MidCentral District Health Board
Te Pae Hauora o Ruahine o Tararua

E86

Statement of Performance Expectations 2021/22

Presented to the House of Representatives pursuant to section 149(L) of the Crown Entities Act 2004

MidCentral District Health Board | Te Pae Hauora o Ruahine o Tararua

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A. SERVICE PERFORMANCE

Introduction

District Health Boards formally set out how they will deliver on their strategic intentions outlined in their Statement of Intent (SOI). Statements of Intent are prepared in accordance with the provisions of the Crown Entities Act 2004 as amended in 2013 and include an annual Statement of Performance Expectations (SPE).

The SPE identifies the bundles of services that the District Health Board (DHB) plans, promotes, funds, and provides for known as "output classes" (section 149E CE Act). These are:

- Prevention services
- Early detection and management
- Intensive assessment and treatment
- Rehabilitation and support

These broadly reflect the population health continuum of care (see Figure 1 below).

The annual SPE and subsequent annual Statement of Service Performance (including financial performance) identify and report the key measures that are used to monitor the DHB's progress toward achieving the impacts in the more immediate term and the outcomes over a longer period.

This SPE outlines the services (outputs) the DHB plans, funds, provides and promotes within each Output Class for the year, in order to achieve our strategic intentions as identified in our SOI and in the Outcomes Framework shown below (see Figure 2). It details how the DHB proposes to assess its performance for the planning year (2021/22) against those longer term strategic intentions, which are also outlined in Chapter 1 of the Annual Plan. The SPE is organised into the four Output Classes for which the DHB is allocated funds from Vote: Health. The total expected revenue and proposed expenditure for the year is included. The Annual Plan for the 2021/22 (to which this SPE is appended) includes the commitments and activities that the DHB intends undertaking to reflect the Government priorities and the Minister of Health's Letter of Expectations for the planning year. Therefore, this Statement of Performance Expectations should be read in conjunction with the DHB's 2021/22 Annual Plan.

Relationship between Population Health Continuum of Care and Outputs

The relationship between the continuum of health care, from health promotion and disease prevention activities provided to the general population to progressively more intensive and specialised health and disability services provided to individuals, and the corresponding output class is shown in the following diagram.

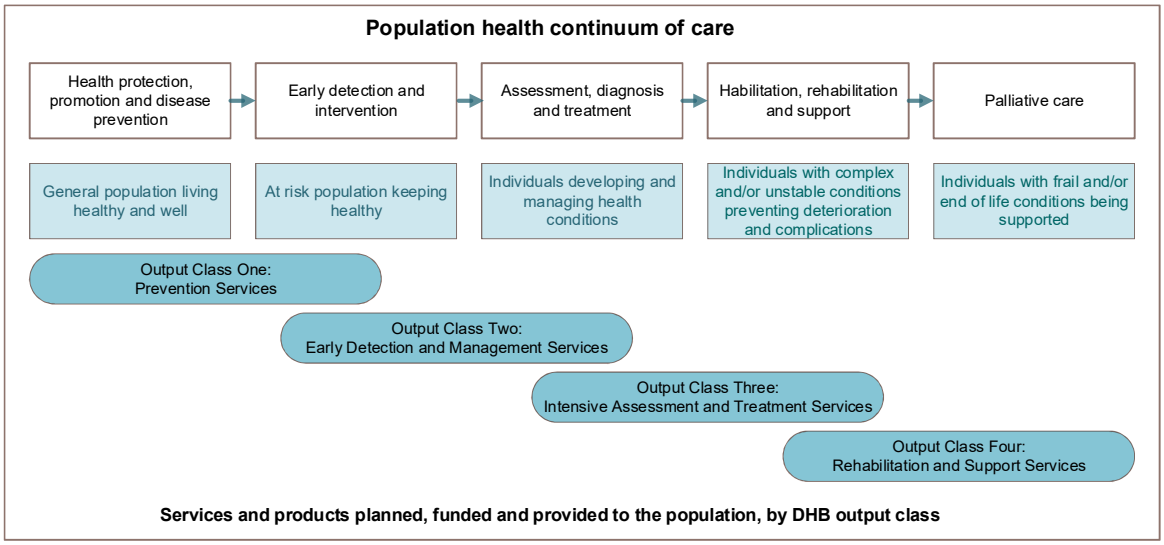

Figure 1: Population Health Continuum of Care

This figure shows that the DHB has obligations to meet the health needs of the population it serves ranging from promoting healthy lifestyles to the general population right through to treating and supporting individuals and their family in end of life care. In doing so, the DHB, as a Crown entity, must respond to the requirements of Parliament and the expectations and priorities of Government for the public health sector.

Assessing Our Performance

Links to outcomes and impacts

The following diagram (Figure 2) outlines our Outcomes Framework, as included in the Statement of Intent and section one of this Annual Plan. It identifies the end results for our communities that we intend (outcomes) and the intermediate outcomes (impacts or consequences) resulting from the outputs or activities we provide or contribute to. That is, what difference we intend to make as a DHB with responsibilities to improve, promote and protect the health of people and communities.

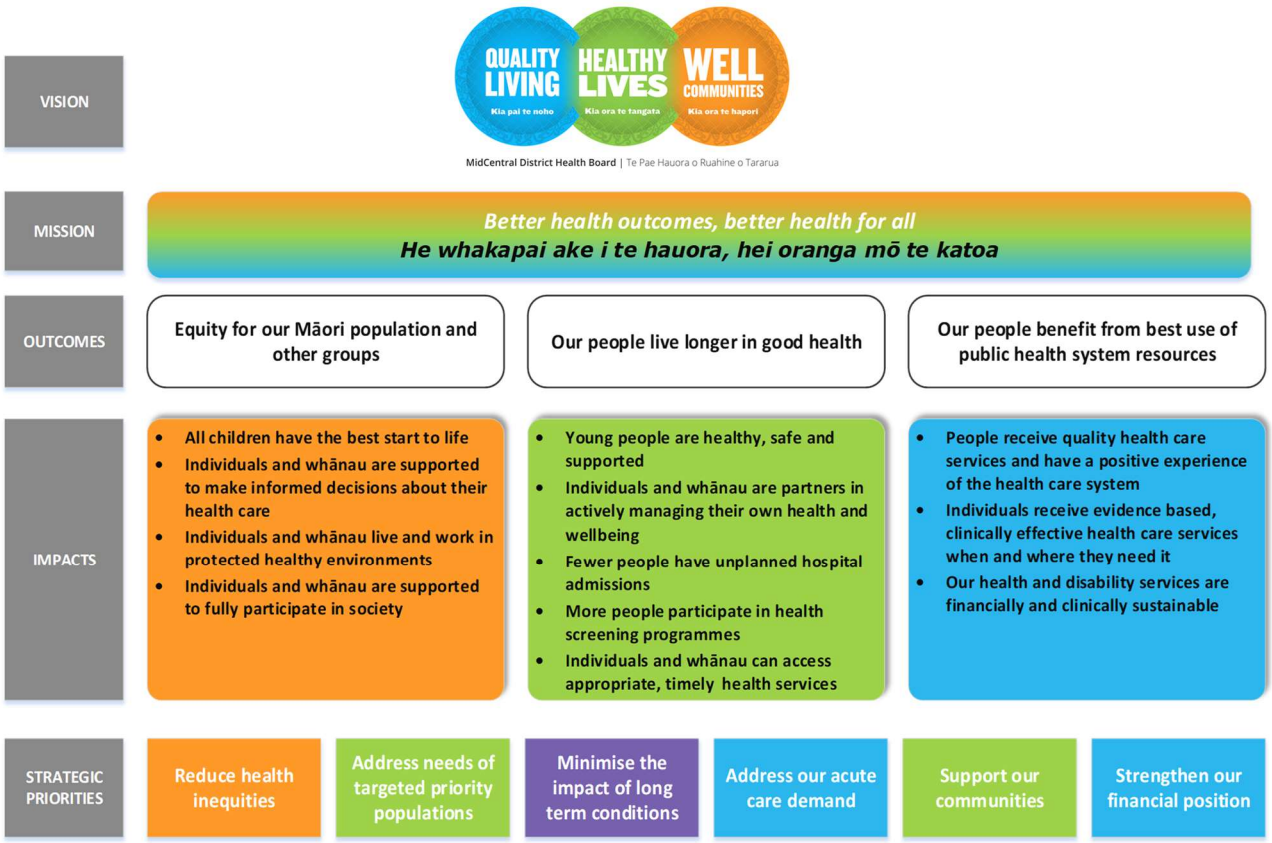

Figure 2: MidCentral District Health Board Outcomes Framework, 2019

This annual Statement of Performance Expectations and subsequent Statement of Performance (including financial performance) identify and report the key measures that are used to monitor the DHB's progress toward achieving our strategic intentions, the impacts in the more immediate term and the outcomes over a longer period.

The output measures reflect some of the key activities with the potential to make the greatest contribution to health and wellbeing in the shorter term, and to the health outcomes the DHB is seeking over the longer term. They also include some specific volume measures which indicate the level of 'demand driven' services to which the DHB has to respond and estimates of demand for the coming year rather than a target. In setting performance targets, MidCentral DHB considered the changing demographics of its population, increasing demand for health services and that funding is finite. Targets tend to reflect the objective of maintaining or increasing performance levels against growth in demands coupled with expectations around managing capacity, access and responsiveness as well as ensuring productivity and quality of service.

There are also measures where the DHB wishes to monitor differences between ethnicities and in particular to address inequities in health outcomes and access to services between Māori and non-Māori. In particular, but not exclusively, these focus on improving the health and wellbeing of our tamariki and rangatahi, together with their whānau, for whom disease prevention, health promotion, early detection and assessment services are expected to make the most difference.

One of the key aspects of measuring MidCentral DHB's performance is to monitor and evaluate our performance over time, identifying trends and patterns and where possible comparing its performance to a national average or target may be appropriate. In some cases, the same measures reported to the Ministry of Health as part of the Non-Financial Performance Monitoring Framework and the System Level Measures are used.

A note on data quality

In some instances, this Statement of Performance Expectations includes updated data for the previous year's actual result and may differ from the reported result in the 2019/2020 Annual Report; it was accurate using data that was available at the time of reporting, but may not have been complete for that financial year.

Furthermore, a major programme of work to upgrade applications of key information systems occurred during 2018 and 2019 as part of MidCentral's commitment to the Regional Health Informatics Programme.

During the 2018/19 year a significant remediation action plan was undertaken to stabilise the platforms and comply with data requirements for national collection systems. This involved the Regional Radiology Information System, the Clinical Portal, the Picture Archiving and Communications System and WebPAS – the core Patient Administration System. Additionally, THINK Hauora (previously known as the Central Primary Health Organisation) undertook a significant programme of work to build their data warehouse and business intelligence tools. Some General Practice Teams also transferred their Patient Management Systems to a new platform over the 2019/20 year. While every endeavour has been made to ensure data has been migrated, mapped and subsequently collected and reported in a consistent manner, there may be some instances where figures are re-baselined for the 2018/19 year and re-forecasting 2019/20 results and 2020/21 target setting for indicators that rely on either primary care or hospital-based data collections. Therefore, some data and results noted in earlier Statements of Performance Expectations and Annual Reports may not be comparable to previous years' reported results. This is noted where applicable.

A.1 OUTPUT CLASS: PREVENTION SERVICES

Output Class Description

Prevention services are publicly funded services that protect and promote health in the whole population or identifiable sub-populations comprising services designed to enhance the health status of the population. Prevention services address individual behaviours by targeting physical and social environments to influence health and wellbeing. They include health promotion and education activities to ensure that illness is prevented and inequalities in health outcomes are reduced, statutorily mandated health protection services to protect the public from environmental risk and communicable diseases, and services such as immunisation to help prevent infections and screening programmes to detect disease at early stage.

This Output Class comprises the following outputs:

- Health promotion and education
- Statutory regulation, environmental health
- Population based screening
- Immunisation
- Well child services

What do we want to achieve? (Goals)

People make healthy choices and stay well longer

People are experts in their own lives and leaders in their health care

Māori have equitable health outcomes

What difference will we make? (Impacts)

- All children have the best start to life
- Individuals and whānau are engaged with safe and healthy lifestyles
- More women participate in cervical and breast screening programmes
- People better understand their choices, and are better supported to make informed decisions
- Individuals and whānau live and work in protected healthy environments

How will we measure our progress? (Indicators)

- Reducing prevalence of tobacco smoking
- Increasing proportion of Māori and Pacific people participating in physical/nutritional programmes
- Increasing proportion of Māori infants exclusively or fully breast feeding
- Reducing equity gap in on time immunisation coverage rates
- Increasing breast and cervical screening coverage rates by Māori and Pacific women
- Increasing enrolment in well child services
- A high proportion of children receiving a health check

Our Annual Service Performance Expectations

Meeting our annual service performance expectations will contribute to the achievement of our objectives through measuring the impact of the outputs we deliver over time, which in turn will assist us to realise our strategic intentions and equity in health outcomes for our population.

1.1 Health promotion, education, disease prevention and screening

Indicators		2019/20 Actual	2020/21 Forecast	2021/22 Target
Proportion of Central PHO enrolled population (aged 15-74 years) recorded as "current smokers" in the last 15 months	Māori	31.2%	≤35%	≤35%
	Non Māori	12.7%	≤15%	≤15%
Percentage of pregnant women identified as current smokers and seen by Lead Maternity Carers who were offered smoking cessation services	Māori	78.8%	90%	≥70%
	Non Māori	68.6	90%	
Percentage of people enrolled with THINK Hauora (CPHO) being seen by clinical dieticians and/or by physical activity educators	Māori	2.5%#	≥3%	≥3%
	Non Māori	1.9%#	≥2%	≥2%
Percentage increase/decrease in the number of referrals to Green Prescription programmes (Adults and Active Families) for additional physical activity support over the year	Māori	-6.0%	≤2%	≤2%
	Non Māori	-32.9%	≤1%	≤1%
Percentage of eligible 8 month old infants who receive their first course immunisations on time	Māori	79.3%	90%	≥95%
	Non Māori	92.2%		
Percentage of eligible 4 year old children who are fully immunised by 5 years of age	Māori	87.2%	90%	≥95%
	Non Māori	91.7		
Percentage of the total population aged 65+ years vaccinated for seasonal influenza *S	Māori	57.3%S20	≥75%	≥75%
	Non Māori	69.9% S20		
Percentage of eligible girls fully immunised for Human Papillomavirus (HPV)		58.5%*F06	65%	≥75%
Percentage of MidCentral domiciled women aged 25 – 69 years who have had a cervical screening event in the last three years (hysterectomy adjusted population) *J	Māori	64.9%*M20#	75%	≥80%
	Non Māori	72.8%*M20#		
Percentage of MidCentral domiciled women aged 50 -69 years who have received a mammogram in the last two years (breast screening programme) *J	Māori	65.7%*P20#	≥70%	≥70%
	Non Māori	78.2%*P20#		

Notes:

reduction in result for year directly impacted by COVID-19 lockdown and Alert Level restrictions during quarters three and four

S20 refers to the influenza season for the applicable year, from March to September

*F06 refers to eligible females in the 2006 birth cohort in the 2019/20 year. Data to June 2020 measured at final does. Data source: Ministry of Health National Immunisation Register. Result influenced by the impact of COVID-19 pandemic, with closure of schools and delivery of services

*M20 refers to the three-year coverage rate to March 2020. National Screening Unit, National Cervical Screening Programme, MidCentral DHB Coverage Report

1.2 Well child services

Indicators		2019/20 Actual	2020/21 Forecast	2021/22 Target
Percentage of newborns enrolled with General Practice by 3 months of age *N1	Māori		85%	≥85%
	Non Māori		95%	
Percentage of infants that are exclusively or fully breast fed at 3 months of age	Māori	50.1%	49%	≥70%
	Non Māori	57.1%	58%	
Percentage of infants who receive all Well Child Tamariki Ora core contacts (1 – 5) in their first year of life *W	Māori	68.9%*M20	60%	≥90%
	Non Māori	80.3%*M20	75%	
Percentage of high deprivation and total population of eligible children who have received their B4 School Check	High dep	77.9%	90%	≥90%
	Total	83.6%	90%	
Percentage of children identified as obese in the B4 School Check programme offered a referral to a health professional for clinical assessment and family-based nutrition, activity and lifestyle interventions	Māori	96.4%	96%	≥95%
	Non Māori	96.1%	95%	≥95%

Notes:
*N1 new methodology from April 2019, as reported by Ministry of Health data sourced from the National Immunisation Register (births) and the National Enrolment Service (enrolments)
*M20 refers to the three-year coverage rate to March 2020. National Screening Unit, National Cervical Screening Programme, MidCentral DHB Coverage Report.
*W refers to Well Child Tamariki Ora Quality Improvement Framework Indicators, as reported by the Ministry of Health

Revenue and Expenditure for this Output Class

Prevention services	2019/20		2020/21		2021/22		2024/25	
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Health promotion and education	5,572	5,654	5,963	6,289	6,236	6,572	6,590	6,946
Statutory regulation, environmental health	4,617	4,664	4,941	5,188	5,167	5,421	5,461	5,729
Population based screening	6,563	7,028	7,024	7,817	7,345	8,169	7,762	8,635
Immunisation	1,722	1,760	1,843	1,958	1,927	2,046	2,036	2,163
Well child services	2,042	2,074	2,185	2,307	2,285	2,411	2,415	2,548
Total Prevention services	**20,516**	**21,180**	**21,957**	**23,558**	**22,962**	**24,618**	**24,264**	**26,019**

A.2 OUTPUT CLASS: EARLY DETECTION AND MANAGEMENT

Output Class Description

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. They include general practice, community and Māori health services, community diagnostic and pharmacist services, community pharmaceuticals (the Schedule) and child and adolescent oral health services. Early detection and management services are by their nature more generalist, usually accessible from multiple health providers and from a number of different locations across the district. These services are focused on, and delivered to, individuals and smaller groups of individuals.

This Output Class comprises the following outputs:

- Primary health care
- Primary community care programme
- Primary mental health and addiction
- Community based oral health services for children and adolescents
- Community pharmacist services
- Community referred testing and diagnostic services

What do we want to achieve? (Goals)

Māori have equitable health outcomes

People have timely access to services in a place convenient for them

Our five communities are partners in planning and designing health care in communities

People and whānau have a positive experience of the health care system

Everyone has the opportunity to achieve equitable health outcomes

What difference will we make? (Impacts)

- Fewer people, particularly Māori, are admitted to hospital for avoidable conditions
- Young people are healthy, safe and supported
- Individuals and whānau are partners in actively managing their own wellbeing
- People can access health care easily, in a timely manner and a place convenient for them
- More children and young people have better oral health

How will we measure our progress? (Indicators)

- Reducing ambulatory sensitive hospitalisations by Māori
- Increasing enrolment by Māori with a Primary Health Organisation
- Increasing service utilisation ratio of 'high need' PHO enrolled population
- Containing growth in attendances at the Emergency Department
- Increasing proportion of Māori with diabetes who have good glycaemic control
- Increasing proportion of eligible adults who have their cardiovascular health check
- Increasing proportion of pre-school Māori children enrolled in the community oral health service
- Increasing caries free rate in 5 year old Māori and Pacific children
- Reducing self-harm hospitalisations by young people

Our Annual Service Performance Expectations

Meeting our annual service performance expectations will contribute to the achievement of our objectives through measuring the impact of the outputs we deliver over time, which in turn will assist us to realise our strategic intentions and equity in health outcomes for our population.

2.1 Primary health and community care services

Impacts: ***Individuals and whānau can access appropriate, timely health services***
Fewer people have unplanned hospital admissions
Young people are healthy, safe and supported
Individuals and whanau are partners in actively managing their own health and wellbeing

Indicators		**2019/20 Actual**	**2020/21 Forecast**	**2021/22 Target**
Percentage of MidCentral population (medium projections) enrolled with any PHO at end of financial year *J	Māori	80.5%	85%	≥90%
	Non Māori	96.7%	95%	
Average consultation rate per month of THINK Hauora (PHO) registered patients	Māori	0.17#g	0.35	≥0.35
	Pacific	0.16#g	0.29	≥0.29
	Other	0.21#g	0.47	≥0.45
Percentage of PHO enrolled population registered and using e-portal ('Manage My Health' or 'My Indici') *I19		21.7% *P	15%*E	≥25%
Percentage of people assessed at high risk (>15 percent) of cardiovascular disease who have received an annual review *N	Māori	#D	n/a	≥65%*E
	Non Māori	#D	n/a	
Ambulatory sensitive hospitalisation rate per 100,000 domiciled population, 0 – 4 year old children (non-standardised)	Māori	6,186*M20	6,300*E	≤6,300*E
	Non Māori	4,807*M20	5,100*E	≤5,100*E
Ambulatory sensitive hospitalisation rate per 100,000 domiciled population, 45 - 64 year old adults (standardised)	Māori	7,073*M20	7,000*E	≤7,200*E
	Non Māori	3,659*M20	3,500*E	≤3,800*E
Percentage of enrolled people aged 15-74 in the PHO with diabetes and the most recent HbA1c during the past 12 months of equal to or less than 64mmol/mol (good glycaemic control)	Māori	53.1%	46%*E	≥60%
	Non Māori	63.5%	58%*E	
Ambulatory sensitive hospitalisation rate (non-standardised) in the 45 – 64 year old population age group for certain cardiac and respiratory diseases, stroke and diabetes*ASH	Māori	4,461*M20	4,500*E	≤4,300*E
	Non Māori	2,190*M20	2,500*E	≤2,400*E
Percentage of Year 9 students receiving a health assessment (HEEADSSS) by the school based health service (SBHS) in the calendar year		73.9%*C19	90%	≥95%
Rate per 10,000 population aged 10 – 24 years (age standardised) admitted to hospital with intentional self-harm (DHB of Domicile)	Māori	40.5 M20	45.0*E	≤45
	Total	52.4 M20	50.0*E	≤52

2.2 Child and adolescent oral health services

Impact: More children and young people have better oral health

Indicators		2019/20 Actual*C19	2020/21 Forecast	2021/22 Target
Mean score of Decayed, Missing and Filled Teeth of Year 8 children seen in the year	Māori	0.63	0.63*D	≤0.76
	Total	0.44	0.44	
Percentage of 5 year old children seen in the year who are caries free	Māori	43.0%	43%*D	≥50%
	Total	61.8%	62%	≥63%
Proportion of 0 – 4 year population enrolled with DHB funded oral health service	Māori	56.0%	56%*D	≥95%
	Total	100.1%	100%	
Proportion of adolescent population utilising DHB-funded dental services		83.1%	85%*E	≥85%

Notes:

*J as reported for beginning of July each year

#g lower person to person consultation rates with General Practice Teams resulting from impact of the COVID-19 lockdown and nation-wide Alert Level restrictions during quarters 3 and 4; excludes non in-person contacts. Different database system and reporting tool implemented by THINK Hauora over 2019/20 may have contributed to some missed records of consultations captured, therefore apply cautious interpretation when referencing target and comparing rates in earlier years.

*P as at end of year. Seven of the 28 general practices in the district do not offer patient portal; two due to incompatibility with their Patient Management System

#D data not available at the time of report due to the transition of data management , warehousing and reporting systems at THINK Hauora over the 2019/20 year

*E refers to an estimated forecast or target

C19 refers to 2019 Calendar.

*D low level of confidence in this result for Māori children – oral health and enrolment data by ethnicity and age held in the system required verification at time of reporting

Revenue and Expenditure for this Output Class

Early detection and management	2019/20		2020/21		2021/22		2024/25	
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Primary health care	48,355	49,597	51,751	55,167	54,119	57,649	57,190	60,930
Child & adolescent oral health	3,374	6,724	3,611	7,479	3,776	7,816	3,991	8,261
School based and youth health services	2,371	2,591	2,537	2,882	2,653	3,012	2,803	3,183
Primary community care	7,667	7,838	8,205	8,718	8,580	9,110	9,068	9,628
Community pharmacy services	50,340	51,452	53,875	57,230	56,340	59,805	59,538	63,209
Community referred testing & diagnostics	19,064	19,816	20,403	22,041	21,337	23,033	22,548	24,344
Total Early Detection and Management	**131,171**	**138,018**	**140,382**	**153,517**	**146,805**	**160,425**	**155,136**	**169,557**

A.3 OUTPUT CLASS: INTENSIVE ASSESSMENT AND TREATMENT

Output Class Description

Intensive assessment and treatment services are delivered by a range of secondary and tertiary 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 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 assessment, 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

These services are at the complex end of treatment services and are focused on and delivered to individuals.

A proportion of these services are driven by demand which the DHB must meet, such as acute (unplanned and urgent) medical and surgical services and maternity services. Other services are planned (elective) for which provision and access are determined by capacity, clinical triage, national service coverage agreements and treatment thresholds.

This Output Class comprises the following outputs:

- Mental health and addiction services (secondary)
- Hospital based acute and elective services
- Hospital based maternity services
- Assessment, treatment and rehabilitation services

What do we want to achieve? (Goals)

Our workforce delivers culturally appropriate and responsive care

Our staff feel valued and are striving for continuous quality improvement and clinical excellence

People and whānau have a positive experience of care

What difference will we make? (Impacts)

- Individuals and whānau can access appropriate, timely health services
- Fewer people, particularly Māori, have unplanned hospital admissions
- Individuals have equitable access to specialist assessment and treatment on time
- Whānau have timely access to culturally adept health and disability services to meet their health needs
- Individuals receive evidence based, clinically effective health care services

How will we measure our progress? (Indicators)

- Reducing waiting times for specialist assessment and treatment
- Reducing acute bed day utilisation per capita
- Reducing acute admissions and average lengths of stay in hospital
- Improving patient experience of care

Our Annual Service Performance Expectations

Meeting our annual service performance expectations will contribute to the achievement of our objectives through measuring the impact of the outputs we deliver over time, which in turn will assist us to realise our strategic intentions and equity in health outcomes for our population.

3.1 Hospital based acute and maternity services

Impacts: ***People receive quality health care services and have a positive experience of the health care system***

Fewer people have unplanned hospital admissions

Women giving birth have clinically effective health care services delivered

Indicators		**2019/20 Actual**	**2020/21 Forecast**	**2021/22 Target**
Percentage of people presenting to the Emergency Department who are discharged, admitted or transferred within six hours		77.2%	80%	≥95%
Surgical site infections per 100 hip and knee operations		1.3*3	0.8	≤1.0
Average number of in-hospital falls per month causing a fractured neck of femur over the year		0.8	0.1	≤0.12
Hospital acquired bacteraemia rate per 1,000 patients		0.18	1.7	≤1.7
Percentage of Emergency Department presentations resulting in an acute admission to inpatient services		26.9%	26%	≤28%
Standardised acute bed days per 1,000 population (DHB of Domicile)		381.4	400*E	≤410
Percentage of acute readmissions to hospital within 28 days of a previous discharge (standardised, all ages, DHB of Service) *		12.6%*M20	13%*E	≤12.5%
Percentage of women (DHB of residence) giving birth at secondary maternity facility **		75.5*18	85% (2018)*E	≤85%
Percentage of emergency caesarean section deliveries for women giving birth – DHB of residence (calendar year) **		#D	17% (2018)*E	≤17%
Percentage of pre-term term births at Palmerston North Hospital (calendar year) **		7.9%*18	10% (2018)*E	≤9%
Percentage of women discharged from PNH Maternity services who were exclusively or fully breast feeding on discharge from hospital	Māori		70.4%*C19	≥75%
	Total		70.2%*C19	

*3 refers to the 9-month period to March 2020 only – suspended reporting of manually collected and submitting data to HQSC in fourth quarter

*E refers to an estimated forecast or target

*C19 2019 calendar year

*18 refers to 2018 calendar year. Data is lagged by one year. Data source. Ministry of Health, October 2020: New Zealand Maternity Clinical Indicators, 2018

#D refers to data for this specific indicator not being published by the ministry of Health for the 2018 year. The indicator relating to caesarean section rates is now described as: " Standard primiparae who undergo caesarean section" (12.9% in 2018, 19.0% in 2017 and 17/1% in 2016), so is not comparable to earlier years reported here for emergency caesarean rates.

3.2 Hospital based elective (planned) services

Impact: ***People have equitable access to specialist assessment and treatment on time***

Indicators		2019/20 Actual	2020/21 Forecast	2021/22 Target
Percentage of annual planned care interventions delivered by end of June (includes surgical discharges, minor procedures and non-surgical interventions (DHB of Domicile) *N			95%	≥95%
Standardised intervention rates for specific surgical procedures, per 10,000 population (All admission types)	Cataract	32.55*M20	33.0	≥27.0
	Major joints	21.66*M20	21.0	≥21.0
	Angiography	29.77*M20	32.0	≥34.7
Percentage of people receiving their first cancer treatment (or other management) within 31 days from date of decision to treat		86.9%	90%	≥85%
Percentage of patients waiting greater than four months for their first specialist assessment (as at end June each year) *DC		6.5%	2%	≤1%
Percentage of patients given a commitment to treatment (surgery) but not treated within four months (as at end June each year) *DC		56.4%*c	40%	≤1%
Percentage of people accepted for a non-urgent diagnostic colonoscopy receiving (or waiting for) their procedure in 42 working days or less *DC			80%	≥70%
Percentage of people with accepted referrals for a computed tomography (CT) scan or magnetic resonance imaging (MRI) receive their scan within 6 weeks (42 days)	CT		85%	≥95%
	MRI		60%	≥90%

*M20 refers to 12 -month period ending 31 March 2020

*DC refers to the data collection for and interface with the National Booking Reporting System; MidCentral upgraded to the regional WebPAS patient administration system, with a 'go live' date from 08 December 2017. Subsequent data file processing and reporting issues resulted in data omissions for the 2018/19 year, based on reported national data.

*C planned care affecting outpatient first specialist assessments and surgical procedures was deferred over three months in the alter part of 2019/20 as a result of the nation-wide COVID-19 response.

3.3 Mental Health and Assessment, Treatment and Rehabilitation services

Impact: ***People have equitable access to specialist mental health and addiction services***

Fewer people have unplanned hospital admissions

Indicators		2019/20 Actual	2020/21 Forecast	2021/22 Target
Percentage of the population accessing specialist mental health and addiction services (all ages)	Māori	5.6%*M20	5.5%	≥5.0%
	Non Māori	2.9%*M20	3.0%	≥3.0%
	Total	3.5%*M20	3.8%	≥3.5%
Percentage of people referred for non-urgent mental health and addiction services seen within 3 weeks (DHB Mental Health and Addictions service provider only)	0-19 yrs	76.6%*M20	78%	≥80%
	20-64 yrs	87.7%*M20	84%	
	65+ yrs	88.0%	85%	

Average length of time between referral from acute inpatient services to transfer to AT&R services (days)	1.4	2.2	≤1.5
Average length of stay (raw) – AT&R (geriatric) inpatient services		16.0	≤16.0
Percentage of acute readmissions to hospital within 28 days for patients with a previous discharge from AT&R inpatient services (geriatric)		7.0%	≤7.5%

Notes:
*C
*M20 refers to 12 -month period ending 31 March 2020

Revenue and Expenditure for this Output Class

Revenue and expenditure by Output Class: Intensive assessment and treatment	**2019/20**		**2020/21**		**2021/22**		**2024/25**	
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Emergency department	21,888	25,801	23,425	28,698	24,497	29,989	25,886	31,696
Medical services	70,355	68,041	75,296	75,682	78,741	79,087	83,209	83,589
Surgical / ICU / Anaesthetic services	90,441	96,475	96,792	107,309	101,220	112,138	106,963	118,521
Regional Cancer Treatment services	51,123	49,854	54,713	55,452	57,216	57,947	60,463	61,246
Women's & children's services	39,337	40,757	42,099	45,334	44,025	47,374	46,523	50,071
Elder health services	13,881	18,245	14,856	20,294	15,536	21,207	16,417	22,413
Rehabilitation and Therapy services	2,222	2,738	2,378	3,045	2,487	3,182	2,628	3,363
Mental health & addiction services	38,226	43,640	40,910	48,541	42,782	50,725	45,209	53,613
Clinical support services	7,522	8,612	8,050	9,579	8,418	10,010	8,895	10,579
Inter district flows	60,188	61,519	64,415	68,427	67,362	71,506	71,185	75,577
Total Intensive Assessment & Treatment	**395,183**	**415,682**	**422,934**	**462,361**	**442,284**	**483,166**	**467,381**	**510,670**

A.4 OUTPUT CLASS: REHABILITATION AND SUPPORT

Output Class Description

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 such as home-based support services and residential care services for older people. In MidCentral's district, the NASC service is known as "SupportLinks". The rehabilitation and support services also include palliative care services for people with end-stage conditions and services that support people with a disability.

MidCentral DHB contracts for the provision of these services from a wide range of providers, including Arohanui Hospice, rest homes and home-based support agencies.

A key provider of disability support services is Enable New Zealand – a division of MidCentral DHB that provides services across New Zealand. These services are not funded by the DHB; they are provided under contract with the Ministry of Health and ACC. The processes and services delivered by the division of the entity Mana Whaikaha that is managed by Enable New Zealand, are essentially funding and infrastructural support for individualised funding and the anticipated outcomes of the "Enabling Good Lives" principles.

This Output Class comprises the following outputs:

- Needs assessment and coordination
- Home based support services
- Age related residential care
- Rehabilitation and lifelong disability services
- Respite and day care services
- Palliative care services

What do we want to achieve? (Goals)

Our workforce delivers culturally appropriate and responsive care

We are valued partners in improving the health and wellbeing of our population

People have timely access to services in a place convenient for them

What difference will we make? (Impacts)

- Individuals and whānau are supported to fully participate in society
- People and whānau are leaders in their health care, supported by professional expertise
- Individuals who are dying, and their whānau, have access to quality end of life care
- Health and disability services are appropriate and effective for Māori
- Whānau are included in decisions

How will we measure our progress? (Indicators)

- Increasing proportion of eligible individuals receiving on time needs assessments and home-based support services
- Increasing proportion of people referred to community rehabilitation following an acute stroke seen on time
- Increasing access to respite care / carer relief to eligible older people and their whanau
- Sustaining access to specialist and primary care based palliative care

Our Annual Service Performance Expectations

Meeting our annual service performance expectations will contribute to the achievement of our objectives through measuring the impact of the outputs we deliver over time, which in turn will assist us to realise our strategic intentions and equity in health outcomes for our population.

4.1 Needs assessment and service coordination

Impact: ***Individuals and whānau are supported to make informed decisions about their health care***

Indicators	2019/20 Actual	2020/21 Forecast	2021/22 Target
Percentage of older people with a new (urgent and routine) referral to NASC service who wait less than 20 days for an interRAI assessment	77.9%	70%	≥75%
Percentage of people aged 65 or older receiving publicly funded long term home-based support services who have a comprehensive clinical assessment and a completed care plan	100.0%	100%	≥95%

4.2 Age related residential care and home-based support services

Impact: ***Individuals and whānau are supported to fully participate in society***

Indicators	2019/20 Actual	2020/21 Forecast	2021/22 Target
Proportion total needs assessments completed for MidCentral DHB domiciled people that resulted in a service coordination outcome of home based support services	67.6%	72%	≥60%
Percentage of eligible people aged 65+ years receiving community initiated Packages of Temporary Support (PoTS) as a proportion of total people receiving PoTS	40.0%	33%	≥33%
Percentage of population aged 65+ years receiving DHB funded support in long term age related residential care facilities	#D	5%	≤6%
Percentage of total ARC beds utilised by people for dementia care	12.%	12%	≤15%

4.3 Rehabilitation, respite and palliative care services

Impacts: ***Individuals and whānau are supported to fully participate in society***
Individuals who are dying, and their whānau, have access to quality end of life care

Indicators	2019/20 Actual	2020/21 Forecast	2021/22 Target
Percentage of people discharged from hospital following an acute stroke and referred to DHB community rehabilitation services and seen within seven days of discharge	21.3%	25%	≥50%
Proportion of MidCentral DHB individuals who had respite care/carer relief as a service coordination outcome following a first assessment during the year	28.2%	20%	≥18%
Proportion of patients referred to the hospital-based Palliative Care team who have a non-malignant diagnosis	36.2%	40%	≥35%
Percentage increase/decrease from previous year in the number of new referrals to primary palliative care programme	-4.8%	1%	n/a

Revenue and Expenditure for this Output Class

Revenue and expenditure by Output Class: Rehabilitation and support	2019/20		2020/21		2021/22		2024/25	
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Needs assessment & service coordination	3,987	4,190	4,267	4,661	4,462	4,871	4,715	5,148
Age related residential care beds	65,122	66,559	69,695	74,034	72,883	77,366	77,019	81,770
Home based support services	18,798	19,217	20,118	21,375	21,038	22,337	22,231	23,608
Rehabilitation services	18,345	18,956	19,633	21,085	20,531	22,034	21,695	23,288
Palliative care services	4,223	4,511	4,520	5,018	4,727	5,244	4,996	5,542
Lifelong disability services	40,533	40,641	43,379	45,205	45,363	47,239	47,937	49,928
Respite care services	4,170	4,377	4,463	4,869	4,667	5,088	4,932	5,378
Day services	2,673	2,846	2,861	3,166	2,992	3,308	3,162	3,496
Pay Equity Adjustment	0	0	0	0	0	0	0	0
Inter district flows	6,553	6,699	7,013	7,451	7,334	7,786	7,750	8,229
Total Rehabilitation & Support	**164,404**	**167,996**	**175,949**	**186,862**	**183,998**	**195,271**	**194,439**	**206,386**

* Includes Enable New Zealand

** Pay equity adjustments included with Aged Residential Care providers from 2019/20

B. FINANCIAL PERFORMANCE

B.1 KEY FINANCIAL PLANNING ASSUMPTIONS

General

- For 2020/21, MidCentral DHB is forecasting a favourable variance to the budget deficit of $4.914m before Holidays Act compliance costs. The forecast is for a deficit of $39.291m once Holidays Act compliance costs are included

- MDHB's planning for the 2021/22 budget is a deficit of $19.195m before Holidays Act remediation. The 2021/22 budget is a deficit of $26.195m including Holidays Act remediation, followed by a $4.682m deficit in 2022/23 and a $1.708m deficit in 2023/24. This leads to a modest surplus in the 2024/25 year

- The budget is based on Government policy settings and known Government health service initiatives. All changes resulting from the ongoing implementation of the Government's health policy including any devolution during the planning year will be at least cost neutral or better to MidCentral DHB

- The budget is based on the current DHB structures with any potential changes during the planning period is assumed to be cost neutral. Potential changes as a result of the Governments support for Health Sector reforms are unknown at this stage

- Any volume growth will be less than or equal to the rate of demographic change

- Directorates with either Cluster or Enabler functions were established in the 2018/19 year to deliver on an Integrated Service Model. Each directorate group is responsible for delivering to service expectations within budget

- No material costs have been included for a pandemic or major disaster. It is assumed that all reasonable costs related the Covid-19 pandemic, including the immunisation programme, will be reimbursed by the Government

- Material compliance costs arising from regulatory and legislative changes are not budgeted

- Business improvement, budgeted savings and other activities will continue with a view to strengthening the DHB's financial position and maintaining financial sustainability. To live within available revenue, and accumulate the resources to fund strategic shifts in service delivery and capability, MidCentral DHB will need to continue to generate productivity improvements and expenditure reductions at an increasing rate across all areas of activity, including those that have previously been optimised

- The following services and priority areas are subject to reviews, business cases or further planning and depending on the outcomes of those, may impact planned operational performance: Mental Health and Addiction Services, Perioperative Services, Cardiology, Health of Older People, Laboratory services, the Regional

Cancer Treatment Service, and the Regional Health Informatics Programme (Phase 2)

- Potential service changes and/or reconfigurations will be as signalled in the Annual Plan, subject to further review and approval. The 2021/22 budget does not include any financial impact of those potential service changes or reconfigurations and will be managed on a case by case basis. It is anticipated that potential benefits will be realised in the outer years. Service Change protocols will be followed in accordance with the Operational Policy Framework

- Ongoing improvements in models of care and utilisation of hospital capacity will release resources to support strategic intentions

- Expenditure will be re-prioritised where needed to meet the requirements to support patients with high and complex needs

- A Strategic Property Plan has been adopted by the Board, providing a long term view to achieving required resilience and functionality on the Palmerston North Hospital campus site to meet community needs. Construction on a new facility for the Mental Health in-patient unit will commence in the 2021/22 year funded with equity support of $30.0m from the Ministry of Health. The hospital's Acute Services Block has been prioritised for funding in 2024 budgets.

- In the meantime, infrastructure services are being maintained to support the hospital and address unavoidable capacity issues. This includes investment in the Surgical, Procedural and Interventional capacity, Recovery facility and Expansion of supporting resource (SPIRE) Programme which will provide an additional two operating theatres, a cardiac catheterisation laboratory, gastrointestinal procedure room and additional recovery rooms. Construction is within the existing footprint and will occur on a staged basis over the 2020/21 to 2022/23 years. The Ministry of Health has provided support with $27.5m of funding as part of the Health Infrastructure package.

Revenue

- An increase of 2.47 percent on the devolved funding package allocated to the DHB in 2020/21 has been included in the budget for the 2021/22 year. This is in line with the advice received from the Ministry of Health

- For 2021/22 Pay Equity is devolved to the DHB. Revenue will equal expenditure

- Funding for the Planned Care initiative is currently budgeted at 2020/21 volume levels with revised associated prices

- National prices will be applied wherever applicable both within the DHB and for providers external to the DHB

- Cost for any new initiatives will not be more than revenue unless a business case has been approved for additional expenditure

- Ring-fenced and targeted funding will be monitored and conditions satisfied. The Mental Health Ring Fence will be based on the calculations for 2020/21, adjusted for demographics and cost pressures

- The Government has made no decisions on out-year funding. Planning assumptions are based on funding increases in out-years being above the mid-range of revenue assumptions indicated in our Long Term Investment Plan, adjusted for funded MECA costs.

Personnel costs and outsourced services

- Workforce costs have been budgeted at actual known costs including step increases and changes in applicable Multi Employer Collective Agreements

- Increases in wage and salary movements will be in line with the Government's expectations for pay and employment conditions in the State Sector and national employment relations strategies. Wage and salary increases are no longer affordable and sustainable within base funding and require additional funding support

- The size of MidCentral DHB's workforce will be constrained within the overall budgeted personnel cost. FTE increases are aligned to new revenue, substitution for outsourced personnel, MECA roster requirements, CCDM or patient demand

- The budgeted staffing levels (full time equivalents, rounded) are planned to be 2,669 FTE for 2021/22 compared to 2,526 FTE for the 2020/21 budget. The majority of the increase is in the Nursing and Midwifery professional group and is primarily driven by reviews of ward staffing requirements using the Care, Capacity and Demand methodology.

  Planned FTEs by professional group for the 2021/22 year are as follows:

	Budget	**Budget**	**Movement**	**Main Drivers**
	2020/21	**2021/22**		
Medical	379	382	3	Minor Change
Nursing & Midwifery	1,086	1,173	88	CCDM (Nursing and Midwifery), Emergency, EDOA & MAPU, Covid-19 Immunisation programme, Persistent Pain
Allied Health	460	477	17	Medical Radiation Technologists compliance requirements
Support	48	49	1	Clinical Engineering brought in-house
Management / Administration	553	587	34	Holidays Act Compliance Project
Total FTE	**2,526**	**2,669**	**143**	

- Staffing levels will be managed to minimise the effects of demand fluctuations and growth and we will become increasingly adept at flexing-up to meet spikes in demand

- Pay Equity compensation will be provided for clerical and administration positions.

- Any restructuring costs will be met from budgeted operating costs

- The impact of providing for future costs of Holidays Act remediation is included in the budget

Supplies and infrastructure costs

- Infrastructure services and procurement functions will operate with emphasis on minimising cost to release funding for other essential activity in the short term
- A programme of improvement measures will be effective in containing or reducing unit costs and usage in key input areas including pharmaceuticals, clinical supplies, other consumables and minor assets
- Utilities costs will benefit from repeatable energy efficiency improvements
- Infrastructure service costs will be constrained by working collaboratively with key providers to ensure that inputs are cost effective and the spend is focused on high benefit areas and less effective projects are minimised
- Exchange rate fluctuations may materially impact the cost of supplies and will be partially offset by procurement saving initiatives, and mitigated by the use of hedging strategies by suppliers

Capital Servicing

Depreciation. Depreciation has been calculated in accordance with the MidCentral DHB Accounting Policy, at rates that will write off the cost of the assets over their useful lives. The estimated useful lives for plant, equipment, motor vehicles and fixtures and fittings are between 3 and 25 years, with software amortised over 3 to 10 years.

Interest rates. Interest received on deposits is calculated at known and estimated rates with an expected weighted average of 0.5 percent for the 2021/22 year. Interest on loans is calculated at the applicable contracted rates with the lender over the period of the loans.

Capital charge. The rate of capital charge will be five percent.

Investments

Medium to long term investment planning and decisions is reflected in the Long Term Investment Plan that was developed in the 2016/17 year.

MidCentral DHB will continue to plan maintenance of its assets through its Capital Planning and Planned Maintenance Programmes.

The indicative capital investment allocation for the 2021/22 year is as follows:

Summary	Actual	Forecast	Budget	Budget	Budget	Budget
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Buildings	6,134	6,936	10,992	21,889	7,450	15,450
Clinical	5,508	8,658	31,363	12,207	17,794	14,908
Other	389	179	0	0	0	0
IT (Hardware & Software)	6,853	7,190	15,486	9,450	9,000	9,000
Vehicles	451	224	0	1,300	0	0
Total Base	**19,335**	**23,187**	**57,841**	**44,846**	**34,244**	**39,358**
Spire Project	476	3,520	12,018	11,372	114	0
Mental Health Unit	0	585	14,503	17,230	3,082	0
Announced Funding	0	(2,336)	(26,937)	(28,093)	(134)	0
PNH Acute Service Block	0	0	1,400	2,550	2,500	59,500
Extra Funding	0	0	(1,400)	(2,550)	(2,500)	(59,500)
Total Planned	**19,811**	**24,956**	**57,425**	**45,355**	**37,306**	**39,358**

The capital investment will generally be funded by depreciation, amortisation, Energy Efficiency and Conservation Authority (EECA) loans, Crown capital injections and from cash reserves. Major securatisable assets such as linear accelerators will be considered for financial lease funding.

The proposed Acute Services Block is beyond the available resources of MidCentral DHB and will depend upon approval of additional capital injections. Capital injections have been secured for the Spire Project and the new Mental Health Unit.

Digital Services

MidCentral DHB has deployed the core and common regional applications of Clinical Portal, Radiology Information System, Picture Archiving and Communication System, and WebPAS (Patient Administration System). In 2020/21 review of the current operating model for WebPAS has been undertaken to assess potential operational cost savings and improved performance and resilience of the application. This process, along with any potential changes, will continue into 2021/22.

Priorities for Digital Services in the 2021/22 year will be the continued execution of the first Horizon of the Digital Health Services Strategy - Te Awa, with commencement of the second Horizon to deliver new clinical systems, including medications management for electronic prescribing and administration, electronic referrals, enterprise scheduling of outpatient appointments, digitisation of existing physical medical records, surgical audit and Computer Physician Order Entry. This is the third year of the foundation phase which involves stabilising the existing environments, building the portfolio work programmes and defining a new operating model to support execution.

In 2021/22 the focus will be on the migration of regional solutions to Software as a Service and vendor managed services. These are subject to business case approvals. This will be balanced against driving the simplification, automation and digitalisation of a complex technology and application environment to support the implementation of the DHB's Strategy and Integrated Service Model as a priority.

Property, Plant and Equipment

MidCentral DHB will continue to plan maintenance of its assets through its Capital Planning and Planned Maintenance Programmes. Land and buildings (including building/engineering infrastructure services and refurbishments) are revalued every three years, and undergoing a revaluation in 2021.

Land disposal

There is no intention to dispose of any land holdings in 2021/22. Disposal of land is subject to current legislative requirement and protection mechanisms. MidCentral DHB is required to notify land declared surplus to previous owners for offer back prior to offering it to the Office of Treaty Settlements, and before any sale on the open market.

National, Regional and Sub-Regional Programmes

NZ Health Partnerships Limited

NZ Health Partnerships Ltd (NZHP), has developed a strategy in consultation with DHBs for future procurement. MidCentral DHB will actively engage and participate in opportunities to achieve business benefits from further collaboration, consolidation and rationalisation of DHB procurement.

PHARMAC

The DHB's funding allocation for 2020/21 reflects estimated cost savings from the expansion of the PHARMAC model to manage DHBs' hospital medicines (Budget 2018). PHARMAC is also mandated to manage procurement of medical devices and the DHB will actively contribute to those initiatives as opportunities arise.

Health Workforce New Zealand

Health Workforce New Zealand priorities have been included in this plan where they are funded under contract (Clinical Training Agency).

Health Quality and Safety Commission

The following Health Quality and Safety Commission programmes have been included in this plan, are consistent with the applicable commitments outlined in the Operational Policy Framework and will be funded from business as usual. These national programmes include:

- Falls reduction and prevention
- Medication safety programme
- Infection prevention and control (including hand hygiene)
- Surgical site infection programme
- Safe surgery
- Hospital inpatient experience surveys and reporting system
- Patient deterioration
- Pressure injury prevention
- Mental Health and Addictions Improvement programme
- Supporting development of sector capability and clinical leadership in quality and service improvement

Others

No financial commitments are expected nor have we provisioned for any contribution that we may make to the work of the Health Promotion Agency. Any collaborative regional and sub-regional (including centralAlliance) initiatives will be cost neutral.

Central Region's Technical Advisory Service and New Zealand Health Partnerships

Cost contributions to Central Region's Technical Advisory Service and NZ Health Partnerships Ltd will be in accordance with Board agreements.

Allied Laundry Services Limited

Six District Health Boards (Capital and Coast, Hutt Valley, MidCentral, Taranaki, Whanganui and Hawke's Bay DHBs) will continue being Shareholders in Allied Laundry Services Limited (ALSL). MidCentral DHB will remain owner of the laundry building at Palmerston North Hospital, and leasing this facility to ALSL.

B.2 FORECAST FINANCIAL PERFORMANCE

MidCentral DHB is forecasting an operating deficit of $39.291 million for the 2020/21 year and is budgeting an operating deficit of $26.195 million for the 2021/22 year.

Statement of Comprehensive Revenue and Expense
MidCentral DHB

$'000's	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Revenue						
Ministry of Health	632,042	680,023	728,426	745,983	769,090	792,747
Other Government	27,360	34,515	34,726	35,941	37,199	38,315
Patient / Consumer	609	686	792	820	849	874
Other	11,565	13,729	11,438	11,839	12,253	12,620
Inter-Provider	3,331	2,939	3,473	3,594	3,720	3,832
Inter-District Inflows	50,290	55,113	58,430	60,475	62,592	64,470
Revenue	**725,196**	**787,007**	**837,285**	**858,652**	**885,703**	**912,858**
% change		8.5%	6.4%	2.6%	3.2%	3.1%
less Expenditure						
Personnel	250,068	303,258	299,465	300,052	309,053	318,325
Outsourced Services	36,553	41,729	42,776	33,203	34,132	35,156
Clinical Supplies	60,694	69,269	71,782	73,205	75,255	77,512
Infrastructure & Non-Clinical	79,715	92,870	110,500	109,164	112,234	115,617
Financing Charges	10,306	8,077	10,670	10,913	11,205	11,526
External Provider Payments	242,308	246,866	257,252	263,949	270,824	277,883
Inter-District Payments	63,233	64,229	71,036	72,848	74,706	76,613
Corporate costs	-	-	-	-	-	-
	742,876	**826,298**	**863,480**	**863,334**	**887,411**	**912,632**
% change		11.2%	4.5%	(0.0%)	2.8%	2.8%
Operating Surplus/(Deficit)	**(17,680)**	**(39,291)**	**(26,195)**	**(4,682)**	**(1,708)**	**226**

	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Provider	(34,727)	(63,978)	(67,431)	(65,648)	(68,043)	(71,412)
Governance	3,125	(1,098)	0	(0)	0	0
Funder	13,922	25,785	41,236	60,966	66,334	71,638
Total Operating Surplus/(Deficit)	(17,680)	(39,291)	(26,195)	(4,682)	(1,708)	226

Refer to the following section for the detailed financial statements.

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and the DHB's Accounting Policies (refer to section B.3.1).

B.3 FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

Statement of Financial Position
MidCentral DHB

$'000's	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Current Assets	58,700	58,790	31,277	33,210	35,020	36,797
Current Liabilities	106,315	144,554	164,873	185,293	188,397	192,131
Working Capital	(47,615)	(85,764)	(133,595)	(152,083)	(153,377)	(155,333)
Non current assets	213,669	300,622	354,517	396,024	398,222	399,612
Assets Employed	166,054	214,858	220,921	243,941	244,845	244,278
Non Current Liabilities	7,712	6,460	6,483	6,724	6,535	6,376
Equity	158,341	208,398	214,438	237,217	238,310	237,903
Funds Employed	166,054	214,858	220,921	243,941	244,845	244,278

Statement of Cashflows
MidCentral DHB

$'000's	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Total Receipts	727,296	786,215	840,151	856,314	883,499	910,691
Total Payments	(711,757)	(765,509)	(814,103)	(820,596)	(844,381)	(865,407)
Operating Cash flow	15,540	20,707	26,047	35,718	39,118	45,284
Investing Cashflow	(19,203)	(27,024)	(83,913)	(73,480)	(36,965)	(39,376)
Financing Cashflow	1,633	5,981	31,974	27,198	2,539	(892)
Net Capital Cashflow	(17,571)	(21,043)	(51,939)	(46,282)	(34,425)	(40,268)
Net Cashflow	(2,031)	(336)	(25,892)	(10,564)	4,693	5,016
Opening Cash	27,015	24,984	24,648	(1,244)	(11,808)	(7,115)
Closing Cash	24,984	24,648	(1,244)	(11,808)	(7,115)	(2,100)

Statement of Debt & Equity
MidCentral DHB

$'000's	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Debt:						
Facility Utilised:						
Long-Term Debt						
Ministry of Health	-	-	-	-	-	-
Finance leases	1,314	1,120	915	699	472	232
EECA	74	-	-	-	-	-
	1,388	1,120	915	699	472	232
Facility Available:						
Ministry of Health	-	-	-	-	-	-
Finance leases	1,314	1,120	915	699	472	232
EECA	74	-	-	-	-	-
	1,388	1,120	915	699	472	232
Unused Facility	-	-	-	-	-	-
Equity:						
Crown equity	121,609	127,926	160,162	187,622	190,423	189,790
Retained earnings	(65,977)	(105,268)	(131,464)	(136,146)	(137,853)	(137,627)
Revaluation reserve	102,710	185,740	185,740	185,740	185,740	185,740
	158,341	208,398	214,438	237,217	238,310	237,903

Statement of Changes in Equity
MidCentral DHB

$'000's	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Balance at 1 July	174,004	158,341	208,398	214,438	237,217	238,310
Total comprehensive income	(17,680)	(39,291)	(26,195)	(4,682)	(1,708)	226
Revaluation Reserve movements	-	83,030	-	-	-	-
Other movements	-	-	-	-	-	-
Equity injections	2,650	6,950	32,869	28,093	3,434	-
Equity repayments	(633)	(633)	(633)	(633)	(633)	(633)
Balance at 30 June	158,341	208,398	214,438	237,217	238,310	237,903

Schedule of Lenders

Available Facility ($000's)	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Finance Leases	1,314	1,120	915	699	472	232
EECA Loan Facility	74	0	0	0	0	0
Total Facility	1,388	1,120	915	699	472	232

Statement of Financial Performance

Provider

$'000's	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Revenue						
Ministry of Health	33,636	33,420	32,190	33,317	34,483	35,518
Other Government	26,502	33,782	34,205	35,402	36,641	37,740
Patient / Consumer	609	686	792	820	849	874
Other	8,460	10,697	9,334	9,660	9,998	10,298
Inter-Provider	3,313	2,931	3,473	3,594	3,720	3,832
Internal	323,067	357,033	372,070	361,597	371,144	380,950
	395,587	**438,549**	**452,063**	**444,390**	**456,835**	**469,211**
% change		10.9%	3.1%	(1.7%)	2.8%	2.7%
less Expenditure						
Personnel	236,627	288,558	283,779	283,974	292,493	301,268
Outsourced Services	34,008	38,789	39,244	29,585	30,414	31,326
Clinical Supplies	60,671	69,278	71,771	73,193	75,243	77,500
Infrastructure & Non-Clinical	66,521	75,002	87,291	84,990	87,374	90,011
Financing Charges	9,268	7,039	9,632	9,850	10,112	10,400
Corporate costs	23,219	23,861	27,778	28,445	29,241	30,119
	430,314	**502,527**	**519,495**	**510,037**	**524,877**	**540,624**
% change		16.8%	3.4%	(1.8%)	2.9%	3.0%
Operating Surplus/(Deficit)	**(34,727)**	**(63,978)**	**(67,431)**	**(65,648)**	**(68,043)**	**(71,412)**

Total Provider Division Revenue by Type

$000s	MidCentral Health	Primary Health Nursing / Supportlinks	Enable NZ	Total
Funding Division	**370,219**	**1,851**	-	**372,070**
Clinical Training Agency	**3,942**	-	-	**3,942**
Ministry of Health	**17,016**	-	**11,233**	**28,249**
Personal Health	1,554	-	-	1,554
Public Health	12,532	-	-	12,532
DSS	2,930	-	11,233	14,163
Other Government	**16,132**	-	**21,545**	**37,677**
Inter Provider Revenue	1,735	-	1,738	3,473
Training Fees and Subsidies	310	-	-	310
Accident Insurance	5,735	-	19,807	25,542
Other	8,352	-	-	8,352
Patient/Consumer Sourced	**792**	-	-	**792**
Other Income	**3,699**	-	**5,635**	**9,334**
Total Revenue	**411,799**	**1,851**	**38,413**	**452,063**

Statement of Financial Performance
Funder

$'000's	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Revenue						
Ministry of Health	598,406	646,603	696,236	712,666	734,607	757,229
Other Government	819	729	463	480	496	511
Other	775	754	450	466	482	497
Inter-District Inflows	50,290	55,113	58,430	60,475	62,592	64,470
	650,289	**703,199**	**755,579**	**774,086**	**798,177**	**822,707**
% change		8.1%	7.4%	2.4%	3.1%	3.1%
less Expenditure						
Provider and Governance Divisions	330,827	366,320	386,055	376,323	386,312	396,573
External Providers	242,308	246,866	257,252	263,949	270,824	277,883
Inter-District Outflows	63,233	64,229	71,036	72,848	74,706	76,613
	636,368	**677,415**	**714,343**	**713,120**	**731,843**	**751,069**
% change		6.5%	5.5%	(0.2%)	2.6%	2.6%
Operating Surplus/(Deficit)	**13,922**	**25,785**	**41,236**	**60,966**	**66,334**	**71,638**

Statement of Financial Performance
Governance

$'000's	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Revenue						
Government	39	5	58	60	62	64
Other	2,330	2,278	1,655	1,713	1,772	1,826
Inter-Provider	18	8	-	-	-	-
Internal	7,760	9,287	13,985	14,726	15,168	15,623
	10,147	**11,578**	**15,698**	**16,499**	**17,003**	**17,513**
% change		14.1%	35.6%	5.1%	3.1%	3.0%
less Expenditure						
Personnel	13,441	14,700	15,686	16,078	16,560	17,057
Outsourced Services	2,545	2,940	3,533	3,617	3,719	3,830
Clinical Supplies	23	(9)	11	11	12	12
Infrastructure & Non-Clinical	13,194	17,868	23,208	24,174	24,860	25,606
Financing Charges	1,038	1,038	1,038	1,063	1,093	1,125
Corporate costs	(23,219)	(23,861)	(27,778)	(28,445)	(29,241)	(30,119)
	7,022	**12,675**	**15,698**	**16,499**	**17,002**	**17,512**
% change		80.5%	23.8%	5.1%	3.0%	3.0%
Operating Surplus/(Deficit)	**3,125**	**(1,098)**	**0**	**(0)**	**0**	**0**

B.3.1 MidCentral District Health Board Statement of Accounting Policies

Reporting Entity

The MidCentral District Health Board (MDHB) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing MDHB's operations is the Crown Entities Act 2004 and the New Zealand Public Health and Disability Act 2000. MDHB's ultimate parent is the New Zealand Crown.

The group consists of MDHB and its associate Allied Laundry Services Limited (ALSL, 16.7% owned) and an investment in Central Region's Technical Advisory Service Limited (CTAS, 16.7% owned). ALSL is equity-accounted. In addition, the group includes wholly owned subsidiary Enable New Zealand Limited (Enable NZ), which is non-trading. As of November 2002 all the assets, liabilities and activities of Enable NZ were vested in the MDHB. As a result Enable NZ has no balances as at 30 June 2020 (2019: nil). The DHB's subsidiary and associates are incorporated and domiciled in New Zealand.

The group's primary objective is to deliver health, disability, and mental health services to the community within its district. The group does not operate to make a financial return.

The group is designated as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

Basis of Preparation

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

Statement of compliance

The financial statements of the group have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the New Zealand Public Health and Disability Act 2000, which include the requirement to comply with New Zealand generally accepted accounting practice (GAAP).

The financial statements have been prepared in accordance with and comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) (Tier 1).

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

Going concern

The going concern principle has been adopted in the preparation of these financial statements. The group, after making enquiries, has a reasonable expectation that MDHB has adequate resources to continue operations in the foreseeable future. The Board has reached this conclusion having regard to circumstances which it considers likely to affect MDHB during the period of one year from the date of signing the 2019/20 financial statements, and to circumstances which it knows will occur after that date which could affect the validity of the going concern assumption.

The Board has considered forecast information relating to operational viability and cash flow requirements. The Board is satisfied that there will be sufficient cash flows generated from operating activities to meet the investing and financing requirements of the DHB as set out in the current Annual Plan.

Changes in accounting policies

There have been no changes in the group's accounting policies since the date of the last audited financial statements.

Standards issued, not yet effective and not early adopted
Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the group are:

Service performance reporting
PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The New Zealand Accounting Standards Board has recently issued an exposure draft that proposes to defer the adoption date of PBE FRS 48 by one year to reporting periods beginning on or after 1 January 2022.
The timing of MDHB adopting this standard will be guided by the Treasury's decision on when the Financial Statements of the Government will adopt this standard. MDHB has not yet assessed the effect of this new standard.

Standards issued, not yet effective and early adopted
MDHB adopted the following revisions to accounting standards in the prior financial year, which had a presentational or disclosure effect only:
PBE IFRS 9 Financial Instruments (effective 1 January 2022, early adoption permitted).

- MDHB early adopted the standard in its financial statements for the year ended 30 June 2019.

MDHB applied PBE IFRS 9 retrospectively, but elected not to restate comparative information. On 1 July 2018, certain assets were reclassified from 'Loans and receivables' to 'Financial assets at amortised cost'.

The standard also introduced a new expected credit losses model that replaced the incurred loss impairment model used in PBE IPSAS 29 for calculating the provision for doubtful debts. MDHB applied the expected credit losses model to the loans advanced however the impact of this was not material to MDHB.
Accounting policies were updated to comply with PBE IFRS 9. The main updates were:

- Trade and other receivables: this policy was updated to reflect that the impairment of short term receivables is now determined by applying an expected credit loss model.

Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Foreign currency transactions
Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ dollars (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and services tax
All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.
The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.
The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.
Commitments and contingencies are disclosed exclusive of GST.

Income tax
MDHB is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Budget figures
The budget figures are derived from the Statement of Performance Expectations in the Annual Plan. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Cost allocation
The cost of outputs has been determined using the cost allocation system outlined below. Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.
Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information.

Depreciation is charged on the basis of asset utilisation.

Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

Critical accounting estimates and assumptions
In preparing these financial statements, the Board has made estimates and assumptions concerning the future. These estimates and assumptions might 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.

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 in respect of:

- Estimating the fair value of land and buildings
- Measuring long service leave and retirement gratuities
- Holidays Act 2003 compliance.

Critical judgements in applying accounting policies
Management has exercised the following critical judgements in applying accounting policy:
- Revenue recognition and income in advance.

Revenue

Accounting policy
The specific accounting policies for significant revenue items are explained below.

MoH population-based revenue

The DHB receives annual funding from the Ministry of Health (MoH), which is based on population levels within the MidCentral DHB district.

MoH population-based revenue for the financial year is recognised based on the funding entitlement for that year.

MoH contract revenue

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

Other contracts are treated as non-exchange and the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to provide services to the satisfaction of the funder to receive or retain funding.

Revenue for future years is not recognised where the contract contains substantive termination provisions for failure to comply with the service requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as the past practice of the funder. Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year funding arrangements.

Inter-district flows

Inter-district patient inflow revenue occurs when a patient treated within the DHB's district is domiciled outside of the district. Inter-district patient inflow revenue is recognised when eligible services are provided.

ACC contract revenue

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

Interest revenue

Interest revenue is recognised using the effective interest method.

Rental revenue

Rental revenue under an operating lease is recognised as revenue on a straight-line basis over the lease term.

Lease incentives granted are recognised as an integral part of the total rental income over the lease term on a straight-line basis.

Sale of goods

Revenue is measured at fair value of consideration received and recognised when risks and rewards of ownership are transferred.

Provision of other services

Revenue derived through the provision of other services to third parties is recognised in proportion to the stage of completion at the balance date, based on the actual service provided as a percentage of the total services to be provided.

Donations and bequests

Donated and bequeathed financial assets are recognised as revenue, unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met. For example, as the funds are spent for the nominated purpose.

Grants revenue

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the group obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of purchasing the asset if the asset is new, or reference to market information for assets of a similar type, condition, or age for used assets.

Donated services

Volunteer services received are not recognised as revenue or expenses by the group.

Personnel Costs

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Defined contribution schemes
Employer contributions to KiwiSaver, the Government Superannuation Fund, and the National Provident Fund are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes
MDHB makes employer contributions to the National Provident Fund, 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.

Capital Charge

Accounting policy

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

Other Expenses

Accounting policy

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of lease expense over the lease term.

Financing Costs

Financing costs comprise interest paid and payable on borrowings calculated using the effective interest rate method.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest rate method.

Financing Costs

Financing costs comprise interest paid and payable on borrowings calculated using the effective interest rate method.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest rate method.

Cash and Cash Equivalents

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are presented within borrowings in current liabilities in the statement of financial position.

Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any expected credit losses.

A receivable is considered uncollectable when there is evidence that the group will not be able to collect the amount due. The amount that is uncollectable is the difference between the amount due of the receivable and the present value of the amounts expected to be collected.

Investments

Accounting policy

Bank term deposits

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

Inventories

Accounting policy

Inventories held for distribution or consumption in the provision of services and those supplied on a commercial basis are held at the lower of cost and current replacement value. The cost is measured at the weighted average cost per unit, adjusted, when applicable, for any loss of service potential.

The amount of any write-down for the loss of service potential or from cost to net realisable

value is recognised in the surplus or deficit in the year of the write-down.

Non-Current Assets Held for Sale

Accounting policy
A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use.

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) are brought up-to-date in accordance with applicable PBE IPSAS. Then, on initial classification, non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale, while classified as held for sale, are recognised in the surplus or deficit, even when the asset was previously revalued.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Investment in Associates

Accounting policy

The group's associate investment is accounted for using the equity method. An associate is an entity over which the group has significant influence, but not control, and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds the group's interest in the associate, further deficits are not recognised. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surplus or deficits are eliminated to the extent of the interest in the associate.

Property, Plant and Equipment

Accounting policy
Property, plant and equipment consists of the following classes: freehold land, freehold buildings, plant, equipment, vehicles, work in progress and fixtures and fittings.
Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured 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. 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.

Rental property is included in property, plant and equipment in accordance with PBE IPSAS as the rental property is held for strategic and social purposes rather than for rental income, capital appreciation or both.

Leasehold improvements are capitalised and the cost is depreciated over the lease or the estimated useful life of the improvements, whichever is the shorter.

Revaluations
Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every three years. Valuations undertaken in accordance with generally accepted accounting practice and standards issued by the New Zealand Property Institute are used where available. Otherwise, valuations are conducted in accordance with the Rating Valuation Act 1998, which have been confirmed by an independent valuer.

The carrying values of land and buildings are assessed annually by management to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the asset class will be revalued.

Land and building revaluation movements are accounted for on a class-of-asset basis. Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions
The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to MDHB and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.
In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Subsequent costs
Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to MDHB and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Net gains and losses on disposals are reported in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to accumulated surpluses/(deficits) in equity.

Depreciation
Depreciation is provided on a straight-line basis on all property, plant, and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Freehold buildings	1 to 80 years
Plant, equipment and motor vehicles	3 to 20 years
Fixtures and fittings	3 to 25 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Borrowing Costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Impairment of property, plant, and equipment

The group does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets
Property, plant, and equipment held at cost are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount.
The total impairment loss is recognised in the surplus or deficit.
The reversal of an impairment loss is recognised in the surplus or deficit.
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.

Intangible Assets

Accounting policy
Intangible assets that are acquired by MDHB are stated at cost less accumulated amortisation and impairment losses.

Software acquisition and development
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the costs of materials and services, employee costs, and any directly attributable overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs of software updates or upgrades are capitalised only when they increase the usefulness or value of the asset.
Costs associated with developing and maintaining the DHB's website are recognised as an expense when incurred.

Information technology shared services rights
The DHB has provided funding for the development of information technology (IT) shared services across the DHB sector and the rights to the shared services is recognised as an intangible asset at the cost of the group's capital investment.

Amortisation
The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of intangible assets have been estimated as follows:

Software	3 to 10 years

Disposals

Realised gains and losses arising from disposal of intangible assets are recognised in profit or loss in the period in which the transaction occurs.

Impairment of intangible assets

Refer to the policy for impairment of property, plant, and equipment. The same approach applies to the impairment of intangible assets, except for intangible assets that are still under development.

Intangible assets that are under development and not yet ready for use are tested for impairment annually, irrespective of whether there is any indication of impairment.

Payables, Provisions and Deferred Revenue

Accounting policy

Short-term payables are recorded at the amount payable.

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Restructuring
A provision for restructuring is recognised when MDHB 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.

ACC Accredited Employers Programme
The group belongs to the ACC Accredited Employers Programme (the "Full Self Cover Plan") whereby the group accepts the management and financial responsibility for employee work-related illnesses and accidents. Under the programme MDHB is liable for all its claims costs for a period of two years up to a specified maximum. At the end of the two year period, MDHB pays a premium to ACC for the value of residual claims, and from that point the liability for ongoing 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 to possible, the estimated future cash outflows.

Derivative Financial Instruments

Accounting policy
Derivative financial instruments are used to manage exposure to foreign exchange risk arising from the group's operational activities. The group does not hold or issue derivative financial instruments for trading purposes. The group has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit.

Forward foreign exchange derivatives are classified as current if the contract is due for settlement within 12 months of balance date. Otherwise, the fair value of foreign exchange.

Borrowings

Accounting policy

Overdraft facility

Amounts drawn under the New Zealand Health Partnerships Limited (NZHPL) banking facility are recorded at the amount payable plus accrued interest.

Finance leases
A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Employee Entitlements

Accounting policy

Short-term employee entitlements
Employee entitlements that are due to be settled within 12 months after the end of the year in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, continuing medical education leave, and sick leave.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Termination Payments are recognised in profit or loss only where there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled in 12 months are reported as the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash flows.

Long-term employee entitlements
Sick leave, continuing medical education leave, annual leave, long service leave that is available for use, and sabbatical leave that is available for use are classified as a current liability. Long service leave, sabbatical leave, and retirement gratuities expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Long-term employee entitlements
Employee entitlements that are due to be settled beyond 12 months after the end of the year in which the employee renders the related service, such as sabbatical leave, long service leave, and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information, and
- the present value of the estimated future cash flows.

Presentation of employee entitlements
Sick leave, continuing medical education leave, annual leave, long service leave that is available for use, and sabbatical leave that is available for use are classified as a current liability. Long service leave, sabbatical leave and retirement gratuities expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Equity

Accounting policy
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/(deficits); and
- property revaluation reserves.

Property revaluation reserves
These reserves relate to the revaluation of property, plant, and equipment to fair value.

C. ALLIED LAUNDRY SERVICES LIMITED

C.1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements and notes are for Allied Laundry Services Limited (the "Company"). It is a profit oriented entity incorporated and domiciled in New Zealand and is a company registered under the Companies Act 1993.

The address of its registered office is 196 Broadway Avenue, Palmerston North, New Zealand. Its principal place of business is 12/50 Ruahine Street, Roslyn, Palmerston North, New Zealand.

The principal activities of the Company during the financial period were the provision of laundry and linen services to Taranaki, Whanganui, Hawkes Bay, MidCentral, Hutt Valley, Capital & Coast and Wairarapa District Health Boards and commercial customers.

Statement of Compliance and Basis of Preparation

The Company has adopted the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS - RDR") as set out in the External Reporting Board's "Accounting Standards Framework".

The financial statements are general purpose financial statements that have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to NZ IFRS - RDR. The Company has elected to report under NZ IFRS - RDR as the Company is a for-profit Tier 2 entity for financial reporting purposes on the basis that it does not have public accountability and is not a large for-profit public sector entity. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993. All reporting concessions have been taken.

The financial statements were approved and authorised for issue by the Board of Directors.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Comprehensive Income and Statement of Financial Position on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies. The information is presented in New Zealand dollars. All values are rounded to the nearest dollar.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Comprehensive Income and Statement of Financial Position have been applied:

(a) Revenue

The Company provides laundry and linen services to DHB's and commercial customers and then dispatches it to these customers. Revenue is recognised when control of the products has transferred, being when the products are dispatched and delivered to the customer. Delivery occurs when the products have been shipped to the specific location and either the customer has accepted the products in accordance with the sales contract or the Company has objective evidence that all criteria for acceptance have been satisfied. Theatre Linen is also purchased from Standard Textiles and is onsold to third parties. This revenue is disclosed separately in the statement of comprehensive income.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes payment collected on behalf of third parties. No element of financing is deemed present as the sales are made with a credit term of 30 days,

which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. There were no critical judgements made relating to revenue recognition.

COVID-19 Loss Recovery revenue is recognised when cash has been received. This revenue is received from the shareholders of the Company to minimise the effect the nation-wide lockdown had on the Company's operation and cash flows and is disclosed separately from all other revenue in the financial statements.

(b) Expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

(c) Inventory
Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(d) Trade Receivables
Trade Receivables are recognised at fair value, then amortised cost, making allowances for doubtful debts.

(e) Property, Plant and Equipment
The cost of purchased assets is the value of consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Costs include financing costs that are directly attributable to the purchase of those assets.

Depreciation is calculated at the following rates:
Buildings 2-8.3% Straight Line
Leasehold 5-20% Straight Line
Textiles & Linen 33% Straight Line
Plant 10-40% Straight Line
Office Equipment 18.6% Straight Line
Motor Vehicles 20% Straight Line

Work in progress is not depreciated. The total cost of a project is transferred to property and/or plant and equipment on its completion and then depreciated.

The internal controls over the identification and existence of Textiles & Linen stock movements are limited. This therefore has a direct impact on the final value of Textiles & Linen stock as well as the Textiles & Linen depreciation balances. Controls are limited due to the extent of the daily movements across all the District Health Boards. The linen stock are across different locations majority of the time and therefore it is difficult to perform a proper count.

(f) Operating Leases
Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term

(g) Income Tax
The company is exempt from income tax under Section CW 38 (2) of the Income Tax Act 2007.

(h) Intangible Assets
Intangible assets are stated at their historical cost and amortised on a straight-line basis over their expected useful lives. An adjustment is made for any impairment. Intangible items acquired must be recognised as assets separately from goodwill if they meet the definition of an asset, are either separable or arise from contractual or other legal rights, and their fair value can be measured reliably.

(i) Goodwill
Goodwill represents the excess of the purchase consideration over the fair value of the net tangible asset and intangible assets, acquired at the time of acquisition of a business or an equity interest in a subsidiary or associate company. Goodwill is recognised at cost and any adjustment are made for any impairment.

(i) Financial Instruments
The Company classifies all of its financial assets as at amortised cost. This is because the assets are held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effectively interest method, less loss allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. The Company applies the NZ IFRS 9 Financial Instruments simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. There was no allowance for credit losses for the year (2019; None).

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

Financial Liabilities consist of trade and other payables, accruals and term loans. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Foreign currencies
The financial statements are presented in New Zealand Dollars (NZD), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit and loss.

(k) Goods and Services Tax (GST)

Revenues and expenses have been recognised in the financial statements exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

(l) Impairment
For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill

is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

Impairment losses for cash-generating units reduce first the carrying amount of goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Employee Benefits

(i) Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. Examples of such benefits include wages and salaries and non-monetary benefits. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefits

The Company's liability for annual and long service leave are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurement arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, irrespective of when the actual settlement is expected to take place.

(o) Equity, Reserves and Dividend Payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Dividends are paid by the company after reviewing the financial position and impact of the dividend on the solvency of the Company. All dividends are approved by the Board before payment.

(p) Business Combinations

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. it is calculated as the excess of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair value of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on bargain purchase) is recognised in profit or loss immediately.

(q) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised in an outflow of economic resources as a result of present obligation is not probable. Such instances are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(r) Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Financial Performance.

The following are definitions of the terms used in the Statement of Cash Flows:

Cash is considered to be cash on hand, current accounts in banks, and other highly liquid investments in which the entity invests as part of its day to day cash management. Cash

includes borrowings from financial institutions such as bank overdrafts, where such borrowings are on call and are used as part of the day to day cash management.

Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.

Financing activities are those activities which result in changes in the size and composition of the capital structure of the group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

Operating activities includes all transactions and other events that are not financing or investing activities.

(s) Significant Management Judgement in Applying Accounting Policies and Estimation Uncertainty

Uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful life of depreciable assets

Management reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Furthermore, the useful life for linen stocks is based on an assumption that linen stocks last for 36 months (3 years). The policy is based on the life of the total pool of circulating linen stocks and reflects linen life, linen ragging and unidentified stock losses.

Changes in Accounting Estimates

There have been no changes in accounting estimates during the reporting period.

(t) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements except for those noted below. Goodwill has been reclassified as an intangible assets and it now recognises amortisation on a straight-line basis and as such the accounting policy has been updated.

In the current year, the Company suffered a loss in revenue due to the COVID-19 pandemic, to minimise the effect the nation-wide lockdown had on the Company's operation and cash flows, the shareholders provided the Company with $120,581 of COVID-19 Loss Recovery revenue. The revenue accounting policy has been updated to reflect this.

In the current year, the Group has applied NZ IFRS 16 Leases ("NZ IFRS 16") (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. NZ IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

NZ IFRS 16 Leases
The Company has applied NZ IFRS 16 with a date of initial application of 1 July 2019 and comparatives have not been restated. As a result, the Company has changed its accounting policy for leases contracts as detailed below.

The Company has applied NZ IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. The details of the changes in accounting policies are disclosed below.

a. Definition of a lease
On transition to NZ IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transitions are leases. It applied NZ IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under NZ IAS 17 Leases were not reassessed for whether there is a lease. Therefore, the definition of a lease under NZ IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

b. As a lessee
As a lessee, the Company previously classified leases as operating leases. Under NZ IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases -i.e. these leases are on-balance sheet. The Company decided to apply recognition exemptions to low-value leases and short-term leases.

At transition, lease liabilities were measured at the present value of remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at either:

- their carrying amount as if NZ IFRS 16 has been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application the Company applied this approach to its building leases; or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments - which was nil.

C.2 ALLIED LAUNDRY SERVICES FINANCIAL STATEMENTS

Allied Laundry Services Limited
Statement Financial Performance

	Actual 2019/20 ($)	Forecast 2021/21 ($)	Budget 2021/22 ($)
Revenue	11,760,973	12,215,582	12,639,389
Expenditure			
Operating expenses	7,503,952	8,210,833	8,487,378
Administration	545,879	621,186	627,500
Interest and Lease	171,980	147,284	169,792
Insurance	85,234	94,563	97,200
Non cash (Depreciation)	2,700,635	2,677,265	2,692,176
Total Linen Supply expenditure	11,007,680	11,751,130	12,074,046
Operating Surplus	753,293	464,452	565,343
Non operating expenditure	-	345,000	345,000
Net surplus	753,293	119,452	220,343

Allied Laundry Services Limited
Statement of Financial Position

	Actual 2019/20 ($)	Forecast 2021/21 ($)	Budget 2021/22 ($)
Current Assets	1,551,842	1,647,122	1,459,005
Current Liabilities	1,997,565	1,588,436	1,323,339
Working capital	-445,723	58,686	135,666
Non Current Assets	10,347,184	9,842,775	9,765,795
Assets employed	9,901,461	9,901,461	9,901,461
Non current liabilities	2,152,948	2,952,701	2,486,581
Equity	7,748,513	6,948,760	7,414,880
Funds employed	9,901,461	9,901,461	9,901,461

Allied Laundry Services Limited
Statement of Cashflows

Allied Laundry Services Limited

Statement of Cashflows

	Actual 2019/20 ($)	Forecast 2021/21 ($)	Budget 2021/22 ($)
Total receipts	11,409,602	12,636,695	12,776,193
Total payments	-8,217,584	-10,467,078	-10,312,568
Operating cashflow	3,192,018	2,169,617	2,463,625
Investing cashflow	-2,248,168	-1,804,722	-2,625,000
Financing cashflow	-1,201,281	-172,336	-35,141
Net cashflow	-257,431	192,559	-196,516
Opening cash	257,331	-100	192,459
Closing cash	-100	192,459	-4,057

APPENDIX 1A: DESCRIPTION OF OUTPUT CLASSES

Output Class: Prevention Services

Output: Health Promotion and Education

Health promotion services support individuals, families/whānau and communities to take control over the factors that influence their health. Health promotion staff utilise the Ottawa Charter and Te Tiriti o Waitangi and other equity tools as frameworks to improve health and to reduce inequality, focusing both on healthy lifestyles and on the physical and social environments in which people live, work and play. This involves advocacy for healthy public policy and for healthy, sustainable communities as well as providing education around risk factors and behaviours that contribute to health and wellbeing.

Output: Health Protection, Regulation, Environmental Health and Communicable Disease Control

Health protection services work within the framework created by the various health-related Acts including the Health Act (1956), Sale and Supply of Liquor Act 2012 and Smoke Free Environments Act 1990 and their associated regulations. The emphasis is around increasing compliance with the legislation in order to protect the health of individuals and of communities. This involves working with a range of agencies to maintain a healthy physical environment, ensuring that food and water are safe to consume, that communities are protected from hazardous substances and are as prepared as possible for emergencies such as earthquakes, floods and pandemics. Surveillance and control of communicable diseases such as measles and influenza are also important functions, with immunisation a key tool in maintaining a healthy population.

Output: Population Based Screening

Screening programmes can detect some conditions, allowing earlier treatment and reducing morbidity and mortality. In some cases (for example, breast screening), screening may detect cancer at an early stage. In others (such as newborn metabolic screening) screening may find conditions which can be treated before the baby develops a preventable illness or disability. For example:

- breast screening reduces the chances of dying from breast cancer by about 30 percent if aged between 50 and 65, and by about 45 percent if aged between 65 to 69
- cervical screening reduces the chances of developing cervical cancer by about 90 percent
- newborn hearing screening picks up hearing impairment in babies and enables certain conditions that can be harmful to babies to be treated at an early stage. This means that help such as parent support groups, hearing aids, cochlear implants and the introduction of sign language can be offered as soon as possible

Output: Immunisation

Publicly funded immunisation services provide National Immunisation Schedule vaccinations together with a range of education and support services to ensure a high immunisation coverage rate for the district's population.

Output: Well Child Services

The Well Child/Tamariki Ora (WCTO) service framework covers screening, education and support services offered free to all New Zealand children from birth to five years, and their families/whānau. Well child services include health education and promotion, health protection and clinical assessment, and family/whānau support.

The services also ensure that parents are linked to other early childhood services such as early childhood education and social support services, if required. Under the current well child national schedule, 12 health checks are offered. Eight of these checks are offered between the ages of six weeks and five years. Additional services are also offered to first time parents and to families who are identified as needing more support.

Output Class: Early Detection and Management

Output: Primary Health Care

Primary and community services support people to access intervention, diagnostics and treatment and to better manage illness or long term conditions. These services assist people to detect health conditions earlier, making treatment and interventions easier and reducing the complications of injury and illness. For most people, their general practice team is their first point of contact with health services. Primary care can deliver services sooner and is one of the most effective ways to prevent disease through screening, early detection and timely provision of treatment. Primary care is also vital as a point of continuity and effective coordination across the continuum of care, and for improving the management of care for people with long term conditions.

Output: Primary Community Care Programmes

Primary and community care programmes are geared toward initiatives that rely on a team of health care professionals to provide a range of services for people with high health needs, in particular those with a long term condition such as diabetes, respiratory and/or cardiovascular disease, focused on reducing risk of illness and timely diagnosis, assessment and treatment of illness or disease.

Output: Community Based Oral Health Services for Children and Adolescents

Child and Adolescent Oral Health Services cover the provision of a range of dental care to assist the maintenance of a functional natural dentition and to bring about an improvement in oral health status of the population. It includes preventive care, oral health promotion and education, treatment of oral disease and the restoration of tooth tissue. The client group comprises all children in the following age groups:

- pre-schoolers until school entry (to enable access for at-risk children at any age)
- all children of primary school and intermediate school age
- children older than 13 years who do not yet attend secondary school
- adolescents attending school from year 8 up to their 18th birthday, who otherwise would not have access to oral health services

Output: Community Pharmacy Services

Community pharmacies provide medicine management services to people living in the community. MidCentral DHB funds community pharmacies to assess an individual person's need for a medicine, assist with the selection of a medicine appropriate for the individual's needs, prepare and supply subsidised medicine(s) to eligible people, and provide assistance to people so that outcomes from medicines are optimised.

Output: Community Referred Testing and Diagnostic Services

A range of diagnostic services is provided on direct referral from General Practitioners and certain other health professionals to help diagnose a condition or as part of treatment. They include radiology, laboratory and various other specialty diagnostic tests.

Output Class: Intensive Assessment and Treatment

Output: Mental Health and Addiction Services

Specialist mental health and addiction services are delivered to those eligible people who are most severely affected by mental illness or addiction.

The services include assessment, diagnosis, treatment and rehabilitation, as well as crisis response when needed. Mental health and addiction services aim to reduce the impact of mental illness and reduce harm caused by drug and alcohol dependency or addiction through a recovery-focused, consumer oriented approach to early assessment and treatment.

Output: Hospital-Based Elective Services (inpatient and outpatient)

Elective services are medical or surgical services which will improve quality of life for someone suffering from a significant medical condition, but that can be delayed because they are not required immediately. A service becomes known as an "elective" if it is provided seven or more days after the decision to proceed with treatment. Electives do not include services such as disability support, maternity, mental health, primary health or public health programmes.

Access to elective services is based on a referral from a general practitioner, and gives priority to those most in need and who will benefit most. A booking system is therefore used. The referral guidelines and access criteria are part of the national electives programme overseen by the Ministry of Health. A key priority of Government is to ensure equitable access to elective services, deliver more elective surgery as well as to reduce waiting times.

Output: Hospital Based Acute Services

Specialist (acute) medical and surgical services are provided to people of all ages whose condition is of such severity or complexity that it is beyond the capacity and technical support of the referring service. Services intended are to achieve an integrated continuum of care that provides effective shared care across all settings from primary to tertiary, and includes cure of disease, relief of pain, effective screening and prevention of unnecessary or long term complications and access to information by patients and other practitioners. Hospital acute services will also advise and plan for care that prevents or reduces acute exacerbation of chronic disease to minimise likelihood of inappropriate hospital admissions and promote improved quality of life.

Output: Hospital Based Maternity Services

Maternity Services that are funded by DHBs include primary, secondary and tertiary maternity care for pregnant women and their babies until six weeks after the birth. The service supports continuity of care, and is delivered in community, outpatient and inpatient settings. The national Maternity Referral Guidelines identify clinical reasons for consultation with a specialist and are published by the Ministry of Health from time to time.

Hospital-based maternity services are provided at primary, secondary and tertiary levels. Secondary maternity services are those provided where women and/or their babies experience complications that need additional maternity care involving obstetricians, paediatricians, other specialists and secondary care teams. Tertiary maternity services are additional maternity care provided to women and their babies who have highly complex clinical needs and require consultation with and/or transfer of care to a multi-disciplinary specialist team.

Output: Assessment, Treatment and Rehabilitation Services

Multi-disciplinary inpatient assessment treatment and rehabilitation (AT&R) for people with complex medical, cognitive, functional and social needs with the aim of enabling them to live independently in the community. Includes aged, physical, sensory and intellectual AT&R service(s). The AT&R service aims to improve functional independence of patients in usual age-related roles and activities and/or return to the workforce or other activity with limitation of disease progression by active risk factor management and early, effective rehabilitation.

These are services provided to restore functional ability and enable people to live as independently as possible.

Output Class: Rehabilitation and Support

Output: Needs Assessment and Service Coordination

Needs Assessment is a process of determining the current abilities, resources, goals and needs of a person and defining those needs which are most important to the person. Needs Assessment is provided to:

- a person who has been identified as having a physical, intellectual, sensory or aged related disability (or a combination of these); and
- which is likely to continue for a minimum of six months; and
- results in a reduction of independent function to the extent that ongoing support is required

Service coordination is a process of identifying, planning and reviewing the packages of services required to meet the priorities, needs and goals of the person assessed. The process also determines which of these needs can be met by funded services and which can be met by other services. The process explores all options and linkages for addressing the person's prioritised needs and goals.

Output: Home-Based Support Services

The purpose of the home support services is to promote and maintain the independence of people who are experiencing difficulty caring for themselves because of an illness or chronic medical condition, or as a result of hospitalisation. The home support service is long term support provided by support workers for people with chronic health conditions in their own home or other private accommodation in the community. The service is delivered by private organisations, upon authorised referral following confirmation of eligibility and an individual needs assessment process, and is accountable for the quality of services delivered. The services have a restorative focus that promotes and maintains the independence of the service user.

Output: Age Related Residential Care

Age related residential care (ARRC) beds comprise rest home care beds, dementia care beds and hospital continuing care beds. Psychogeriatric care beds are also available, which provide for more complex care needs.

Output: Lifelong Disability Services

Government, through Vote:Health, funds ongoing support services for people with a wide range of disabilities and impairments. These services are referred to as disability support services for some groups, and long-term support services for others. Support options need to be flexible, responsive and needs based (refer to the earlier sections on Needs Assessment and Service Coordination services, residential care, rehabilitation and home-based support services). They focus on the person and, where relevant, their family and whānau, and enable people to make informed decisions about their own lives.

This output focuses on the services provided by Enable New Zealand – a division of MidCentral District Health Board – in two main areas: disability information and advisory services and equipment modification services. Enable New Zealand provides services to the greater population of New Zealand. The new EASIE Living Centre (opened in February 2016) enjoys a strong community profile regionally and acts as a community hub, engaging with community organisations and service providers to remove the barriers that preclude disabled people from actively participating in their communities.

Output: Rehabilitation Services

These services restore or maximise people's health or functional ability following a health-related event. They include community rehabilitation programmes, physical or occupational therapy, treatment of pain or inflammation and retraining to compensate for specific lost functions. Success is measured through increased referral of the right people to these services.

Output: Respite and Day Care Services

Day programme services for older people are planned activities that meet the specific needs and interests of older people, where well-trained staff will assist service users in a stimulating and safe environment. Day programme services are aimed at assisting to maintain independence for older people, are closely integrated with other community support services available to older people and are also a form of support for carers of older people.

Respite care services for people with age related or long term disabilities are based on a 24-hour, 7 day a week service. The service provides both planned and emergency (or crisis) respite care for primary carers/family/ whānau who care for family members with chronic health conditions and long term support needs. The duration of respite is short term and intermittent, or episodic for the service user. Access to respite care is based on need and approved by the Needs Assessment and Service Coordination (NASC) service.

Planned respite care is provided for specific periods as agreed with the primary carers/family/whānau. Emergency respite care is provided in times of crises, e.g. when primary carers/family/whānau are in urgent and immediate need of temporary relief from care-giving.

Output: Palliative Care Services

Specialist palliative care is palliative care provided by those who have undergone specific training and/or accreditation in palliative care or medicine, and who are working in the context of an expert inter-disciplinary team of palliative care health professionals. Specialist palliative care may be provided by hospices (community), hospital-based palliative care services, or paediatric specialist palliative care teams.

Specialist palliative care services are provided to people, their family and whānau when and where their complex palliative care need exceeds the resources of the generalist provider. Generalist palliative care is provided for those with life-limiting illness as an integral part of clinical practice by any health care professional who is not part of a specialist palliative care team (e.g. general practice teams, district nurses, allied health professionals, aged residential care staff etc.). Providers of generalist palliative care services have defined links with specialist palliative care team(s) for the purposes of support and advice, access to education and training, and referral pathways for people with complex needs.

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