,376	800
Total non - current liability portion	1,376	800	1,376	800
Total derivative financial instrument liabilities	**1,376**	**872**	**1,376**	**872**

Fair Value

Interest rate swaps
The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the

valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Interest rate swaps
The notional principal amounts of the outstanding interest rate swap contracts for Lakes DHB Group were $18 million (2014: $24 million).

At 30 June 2015, the fixed interest rate of cash flow hedge interest rate swaps varied from 5.45% to 5.65% (2014: 5.23% to 5.66%).

Gains and losses recognised in the hedging reserve in equity (note 20) on interest rate swap contracts as at 30 June 2015 will be released to the surplus or deficit as interest is paid on the underlying debt.

12 Property, Plant and Equipment (PPE)

Movements for each class of property, plant and equipment (including work in progress) are as follows:

Lakes DHB and Group	Freehold land (at valuation)	Freehold buildings (at valuation/ cost)	Medical Plant and equipment	Non-Medical Plant and equipment	Computer Equipment	Motor Vehicles	Leased assets	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Cost								
Balance at 1 July 2013	5,280	127,183	27,342	3,431	8,033	2,695	4,090	178,054
Additions	0	9,435	2,273	312	616	420	1,517	14,573
Disposals	0	(90)	(2,247)	(236)	(491)	(102)	(410)	(3,576)
PPE Class Transfers	0	0	(181)	0	0	0	181	0
Work in Progress	0	(4,941)	(122)	2	1,314	(393)	42	(4,098)
Revaluations	0	0	0	0	0	0	0	0
Balance at 30 June 2014	**5,280**	**131,587**	**27,065**	**3,509**	**9,472**	**2,620**	**5,420**	**184,953**
Balance at 1 July 2014	5,280	131,587	27,065	3,509	9,472	2,620	5,420	184,953
Additions	0	4,456	1,518	290	800	40	549	7,653
Disposals	0	(43)	(857)	(122)	(461)	(89)	(240)	(1,812)
PPE Class Transfers	0	0	0	0	0	0	0	0
Work in Progress	0	(859)	193	(37)	243	0	(10)	(470)
Revaluations	1,690	(7,628)	0	0	0	0	0	(5,938)
Balance at 30 June 2015	**6,970**	**127,513**	**27,919**	**3,640**	**10,054**	**2,571**	**5,719**	**184,386**

Lakes DHB and Group	Freehold land (at valuation)	Freehold buildings (at valuation/ cost)	Medical Plant and equipment	Non-Medical Plant and equipment	Computer Equipment	Motor Vehicles	Leased assets	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Depreciation and Impairment charges								
Balance at 1 July 2013	0	(4,478)	(17,896)	(1,839)	(5,748)	(1,210)	(1,395)	(32,566)
Depreciation charge for the year	0	(5,108)	(2,486)	(269)	(696)	(163)	(742)	(9,464)
Disposals	0	34	2,225	233	488	93	335	3,408
PPE Class Transfers	0	0	0	0	0	0	0	0
Work in Progress	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0
Balance at 30 June 2014	**0**	**(9,552)**	**(18,157)**	**(1,875)**	**(5,956)**	**(1,280)**	**(1,802)**	**(38,622)**
Depreciation and Impairment charges								
Balance at 1 July 2014	0	(9,552)	(18,157)	(1,875)	(5,956)	(1,280)	(1,802)	(38,622)
Depreciation charge for the year	0	(5,477)	(2,346)	(295)	(769)	(161)	(895)	(9,943)
Disposals	0	10	835	114	461	89	239	1,748
PPE Class Transfers	0	0	0	0	0	0	0	0
Work in Progress	0	0	0	0	0	0	0	0
Revaluations	0	15,019	0	0	0	0	0	15,019
Balance at 30 June 2015	**0**	**(0)**	**(19,668)**	**(2,056)**	**(6,264)**	**(1,352)**	**(2,458)**	**(31,798)**
Carrying amounts								
At 1 July 2013	5,280	122,705	9,446	1,592	2,285	1,485	2,695	145,488
At 30 June 2014	**5,280**	**122,035**	**8,908**	**1,634**	**3,516**	**1,340**	**3,618**	**146,331**
At 1 July 2014	5,280	122,035	8,908	1,634	3,516	1,340	3,618	146,331
At 30 June 2015	**6,970**	**127,513**	**8,251**	**1,584**	**3,790**	**1,219**	**3,261**	**152,588**

Valuation

Current Crown accounting policies require all crown entities to revalue land and buildings in accordance with PBE IPSAS 17, Property, Plant and Equipment. Current valuation standards and guidance notes have been developed in association with the treasury for the valuation of hospitals and tertiary institutions.

The most recent valuation of land and buildings was performed by an independent registered valuer, Peter Todd BPA MRICS SPINZ of Darroch Limited. The valuation conforms to International Valuation Standards and was based on an optimised depreciation replacement cost methodology. The valuation is effective 30 June 2015.

Land
Land is valued at fair value using market-based evidence on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value for land where there is a designation against the land or the use of the land is restricted. These adjustments are intended to reflect the negative effect on the land where an owner is unable to use the land more intensely.

Restrictions on the DHB's ability to sell the land would normally not impair the value of the land because it has operational use of the land for the foreseeable future and will receive substantially the full benefits of outright ownership.

The most recent valuation of land was performed by a registered independent valuer Peter Todd of Darroch Ltd, and the valuation is effective 30 June 2015.

Buildings
Specialised hospital buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:
- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for optimisation due to over-design or surplus capacity.
- The replacement is derived from recent construction contracts of similar assets and Property Institute of New Zealand information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The most recent valuation of buildings was performed by a registered independent valuer Peter Todd of Darroch Limited, and the valuation is effective 30 June 2015.

Specialised hospital buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Restrictions
Some freehold and leasehold land, including the Rotorua Hospital site, is restricted for the provision of health care only. The value of the restricted land is $6,790,000 (2014: $5,280,000).

The disposal of certain other land may be subject to legislation such as the Reserves Act 1977 and the "offer back" provisions of sections 40 - 42 of the Public Works Act 1981, as modified by clause 3 of the First Schedule to the Health Reforms Act (Transitional Provisions) 1993.

Subject to such legislation, if the board has declared land surplus and wishes to sell it, the Crown may require the board to sell that surplus land to it for use in the redress of Treaty of Waitangi claims. The board may also be required to assist the Crown to meet its obligations over Maori sites of significance.

Leased Assets
Lakes DHB Group leases vehicles under a number of finance lease agreements. At 30 June 2015, the net carrying amount of leased vehicles was $605,495 (2014: $815,476). The leased vehicles secures Lakes DHB Group's lease obligations.

Lakes DHB Group leases three buildings under operating lease agreements. Various leasehold improvements have been made by the DHB during the lease terms. At 30 June 2015, the net carrying amount of building leasehold improvements was $903,226. (2014: $899,324).

Lakes DHB Group leases IT equipment under a finance lease agreement. At 30 June 2015, the net carrying amount of leased IT equipment was $744,976 (2014: $779,371). The leased computer hardware secures Lakes DHB Group's lease obligations.

Lakes DHB Group leases medical and non-medical plant and equipment under a finance lease agreement. At 30 June 2015, the net carrying amount of the medical and non-medical plant and equipment was $813,460 (2014: $918,919). The leased plant and equipment secures Lakes DHB Group's lease obligations.

Impairment
Lakes DHB's buildings have been assessed for indicators of impairment using a range of standard indicators in PBE IPSAS 21. No evidence of impairment has been identified at 30 June 2015 (2014: Nil).

13 Intangible Assets

Movements for each class of intangible assets are as follows:

Lakes DHB and Group	**Acquired Computer Software $000**	**Developed Computer Software $000**	**Total $000**
Cost			
Balance at 1 July 2013	5,895	0	5,895
Additions	909	0	909
Disposals	(4)	0	(4)
Work in progress	0	0	0
Transfer to other classes	131	0	131
Balance at 30 June 2014	**6,931**	**0**	**6,931**
Balance at 1 July 2014	6,931	0	6,931
Additions	1,387	0	1,387
Disposals		0	0
Work in progress		0	0
Transfer to other classes		0	0
Balance at 30 June 2015	**8,318**	**0**	**8,318**
Accumulated amortisation and impairment losses			
Balance at 1 July 2013	(3,451)	0	(3,451)
Amortisation expense	(661)	0	(661)
Impairment losses	0	0	0
Disposals	4	0	4
Transfer from other classes	0	0	0
Balance as at 30 June 2014	**(4,108)**	**0**	**(4,108)**
Balance at 1 July 2014	(4,108)	0	(4,108)
Amortisation expense	(684)	0	(684)
Impairment losses	0	0	0
Disposals	0	0	0
Transfer from other classes	0	0	0
Balance as at 30 June 2015	**(4,792)**	**0**	**(4,792)**
Carrying amounts			
At 1 July 2013	2,444	0	2,444
At 30 June 2014	**2,823**	**0**	**2,823**
At 1 July 2014	2,823	0	2,823
At 30 June 2015	**3,526**	**0**	**3,526**

Lakes DHB Group leases Computer Hardware under a finance lease agreement which includes a component of computer software. At 30 June 2015, the net carrying amount of leased computer software was $6,071 (2014: $10,002). The leased computer hardware (including software) is security for Lakes DHB Group's lease obligations.

There are no restrictions over the title of the non leased portion of Lakes DHB Group's intangible assets, nor are any intangible assets pledged as security for liabilities.

14 Investment in Joint Ventures

i) HealthShare Ltd

Lakes DHB Group's participatory interest in HealthShare Ltd is accounted for as a jointly controlled entity.

The principal activity of HealthShare Ltd is to provide the DHB service planning, purchasing and contracting functions as agreed by the parties. HealthShare Ltd has a balance sheet date of 30 June and was incorporated in New Zealand. HealthShare Ltd is operated on a break even basis.

Lakes DHB has incorporated its share of contributions to HealthShare Ltd in the statement of comprehensive revenue and expense.

a) Carrying amount of investments in joint venture	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
	286	220	0	0

b) Lakes DHB Group's interests in the jointly controlled operation is as follows:

	Lakes DHB Group	
	Actual 2015 $000	Actual 2014 $000
Current assets	3,330	2,636
Non - current assets	11,186	2,906
Current liabilities	6,063	3,692
Non - current liabilities	7,020	750
Revenue	10,996	7,689
Expenses	10,568	7,560
Group's interest	20%	20%

ii) Laboratory Services Rotorua

In June 2008 the parent of Spectrum Health Limited (Lakes District Health Board) received Ministerial approval to proceed with a joint venture laboratory with community laboratory provider Diagnostic Rotorua Limited.

The joint venture commenced 1 September 2008, initially for a period of 5 years with the option of the parties to negotiate a further five year period.

The joint venture is trading under the name Laboratory Services Rotorua (LSR). The joint venture partnership agreement incorporates ownership on a 50-50 basis between Spectrum Health Limited (as a 100% owned subsidiary of Lakes District Health Board) and Diagnostic Rotorua Limited.

Lakes DHB Group's participatory interest in Laboratory Services Rotorua is accounted for as a jointly controlled entity.

The principal activity of Laboratory Services Rotorua is to provide public laboratory services to the population served by Lakes DHB (excluding Taupo and Turangi).

Laboratory Services Rotorua has a balance sheet date of 30 June. It is operated on a break even basis.

Lakes DHB Group has incorporated its share of contributions to Laboratory Services Rotorua in the statement of comprehensive revenue and expense.

a) Carrying amount of investments in joint venture	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
	896	921	0	0

b) Lakes DHB Group's interests in the jointly controlled operation is as follows:

	Lakes DHB Group	
	Actual 2015 $000	Actual 2014 $000
Current assets	1,595	1,488
Non - current assets	1,633	1,770
Current liabilities	1,431	1,416
Non - current liabilities	0	0
Revenue	8,610	8,375
Expenses	8,255	8,182
Group's interest	50%	50%

Joint venture commitments and contingencies
Details of any commitments and contingent liabilities arising from the group's involvement in these joint ventures are disclosed separately in notes 22 and 23.

15 Other Financial Assets and Liabilities

In the 2014/15 Lakes DHB received a pledge from Rotorua Energy Charitable Trust for a donation of $750,000 toward the new proposed children's centre in Rotorua. This will be available for uplift after 1 April 2017.

The financial asset recognises the future benefit Lakes DHB will receive from the pledged funds.

The financial liability recognises Lakes DHB's future obligation to fulfil the pledge by completing the children's centre.

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Finance asset - current				
Term deposits with maturities three to twelve months	700	0	0	0
Finance asset - non-current				
RECT Donation	750	0	750	0
Total finance asset	**1,450**	**0**	**750**	**0**
Finance liability - non-current				
RECT Donation	750	0	750	0
Total finance liability - non-currrent	**750**	**0**	**750**	**0**

16 Payables

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Payables under exchange transactions				
Trade payables and expenses	12,953	12,152	12,880	12,086
Revenue in advance	18	23	18	23
ACC Levy payable	454	459	454	459
Total payables under exchange transactions	13,425	12,634	13,352	12,568
Payables under non-exchange transactions				
GST, PAYE, and FBT payable	2,625	2,565	2,616	2,556
Total payables under non-exchange transactions	2,625	2,565	2,616	2,556
Total payables	**16,050**	**15,199**	**15,968**	**15,124**

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

17 Employee Entitlements

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Current liabilities				
Retirement gratuities	144	139	144	139
Long service leave	151	149	151	149
Sabbatical leave	75	87	75	87
Annual leave	7,988	7,645	7,988	7,645
Sick leave	17	42	17	42
Continuing medical education (CME) leave	624	659	624	659
Continuing medical education (CME) expenses	1,558	1,566	1,558	1,566
Accrued salary and wages	3,516	2,799	3,516	2,799
Total current portion	14,073	13,086	14,073	13,086
Non - current liabilities				
Retirement gratuities	362	352	362	352
Long service leave	1,532	1,501	1,532	1,501
Sabbatical leave	594	554	594	554
Total non - current portion	2,488	2,407	2,488	2,407
Total employee entitlements	**16,561**	**15,493**	**16,561**	**15,493**

18 Borrowings

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Current				
Finance leases	674	687	674	687
Ministry of Health Loans	4,000	6,000	4,000	6,000
Total current portion	4,674	6,687	4,674	6,687
Non current				
Finance leases	1,736	2,137	1,736	2,137
Ministry of Health Loans	45,565	43,565	45,565	43,565
Total non - current portion	47,301	45,702	47,301	45,702
Total borrowings	**51,975**	**52,389**	**51,975**	**52,389**

Security and terms

Crown sector

Lakes DHB has unsecured loans with the Ministry of Health (MoH).

Loan facility limits	Actual 2015 $000	Actual 2014 $000
Ministry of Health	49,565	49,565

The MoH liabilities are secured by a negative pledge.

Without MoH's prior written consent, Lakes DHB cannot perform the following actions:

- Create any security interest over its assets except in certain defined circumstances;
- Lend money to another person (except in the ordinary course of business and then only on commercial terms), or give a guarantee;
- Make a substantial change in the nature or scope of its business as presently conducted;
- Dispose of any of its assets except disposals made in the ordinary course of its ordinary business or disposals for full value; or
- Provide services to or accept services from a person other than for proper value and on reasonable commercial terms.

The fair value of MoH borrowings is $51.26m (2014: $49.43m). Fair value has been determined using contractual cash flows discounted using a rate based on Government bond rates at balance date ranging from 3.21% to 4.75% (2014: 3.17% to 4.73%).

The MoH loans have maturity dates ranging from 2015 - 2023. The loans will be rolled over on the maturity dates unless there is an event of review. There are no circumstances that Lakes DHB or the MoH are aware of that would trigger an event of review.

The MoH took over the loan management and lending functions previously provided by the Crown Health Financing Agency (CHFA) from 1 July 2012. Lakes DHB's current lending documents, terms and conditions, facility agreements and loans transitioned to the MoH at this date.

Working capital facility

Lakes DHB is a party to the DHB Treasury Services Agreement between Health Benefits Limited (HBL) and the participating DHB's. This agreement enables HBL to sweep DHB bank accounts and invest surplus funds on their behalf. At 30 June 2015, HBL ceased to operate and all contracts have been transferred to the new company New Zealand Health Partnerships Limited.

The DHB Treasury Services Agreement provides for individual DHB's to have a credit facility with HBL, which will incur interest at on-call interest rates received by HBL plus an administrative margin. The maximum credit facility that is available to any DHB is the value of one month's Provider Arm funding, less Inter-District In-Flows, plus GST. For Lakes DHB this equates to $13.647 million

Analysis of finance leases

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Total minimum lease payments are payable				
Not later than one year	803	843	803	843
Later than one year and not later than five years	2,103	1,948	2,103	1,948
Later than five years	360	610	360	610
Total minimum lease payments	3,266	3,401	3,266	3,401
Future finance charges	(442)	(577)	(442)	(577)
Present value of minimum lease payments	2,824	2,824	2,824	2,824
Present value of minimum lease payments payable				
Not later than one year	674	687	674	687
Later than one year and not later than five years	1,444	1,635	1,444	1,635
Later than five years	291	502	291	502
Total present value of minimum lease payments	2,409	2,824	2,409	2,824
Represented by:				
Current	674	687	674	687
Non-current	1,735	2,137	1,735	2,137
Total finance leases	**2,409**	**2,824**	**2,409**	**2,824**

Description of material leasing arrangements

Lakes DHB Group has entered into finance leases for various items of plant and equipment. The net carrying amount of the leased items is shown in notes 12 and 13.

Motor Vehicle Finance leases at 30 June 2015 are with Toyota Financial Services. IT Finance Leases at 30 June 2015 are with CBA Asset Finance (NZ) Ltd. Medical Equipment Finance Leases at 30 June 2015 are with Allleasing New Zealand Ltd.

Finance lease liabilities are effectively secured as rights to the leased asset revert to the lessor in the event of default.

The finance leases can be renewed at Lakes DHB Group's option with rents set by reference to current market rates for items of equivalent age and condition. Lakes DHB Group does have the option to purchase the asset at the end of the lease term.

There are no restrictions placed by Lakes DHB Group on any of the finance leasing arrangements.

19 Provisions

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Current provisions are represented by:				
ACC Partnership Programme	31	65	31	65
Total provisions	**31**	**65**	**31**	**65**

Movements for each class of provision are as follows:

Lakes DHB and Group	ACC Partnership Programme Actual 2015 $000	Actual 2014 $000
Balance at 1 July	65	35
Additional provisions made	31	65
Amounts used	(65)	(35)
Unused amounts reversed	0	0
Balance at 30 June	**31**	**65**

ACC Partnership Programme

Risk Margin

Lakes DHB has assessed a risk margin of 10% (2014: 10%) to allow for the inherent uncertainty in the central estimate of the claims liability.

The risk margin for Lakes DHB has been determined taking into consideration:

- that Lakes DHB has been a member of the scheme since 2004/05, therefore has supportable evidence of past claims history, costs and trends; and
- characteristics of the industry.

The risk margin is intended to achieve a 91% probability of the liability being adequate to cover the cost of injuries and illnesses that have occurred up to balance date.

Assumptions

The key assumptions used in determining the outstanding claims liability are:

- the average assumed rate of inflation of 3.0% for 30 June 2015 (2014: 3.0%) to reflect cost of living adjustments.
- claims incurred but not reported (10% of annual claim costs).
- claims incurred but not enough reported (10% of unpaid reported claims).

The value of the liability is not material for Lakes DHB's financial statements. Any changes in assumptions will not have a material impact on the financial statements.

The weighted average term of claims included in the outstanding claims liability is calculated as 48 days.

Objectives for managing risks

Lakes DHB manages its exposure from the programme by promoting a safe and healthy working environment by:

- implementing and monitoring health and safety working policies;
- induction training on health and safety;
- actively managing injuries to ensure employees return to work as soon as practical;
- recording and monitoring work place injuries and near misses to identify risk areas and implementing mitigating actions; and
- identification of work place hazards and implementation of appropriate safety procedures.

Insurance risk

Lakes DHB operates the full self cover plan. Under this plan Lakes DHB assumes full financial and injury management responsibility for:

- work related injuries and illnesses for a selected management period; and
- continuing financial liability for the life of the claim to a pre-selected limit.

Lakes DHB is responsible for managing claims for a period of up to 60 months since the lodgement date. At the end of 60 months, if an injured employee is still receiving entitlements, the financial and management responsibility of the claim will be transferred to ACC for a price calculated on an actuarial valuation basis.

Lakes DHB has chosen a stop loss limit of 190% being the risk for the cover period between 1 April 2007 and 31 March 2015. The stop loss limit means Lakes DHB will only carry the total cost of claims of up to $536,599 (2014: $500,920) for the cover period between 1 April 2014 to 31 March 2015.

Lakes DHB is not exposed to any significant concentrations of insurance risk as work related injuries are generally the result of an isolated event to an individual employee.

Lakes DHB is not required to have a credit rating.

20 Equity

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Crown equity				
Balance at 1 July	20,994	21,295	20,989	21,290
Contributions from the Crown	0	0	0	0
Repayments to the Crown	(301)	(301)	(301)	(301)
Balance at 30 June	20,693	20,994	20,688	20,989
Other reserves				
Asset revaluation reserves				
Balance at 1 July	46,906	46,906	46,906	46,906
Revaluation gains/(losses)				
- Land	1,690	0	1,690	0
- Buildings	7,392	0	7,392	0
Transfer of asset revaluation reserve to retained earnings on disposal of property				
- Land	0	0	0	0
- Buildings	(36)	0	(36)	0
Balance at 30 June	55,952	46,906	55,952	46,906
Represented by:				
Total Land	5,414	3,724	5,414	3,724
Total Buildings	50,538	43,182	50,538	43,182
	55,952	46,906	55,952	46,906
Cash flow hedge reserve				
Balance at 1 July	(872)	(1,820)	(872)	(1,820)
Fair value gains/(losses) in the year	(504)	948	(504)	948
Reclassification to the surplus or deficit	0	0	0	0
Balance at 30 June	(1,376)	(872)	(1,376)	(872)
Total other reserves	54,576	46,034	54,576	46,034

The asset revaluation reserve relates to land and buildings. Where buildings are reclassified as investment property, the cumulative increase in the fair value of the buildings at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

Retained earnings

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Balance at 1 July	18,009	15,344	16,400	12,981
Surplus(deficit) for year	(3,843)	2,665	(4,142)	3,419
Transfer to retained earnings of revaluation reserve on disposal of property	0	0	0	0
Balance at 30 June	14,166	18,009	12,258	16,400

Trust Funds

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Balance at 1 July	992	977	0	0
Transfer to retained earnings in respect of:				
Interest received	38	35	0	0
Donations and funds received	5	8	0	0
Transfer to retained earnings in respect of:				
Funds spent	(245)	(28)	0	0
Balance at 30 June	790	992	0	0
Total equity at 30 June	**90,225**	**86,029**	**87,522**	**83,423**

The Lakes District Health Board Charitable Trust is a separate legal entity. Lakes DHB, however, exercises majority control over the trust, thereby rendering it an 'in substance subsidiary'. The balance date of the Trust is 30 June. The results of the Trust for the 12 months to 30 June 2015 have been consolidated into the results of Lakes DHB.

The Trust assets and funds are made up of assets donated or bequeathed for a specific purpose. The use of these assets must comply with the specific terms of the sources from which the funds were derived. The revenue and expenditure in respect of these funds is included in the statement of comprehensive revenue and expense. An amount equal to the expenditure is transferred from the trust fund component of equity to retained earnings. An amount equal to the revenue is transferred from retained earnings to trust funds.

All trust funds are held in bank accounts that are separate from Lakes DHB Group's normal banking facilities. Refer Note 8 for Trust cash and cash equivalents on hand 30 June 2015.

21 Reconciliation of Net Surplus/(Deficit) After Tax with Net Cash Flow from Operating Activities

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Surplus/(deficit) after tax	(4,045)	2,680	(4,142)	3,419
Add/(less) non-cash items:				
Depreciation and amortisation expense	10,627	10,127	10,627	10,127
Share of associate and joint venturer (surplus)/deficit	(41)	94	0	0
(Gains)/losses in fair value of investment property		0	0	0
	6,541	12,901	6,485	13,546
Add/(less) items classified as investing or financing activity:				
Net loss(gain) on disposal of property, plant and equipment	17	78	17	78
	17	78	17	78
Add/(Less) movements in working capital items:				
(Increase)/Decrease in debtors and other receivables	(3,077)	1,117	(3,091)	1,267
(Increase)/Decrease in inventories	(126)	50	(126)	51
Increase/(Decrease) in creditors and other payables	1,242	(4,353)	1,235	(4,307)
Increase/(Decrease) in employee entitlements	1,068	680	1,068	680
Increase/(Decrease) in provisions	(34)	30	(34)	30
	(927)	(2,476)	(948)	(2,279)
Net cash inflow/(outflow) from operating activities	**5,631**	**10,503**	**5,554**	**11,345**

22 Capital Commitments and Operating Leases

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Capital commitments				
Buildings	135	2330	135	2330
Computer Plant & Equipment	0	1495	0	1495
Medical Plant & Equipment	1,473	510	1,473	510
Non Medical Plant & Equipment	0	113	0	113
Intangible assets	0	2,578	0	2,578
Total capital commitments	**1,608**	**7,026**	**1,608**	**7,026**

There are no capital commitments in relation to Lakes DHB Group's interest in HealthShare Ltd or Laboratory Services Rotorua joint ventures.

Operating leases as lessee

Lakes DHB Group leases buildings, vehicles, and office equipment in the normal course of its business. These non-cancellable leases typically range from 1 to 5 years (for buildings) and 1 to 5 years (for vehicles, and office equipment). The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Not later than one year	338	413	277	350
Later than one year and not later than five years	420	755	313	587
Later than five years	0	0		
Total non-cancellable operating leases	**758**	**1,168**	**590**	**937**

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is $Nil (2014: $Nil).

Leases can be renewed at Lakes DHB Group's option, with rents set by reference to current market rates for items of equivalent age and condition. In the case of leased buildings, lease payments are increased annually to reflect market rentals. None of the leases includes contingent rentals.

There are no restrictions placed on Lakes DHB Group by any of the leasing arrangements.

During the year ended 30 June 2015, $560,630 was recognised as an expense in the statement of comprehensive revenue and expense in respect of operating leases (2014: $633,547).

Operating leases as lessor

Lakes DHB Group licences the use of its Rotorua and Taupo Laboratories to third parties. The substance of these licences take the form of operating leases arrangements. These leases have non-cancellable terms of between four and five years.

The Rotorua Laboratory is licensed to Laboratory Services Rotorua as part of the joint venture arrangement between Spectrum Health Ltd and Diagnostic Rotorua Ltd (note 14). Laboratory Services Rotorua pays a monthly licence fee to Lakes DHB to operate the Rotorua Laboratory situated at Lakes DHB. The licence is due to expire 30 June 2017.

The Taupo Laboratory is licensed to Southern Community Laboratories Ltd. Southern Community Laboratories Ltd pays a monthly licence fee to Lakes DHB to operate the Taupo laboratory situated at Lakes DHB. The licence is due to expire 30 June 2017.

The future minimum lease payments to be collected under non-cancellable leases are as follows:

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Not later than one year	420	428	420	428
Later than one year and not later than five years	416	856	416	856
Later than five years	0	0	0	0
Total non-cancellable operating leases as lessor	**836**	**1,284**	**836**	**1,284**

No contingent rents have been recognised in the statement of comprehensive revenue and expense during this period.

23 Contingencies

Contingent Liabilities

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
Contract Disputes - non employment	0	215	0	215
Legal proceedings - employment	100	50	100	50
Total contingent liabilities	**100**	**265**	**100**	**265**

Contract Disputes - non employment

There were not contract disputes - non employment as at 30 June 2015 (2014: $215,000).

Legal proceedings - employment

Lakes DHB Group has been notified of 1 potential employment claims as at 30 June 2015 (2014: 2). The claimants are seeking $100,000 in damages (2014: $50,000). It remains uncertain as to the likelihood of the outcome of these employment claims.

Other unquantified claims

Lakes DHB is a participating employer in the National Provident DBP Contributors scheme ("the Scheme"), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, Lakes DHB could be responsible for the entire deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, Lakes DHB could be responsible for an increased share of the deficit.

As at 31 March 2015, the Scheme had a past service surplus of $20.943 million (11% of the liabilities). (2014: surplus of $16.187 million (8% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 25.

The actuarial valuation for the scheme as at 31 March 2015 had not been made available at 30 June 2015.

The Actuary to the Scheme has recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

Lakes DHB has been informed by the Office of the Ombudsman that it intends to investigate a complaint of an administrative error by Lakes DHB. No formal claim against Lakes DHB has been noted. A precautionary notification has been made with Lakes DHB insurers.

Joint venture contingent liabilities
There are no contingent liabilities associated with HealthShare Ltd, or Laboratory Services Rotorua, or other activities of the Group (2014: $Nil).

Share of associates' contingent liabilities
Lakes DHB's share of the contingent liabilities of Lakes Ophthalmic Services Ltd, incurred jointly with other investors, is $Nil (2014: $Nil).

Liabilities of associates for which the Group is severally liable
Those contingent liabilities that arise because Lakes DHB is severally liable for all or part of the liabilities of the associate is $Nil (2014: $Nil).

Contingent assets
Lakes DHB Group has no contingent assets (2014: $Nil).

24 Related Party Transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Lakes DHB would have adopted in dealing with the party at arm's length in the same circumstances. Further, transaction with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Transactions with key management personnel
Board members
During the financial year the DHB funded or made payments to entities in which Board members had governance, shareholder or other interests. Board members do not participate in decisions directly related to funding of their related entities.

There are close family members of executive team members employed by Lakes DHB. The terms and conditions of these arrangements are no more favourable than Lakes DHB would have adopted if there were no relationship to executive team members.

Key management personnel compensation

	Actual 2015 $000	Actual 2014 $000
Board Members		
Remuneration	273	248
Full-time equivalent members	1	1
Leadership Team		
Remuneration	2,048	1,994
Full-time equivalent members	9	9
Total key management personnel remuneration	**2,321**	**2,242**
Total full-time equivalent personnel	**10**	**10**

Key management personnel include board members, chief executive, and executive team members.

25 Remuneration

Board remuneration

The following people held office as Board members during the twelve months ending June 2015 and the amounts of remuneration were set by the Minister of Health.

	Board Fees 2015 $000	Board Fees 2014 $000
Deryck Shaw - Chair	46	46
Lyall Thurston - Deputy Chair	28	26
Mary Burdon	24	23
Julie Calnan **	0	10
Ailsa Gathergood	21	21
Danny Loughlin	23	24
Ian McLean	23	23
Merepeka Raukawa-Tait	21	21
Rob Vigor- Brown	23	22
Charles Sturt *	21	10
Tamarapa Lloyd *	21	11
Margaret Bentley *	22	11
Total board remuneration	**273**	**248**

* Commenced term during 13/14
** Completed term during 13/14

No remuneration was paid to the directors of the subsidiary company, Spectrum Health Ltd. No Board members received compensation or other benefits in relation to cessation (2014: Nil).

The following people were non-board committee members during the twelve months ending 30 June 2015.

	Committee Fees 2015 $000	Committee Fees 2014 $000
Hospital Advisory Committee		
Barabra Lovie **	0.0	1.3
Tongawhiti Manuirirangi **	0.0	1.3
Te Rau Morgan	2.5	2.0
Anahera Pedersen **	0.0	0.5
Julie Calnan	2.0	1.0
David Honore	2.0	1.3
Ned Wikaira	2.0	1.3
Mark Arundel	1.5	0.5
Edna Isaacs *	0.3	0.0
Ewan Wilson (Waikato DHB rep) ***	1.3	0.5
Martin Gallager (Waikato DHB Rep) *	0.5	0.0
	12.1	9.7
Community and Public Health Advisory Committee		
Lawrence Croxson	1.0	1.5
Charles Eparaima **	0.0	0.8
Edna Issacs **	0.0	0.8
Sue Westbrook	0.3	1.0
Margaret Robbie	1.8	0.5
Catriona Watson	1.0	0.5
Peri Marks	1.3	0.5
Anahera Pedersen	1.3	0.5
Jacob Te Kurapa (BOP DHB rep) **	0.0	0.5
Ronald Scott (BOP DHB rep) *	1.5	0.0
Tania Hodges (Waikato DHB rep)	1.8	0.5
	9.8	7.1
Disability Support Advisory Committee		
Colin Cockburn	1.8	1.3
Mere Maniapoto	1.0	1.3
Peter O'Flaherty **	0.0	0.8
Margaret Parker **	0.0	0.3
Sue Westbrook	1.5	1.5
Leeann Loughlin	0.8	0.3
Cherie Reinders	1.0	0.5
Jacob Te Kurapa (BOP DHB rep) **	0.0	0.3
Crystal Beavis	1.5	0.0
Ronald Scott (BOP DHB rep) *	1.5	0.0
Te Rau Morgan *	0.3	0.3
	9.3	6.6
Total non - board committee remuneration	**31.1**	**23.4**

* Commenced term during 14/15
**Completed term during 13/14
*** Completed term during 14/15

Further details on board and committee fees can be found in the cabinet office circular CO (12) 6. Fees framework for members of statutory and other bodies appointed by the Crown.

Employee remuneration

Salary range	2015 Number of staff clinical and other staff	2014 Number of staff clinical and other staff
$100,001 - $110.000	27	29
$110,001 - $120,000	24	15
$120.001 - $130.000	12	12
$130,001 - $140,000	10	6
$140,001 - $150,000	7	5
$150.001 - $160,000	5	4
$160,001 - $170,000	8	4
$170,001 - $180,000	4	6
$180,001 - $190,000	4	3
$190,001 - $200,000	4	1
$200,001 - $210,000	3	5
$210,001 - $220,000	4	4
$220,001 - $230,000	0	6
$230,001 - $240,000	4	4
$240,001 - $250,000	8	11
$250,001 - $260,000	10	3
$260,001 - $270,000	4	2
$270,001 - $280,000	7	3
$280,001 - $290,000	1	5
$290,001 - $300,000	1	2
$300,001 - $310,000	3	8
$310,001 - $320,000	3	5
$320,001 - $330,000	3	1
$330,001 - $340,000	2	1
$340,001 - $350,000	2	2
$350,001 - $360,000	2	1
$360,001 - $370,000	1	3
$370,001 - $380,000	1	1
$380,001 - $390,000	3	1
$390,001 - $400,000	1	0
$400,001 - $410,000	0	0
$410,001 - $420,000	0	0
$420,001 - $430,000	0	0
$430,001 - $440,000	0	0

Of the 168 employees shown above, 137 are medical or dental employees.

If the remuneration of part time employees was grossed up to an FTE (full time equivalent) basis, the total number of employees with FTE salaries of $100,000 or more would be 170 compared with the actual total number of 168.

26 Severance Payments

During the year, Lakes DHB made the following severance payments to former employees in respect to employment with the Board.

Number of employees	Amount $
1	5,000
1	11,670
1	31,330

27 Directors' and Officer's Insurance

Insurance premiums were paid in respect of board members' and certain officer's liability insurance. The policies do not specify a premium for each individual.

The policy provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to people or organisations (other than the DHB) in their position as board members or officers.

28 Ministry of Education Early Childhood Education Funding

Lakes DHB runs an Early Childhood Education Centre which it receives funding from the Ministry of Education. As a condition of funding, Lakes DHB is required to disclose the specific funding received from the Ministry of Education in the annual financial statements.

	Actual 2015 $000	Actual 2014 $000
ECE Funding Subsidy	153	624
20 Hrs ECE	0	0
Equity Funding	27	60
ATIS (Annual Top-Up for Isolated Services)	0	0
	180	**684**

Of the $684,000 funding received in 2013/14, $519,000 related to the catch up of payments for previous years.

29 Events After the Balance Date

No significant events have occurred since balance date.

30 Financial Instrument Categories

The carrying amounts of financial assets and liabilities in each of the NZ PBE IPSAS 29 categories are as follows:

		Lakes DHB Group		Lakes DHB	
Note		Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
	FINANCIAL ASSETS				
	Loans and receivables				
8	Cash and cash equivalents	4,197	9,659	3,352	8,191
9	Debtors and other receivables	11,894	8,087	11,836	8,015
15	Other financial asset	1,450	0	750	0
	Total loans and receivables	**17,541**	**17,746**	**15,938**	**16,206**
	Held to maturity	**0**	**0**	**0**	**0**
	Fair value through other comprehensive revenue	**0**	**0**	**0**	**0**
	FINANCIAL LIABILITIES				
	Financial liabilities at amortised costs				
15	Other financial liability	750	0	750	0
16	Creditors and other payables	16,050	15,199	15,968	15,124
	Borrowings:				
8	Bank overdraft	0	0	0	0
18	Finance lease liabilities	2,410	2,824	2,410	2,824
18	MOH Loans	49,565	49,565	49,565	49,565
	Total financial liabilities at amortised costs	**68,775**	**67,588**	**68,693**	**67,513**

31 Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

Lakes DHB and Group

	Quoted market Price $000	Observable inputs $000	Significant non-observable inputs $000	Total $000
2015				
Financial Assets	0	0	0	0
Financial Liabilities				
Derivatives	0	1,376	0	1,376
2014				
Financial Assets	0	0	0	0
Financial Liabilities				
Derivatives	0	872	0	872

There were no transfers between the different levels of the fair value hierarchy.

32 Financial Instrument Risks

Lakes DHB's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk Lakes DHB has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions which are speculative in nature to be entered into.

Market risk

Price risk
Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The DHB has no financial instruments that give rise to price risk.

Fair value interest rate risk
Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates exposes Lakes DHB to fair value interest rate risk. Lakes DHB's treasury policy is to maintain approximately 60% of its borrowings in fixed rate instruments.

Cash flow interest rate risk
Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose Lakes DHB to cash flow interest rate risk.

Lakes DHB's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements.

Lakes DHB's borrowing policy requires a spread of interest rate repricing dates on borrowings to limit the exposure to short term interest rate movements.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Lakes DHB is exposed to foreign currency risk on minor purchases for goods and services which require it to enter into transactions in foreign currencies. Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. As a result of these activities, limited exposure to currency risk arises.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Lakes DHB, causing the DHB to incur a loss.

Due to the timing of its cash inflows and outflows, Lakes DHB invests surplus cash into term deposits with high - quality financial institutions and has a treasury policy that limits the amount of credit exposure to any one financial institution. The DHB only invests funds with registered banks with specified Standard and Poor's credit ratings.

Lakes DHB's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (note 8), and net debtors (note 9). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Concentrations of credit risk from debtors are high due to the reliance on the Ministry of Health for 96% of Lakes DHB's revenue. It is assessed to be a low risk and high - quality entity due to its nature as the government funded purchaser of health and disability support services.

At 30 June there were no significant other concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Lakes DHB Group		Lakes DHB	
	Actual 2015 $000	Actual 2014 $000	Actual 2015 $000	Actual 2014 $000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	4,195	9,657	3,350	8,189
Other financial assets				
AA-	700	0	0	0
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Cash at bank and term deposits	2	2	2	2
Other financial assets	750	0	750	0
Receivables	11,894	8,087	11,836	8,015

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Lakes DHB will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Lakes DHB aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Lakes DHB maintains a target level of investments that must mature in the next 12 months.

Lakes DHB manages its borrowings in accordance with its funding and treasury policies. These policies have been adopted as part of the Lakes DHB Annual Plan.

Lakes DHB has a credit facility with Health Benefits Limited (HBL) which allows the DHB to draw down the value of one month's Provider Arm funding, less Inter-District In-Flows, plus GST. For Lakes DHB this equates a maximum of $13.647 million. There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below summarises Lakes DHB Group's financial liabilities into the relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year $000	1 - 2 years $000	2 - 5 years $000	5 + years $000
2015				
Creditors and other payables (note 16)	16,050	0	0	0
Bank overdraft (note 8)	0	0	0	0
Finance lease liabilities (note 18)	674	726	718	291
Other financial liabilties (note 15)	0	750	0	0
MOH loans (note 18)	4,000	0	23,000	22,565
2014				
Creditors and other payables (note 16)	15,199	0	0	0
Bank overdraft (note 8)	0	0	0	0
Finance lease liabilities (note 18)	687	1168	467	502
MOH loans (note 18)	6,000	4,000	12,000	27,565

Contractual maturity analysis of derivative financial liabilities

The table below analyses Lakes DHB Group's derivative financial instrument liabilities into those that will be settled on a net basis and those that will be settled on a gross basis in relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount $000	Asset carrying amount $000	Contractual Cash flows NZ$ $000	Less then 1 year NZ$ $000	2 -5 years NZ$ $000	5+ years NZ$ $000
2015						
Gross settled derivatives	0	0	0	0	0	0
Net settled derivatives	1,376	0	1,376	0	1,376	
2014						
Gross settled derivatives	0	0	0	0	0	0
Net settled derivatives	872	0	872	392	465	15

Contractual maturity analysis of financial assets

The table below analyses Lakes DHB Group's financial assets into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year $000	1 - 2 years $000	2 - 5 years $000
2015			
Cash and cash equivalents (note 8)	4,197	0	0
Debtors and other receivables (note 9)	11,894	0	0
Other financial assets (note 15)	700	750	0
2014			
Cash and cash equivalents (note 8)	9,659	0	0
Debtors and other receivables (note 9)	8,087	0	0

Sensitivity analysis

Interest rate risk
In managing interest rate risks Lakes DHB Group aims to reduce the impact of short term fluctuations on Lakes DHB Group's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on consolidated earnings.

Cash and cash equivalents include deposits at call totalling $4,197,000 (2014: $8,859,000) which are at floating rates. A movement in interest rate of plus or minus 1.0% has an effect on interest income of $41,970 (2014: $85,590).

MoH Loans include borrowings with a fair value of $51,256,954 (2014: $49,426,439) which are at fixed rates. A movement of an interest rate of plus or minus 1.0% has an effect on interest expense of $512,570 (2014: $494,264).

Derivatives financial liabilities hedge accounted includes interest rate swap fair value hedges with a fair value totalling $1,376,220 (2014: $872,432). A movement in interest rates of plus or minus 1.0% has an impact of $(1,934,525)/($840,417) (2014: $(195,092/($1,588,037) on equity through the cash flow hedge reserve. The sensitivity for interest rates has been calculated using a derivative valuation model using hypothetical forward rates.

33 Capital Management

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

Lakes DHB is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

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

Trust and bequest reserves are set up where Lakes DHB Group has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

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

34 Summary of Revenues and Expenses by Output Class

		Lakes DHB Group Budget 2015 $000	Lakes DHB Group Actual 2015 $000
Output Class Revenue			
	Prevention	17,106	8,431
	Early Detection and Management	112,506	77,193
	Intensive Assessment and Treatment	145,227	206,654
	Rehabilitation and Support	51,646	38,463
	Total Revenue	**326,485**	**330,741**
Output class Expenses			
	Prevention	15,779	2,963
	Early Detection and Management	113,377	81,603
	Intensive Assessment and Treatment	144,919	213,672
	Rehabilitation and Support	52,410	36,548
	Total Expenses	**326,485**	**334,786**
Surplus/(deficit) by Output class			
	Prevention	1,327	5,468
	Early Detection and Management	(871)	(4,410)
	Intensive Assessment and Treatment	308	(7,018)
	Rehabilitation and Support	(764)	1,915
	Net Surplus/(Deficit)	**0**	**(4,045)**

Definitions of the four output classes:
Intensive Assessment and Treatment comprise services that are delivered by hospitals to enable co-location of clinical expertise and specialised equipment. These services are generally complex and provided by health care professionals that work closely together. They include: outpatient, district nursing, day services, diagnostic, therapeutic, and rehabilitative services, inpatient services, emergency department services.

Early Detection and Management comprise services that are delivered by a range of health and allied health professionals in various private, not-for-profit and government service settings. Include general practice, community and Maori health services, pharmacist services, community pharmaceuticals (the schedule) and child and adolescent oral health and dental services.

Prevention include health promotion to ensure that illness is prevented and unequal outcomes are reduced; statutorily mandated health protection services to protect the public from toxic and environmental risk and communicable diseases; and, individual health protections services such as immunisation and screening services.

Rehabilitation and Support comprise services that are delivered following a 'needs assessment' process and coordination input by NASC services for a range of services including palliative care services, home-based support services and residential care services.

35 Explanation of Major Variations from Statement of Intent

Statement of comprehensive revenue and expense
The Lakes DHB Group recorded a deficit of $4 million compared with a breakeven budgeted $0. The major reasons for the variances between actual and budgeted result of $4.1 million was due to:

	Variance $000
- Additional Government sourced revenue including new MoH side contracts of $3.13 million	3,129
- Lower actual costs for Medical personnel due to unfilled vacances of 1.94 million.	1,935
- higher actual costs for nursing employees due to increased volumes of 1.78 million.	(1,775)
- higher actual costs for outsourced medical personnel due to vacancies, sick leave and cover of 5.42 million.	(5,424)
- higher outsourced clinical services expenses due to increased volumes of $2.89 million.	(2,892)
- Lower actual costs for IT System and Telecomunication expenses of 1.01 million due to project delays.	1,013
- lower actual costs for community pharmaceuticals and chemotherapy drugs $2.07 million.	2,070
- higher actual costs of aged residential care due to increased occupancy of $1.95 million.	(1,953)
- numerous other unfavourable variances	(148)
Total variance	(4,045)

Statement of financial position

- Equity - The variance relates to a worse than planned comprehensive income of $4.045 million vs. budget $0, property revaluation not planned of $9.046 million plus an unbudgeted reduction in the value of interest rate swaps.

- Current assets - higher than budgeted cash of $3.126 million held in short term deposit due to delays in capital expenditure and higher than planned accounts receivable due to higher accrued debtors of $4.064 million.

- Non-current assets - higher than budgeted Property plant and equipment of $7.792 million mainly due unplanned impacts of revaluations at 30 June 2015. Lower intangible assets (computer software) than budgeted by $8.525 million due to delays in capital expenditure programmes.

- Current liabilities - Employees entitlements were higher that budget by $1.582 million due to salary and wages accrual and backpay accruals, offset by Borrowings being less than plan by $2.613 million due to less finance leases.

- Non current liabilities - No material variations to plan.

36 Adjustments Arising on Transition to the New PBE Accounting Standards

Reclassification adjustments

There have been no reclassifications on the face of the financial statements in adopting the new PBE accounting standards.

Recognition and measurement adjustments

There have been no recognition and measurement adjustments in the financial statements in adopting the new PBE accounting standards.

Directory

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Solicitors
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