



**E83**

Presented to the House of Representatives pursuant to sections 149 and 149(L) of the Crown Entities Act 2004.

# 2020/21 Statement of Performance Expectations

Hawke's Bay District Health Board

## Appendix 1: Statement of performance expectations including financial performance

This section includes information about the measures and standards against which Hawke's Bay District Health Board's (HBDHB) service performance will be assessed. For the purpose of our Statement Performance Expectations (SPE), our services are grouped into four reportable Output Classes:

- Prevention Services
- Early Detection and Management Services
- Intensive Assessment and Treatment Services
- Rehabilitation and Support Services.

The outputs and measures presented are a reasonable representation of the full range of services provided by the organisation. Where possible, we have included past performance (baseline data) and the performance target to give the context of what we are trying to achieve and to enable better evaluation of our performance.

### Service Performance

Explaining the contribution that our services make towards achieving the population and system level outcomes and impacts outlined in our Sol, requires consideration of service performance. For each output class, we will assess performance in terms of the New Zealand Triple Aim. Maintaining a balance of focus across the Triple Aim is at the core of the Health Quality and Safety Commission's drive for quality improvement across the health sector.

### The system dimension: Best value for public health system resources

For each output class we show expected funding and expenditure to demonstrate how output class performance will contribute to the outcome of a financially sustainable system.

### The population dimension: Improved health and equity for all populations

Services may target the whole population or specified sub-populations. In either case we select measures that apply to the relevant group. These measures usually refer to rates of coverage or proportions of targeted populations who are served and are indicative or responsive to need.

### The individual dimension: Improved quality, safety and experience of care

Ensuring quality and safety, within hospitals and wider health services, is a fundamental responsibility of DHBs'. Measurements in this dimension indicate how well the system responds to expected standards and contributes to patient and consumer satisfaction.

Note: all targets are an annual target or, where monitored quarterly, show the expected performance by the end of quarter four. Targets are set at the total population level and monitored, where appropriate, across different population groups to gauge the equity of results. A detailed technical description of each indicator is available in a data dictionary maintained by our information services.

The HBDHB SPE for the 2020/21 year follows:



**Shayne Walker, Board Chair**  
Hawke's Bay District Health Board



**Evan Davies, Deputy Board Chair**  
Hawke's Bay District Health Board

## Output classes

### Output Class 1: Prevention

Prevention Services are publicly funded services that protect and promote good health in the whole population or identifiable sub-populations comprising services designed to enhance the health status of the population, as distinct from treatment services which repair or support health and disability dysfunction.

Prevention Services address individual behaviours by targeting population-wide physical and social environments to influence health and wellbeing. Prevention Services include: health promotion and education services; statutory and regulatory services; population-based screening programmes; immunisation services; and, well child and school services.

On the continuum of care, Prevention Services are population-wide and are designed to focus attention on wellness of the general population and on keeping the “at risk” population healthy. It is important to emphasise that the concept of wellness extends to the entire population, including those who already have a health condition or disability.

**Objective: People are better protected from harm and more informed to support healthier lifestyles and maintenance of wellness**

Through collective action with communities and other sectors, we aim to protect the general population from harm and keep them informed about good health so they are supported to be healthy and empowered to take control of their wellbeing. We aim to reduce inequities in health outcomes as quickly as practicable and we recognise that they often arise out of issues that originate outside the health system.

Prevention programmes include the use of legislation, policy, education and community action to increase the adoption of healthy practices amongst the population and to overcome environmental barriers to good health.

Prevention Services						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in millions of New Zealand Dollars</i>	Actual	Forecast	Projected	Projected	Projected	Projected
Ministry of Health	8.7	8.3	9.5	9.8	10.1	10.5
Other sources	0.2	0.2	0.1	0.1	0.1	0.1
<b>Income by Source</b>	<b>8.9</b>	<b>8.5</b>	<b>9.6</b>	<b>9.9</b>	<b>10.2</b>	<b>10.6</b>
Less:						
Personnel	1.6	2.1	2.2	2.3	2.5	2.6
Clinical supplies	0.1	0.1	0.1	0.1	0.1	0.1
Infrastructure and non-clinical supplies	0.4	0.4	0.4	0.4	0.4	0.4
Payments to other providers	5.9	7.1	6.9	7.1	7.2	7.5
<b>Expenditure by type</b>	<b>8.0</b>	<b>9.7</b>	<b>9.6</b>	<b>9.9</b>	<b>10.2</b>	<b>10.6</b>
<b>Net Result</b>	<b>0.9</b>	<b>(1.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Detailed plans for the new investment and efficiency programmes have yet to be defined and the impact of the programmes on financial performance have been recognised in the provider arm across personnel, clinical supplies, and infrastructure and non-clinical supplies. When the plans are determined the efficiencies will be reclassified and could affect any line in any output class.*

Table 3: Funding and Expenditure for Output Class 1 – Prevention Services

## SPE Measures for Output Class 1

Short Term Outcome	Indicator	MoH Measure	Baseline				2020/21 Target	
			Period	Māori	Pasifika	Other		Total
Better help for smokers to quit	% of pregnant women who identify as smokers upon registration with a DHB-employed midwife or Lead Maternity Carer are offered brief advice and support to quit smoking.	CW09	Jan 19 - Dec 19	83.30%	No Data	No Data	82.20%	≥90%
	% of Primary Health Organisation (PHO) enrolled patients who smoke have been offered help to quit smoking by a health care practitioner in the last 15 months	PH04	15m to Dec 19	68%	65%	74%	69%	≥90%
	% of hospital patients who smoke and are seen by a health practitioner in a public hospital are offered brief advice and support to quit smoking	SS06	Jan 19 - Dec 19	97%	98%	97%	97%	≥95%
Improve breast screening rates	% of women aged 50-69 years receiving breast screening in the last 2 years	PV01	2y to Dec 19	73%	70%	67%	76%	≥70%
Improve cervical screening coverage	% of women aged 25-69 years who have had a cervical screening event in the past 36 months	PV02	3y to Dec 19	75%	76%	76%	75%	≥80%
Increase immunisation	% of eight-month-olds fully immunised.	CW05	Apr 19 - Mar 20	91%	95%	84%	92%	≥95%
	% of five-year-olds have completed all age-appropriate immunisations due between birth and five year of age.	CW05	Apr 19 - Mar 20	89.40%	94.90%	82.50%	91.00%	≥95%
	% of girls and boys fully immunised - HPV vaccine	CW05	Jul 18 - Jun19	85.60%	75.00%	65.00%	73.80%	≥75%
	% of 65+ year olds immunised - flu vaccine	CW05	Mar 19 - Sep 19	53%	46%	61%	60%	≥75%
Increased immunisation at two years	% of two-year-olds have completed all age-appropriate immunisations due between birth and age two years	CW08	Jan 19 - Dec 19	93.2%	98.0%	93.9%	93.9%	≥95%
Reduced incidence of first episode of rheumatic fever	Acute rheumatic fever initial hospitalisation rate per 100,000		Jul 18 - Jun 19	No Data	No Data	No Data	2.3	≤1.5 per 100,000

Table 4: SPE measures for Output Class 1 – Prevention Services

## Output Class 2: Early Detection and Management Services

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 to individuals and small groups of individuals. The Output

Class includes primary health care, primary and community care programmes, child and adolescent oral health and dental services, pharmacist services, and community referred tests and diagnostic services. The services are by their nature more generalist, usually accessible from multiple health providers and from a number of different locations within the district. On the continuum of care these services are mostly concerned with the “at risk” population and those with health and disability conditions at all stages.

**Objective: People’s health issues and risks are detected early and treated to maximise wellbeing**

For people who are at risk of illness and or injury, we will undertake activities that raise awareness and recognition of risky behaviours and practices and improve the opportunity of early detection of health conditions. If people are assisted to identify risk early, and those at risk are screened to detect health conditions early, then behavioural changes and treatment interventions are often easier with less complications and greater chances of returning to a state of good health or of slowing the progression of the disease, injury or illness.

Targeting environmental barriers to good health and connecting people with health services earlier is the intention because early detection of health issues or risks leads to better opportunities to influence long-term outcomes.

Early Detection and Management						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in millions of New Zealand Dollars</i>	Actual	Forecast	Projected	Projected	Projected	Projected
Ministry of Health	129.9	134.2	144.3	148.4	154.0	160.5
Other District Health Boards (IDF)	2.1	2.1	2.2	3.4	3.5	3.6
Other sources	3.4	2.7	2.0	1.5	1.6	1.7
<b>Income by Source</b>	<b>135.4</b>	<b>139.0</b>	<b>148.5</b>	<b>153.3</b>	<b>159.1</b>	<b>165.8</b>
Less:						
Personnel	26.9	34.3	35.9	37.4	40.3	42.2
Outsourced services	5.3	6.3	4.3	4.4	4.7	4.9
Clinical supplies	3.0	3.7	4.2	4.3	4.5	5.0
Infrastructure and non-clinical supplies	8.1	3.7	3.6	3.7	3.9	4.1
Payments to other District Health Boards	2.6	2.9	3.1	3.3	3.4	3.5
Payments to other providers	87.6	106.4	97.4	100.2	102.3	106.1
<b>Expenditure by type</b>	<b>133.5</b>	<b>157.3</b>	<b>148.5</b>	<b>153.3</b>	<b>159.1</b>	<b>165.8</b>
<b>Net Result</b>	<b>1.9</b>	<b>(18.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Detailed plans for the new investment and efficiency programmes have yet to be defined and the impact of the programmes on financial performance have been recognised in the provider arm across personnel, clinical supplies, and infrastructure and non-clinical supplies. When the plans are determined the efficiencies will be reclassified and could affect any line in any output class.*

Table 5: Funding and Expenditure for Output Class 2 – Early Detection and Management Service

## SPE Measures for Output Class 2

Short Term Outcome	Indicator	MoH Measure	Baseline				2020/21 Target	
			Period	Māori	Pasifika	Other		Total
Better oral health	% of preschool children (aged 0-4 years of age) enrolled in and accessing community oral health services (Yr1)	CW03	Jan 19 - Dec 19	75.9%	83.1%	106.8%	91.2%	≥95%
	% of children (aged 0-12 years of age) overdue for their scheduled examinations with Community Oral health service (Yr1)	CW03	Jan 19 - Dec 19	15.20%	21.50%	12.00%	13.70%	≤10%
	% utilisation of DHB funded dental services by adolescents for school Year 9 up to and including 17 years (Yr1)	CW04	Jan 18 - Dec 18	No Data	No Data	No Data	62.4%	≥85%
Improved access primary care	% of Māori population enrolled in the PHO	PH03	Jan 20	99%	n/a	n/a	n/a	≥95% Māori
Improved management of long- term conditions (CVD, acute heart health, diabetes, and stroke)	% of the eligible population will have had a Cardiovascular disease (CVD) risk assessment in the last five years		5y to Dec 19	78.00%	76.10%	84.30%	82.20%	≥90%
	% of people with diabetes who have good or acceptable glycaemic control (HbA1c<64mmols)	SS13	Jan 19 - Dec 19	30.4%	26.6%	42.6%	37.3%	≥60% No Inequity
Improving new-born enrolment in General Practice	% of new-borns enrolled in general practice by 6 weeks of age	CW07	Jan 19 - Dec 19	56%	81%	79%	70%	≥55%
	% of new-borns enrolled in general practice by 3 months of age	CW07	Jan 19 - Dec 19	75.70%	87.50%	102.10%	91.70%	≥85%
Increase referrals of obese children to clinical assessment and family based nutrition, activity and lifestyle interventions	% of obese children identified in the Before School Check (B4SC) programme will be offered a referral to a health professional for clinical assessment and family-based nutrition, activity and lifestyle interventions.	CW10	Jan 19 - Dec 19	99.4%	100.0%	99.2%	99.4%	≥95%
Less waiting for diagnostic services	% of patients with accepted referrals for Computed Tomography (CT) scans who receive their scan, and scan results are reported, within 6 weeks (42 days)	SS07	Jan 19 - Dec 19	No Data	No Data	No Data	85.6%	≥95%
	% of patients with accepted referrals for MRI scans who receive their scan, and the scan results are reported, within 6 weeks (42 days).	SS07	Jan 19 - Dec 19	No Data	No Data	No Data	85.0%	≥90%

Short Term Outcome	Indicator	MoH Measure	Baseline					2020/21 Target
			Period	Māori	Pasifika	Other	Total	
More pregnant women under the care of a Lead Maternity Carer (LMC)	% of women booked with a Lead Maternity Carer (LMC) by week 12 of their pregnancy		Oct 19 - Dec 19	53%	n/a	n/a	n/a	80% Māori
Reduce ASH 45-64	Ambulatory sensitive hospitalisations (ASH) rate per 100,000 45-64 years	SS05	Jan 19 - Dec 19	8044	8372	3510	4564	≤3510
Reduce the difference between Māori and other rate for ASH Zero-Four - SLM	Ambulatory Sensitive Hospitalisation (ASH) rate per 100,000 zero - 4 years	PH01	Jan 19 - Dec 19	8637	n/a	n/a	n/a	≤8205 Māori

Table 6: SPE measures for Output Class 2 – Early Detection and Management Services

### Output Class 3: Intensive Assessment and Treatment Services

Intensive assessment and treatment services are delivered by a range of secondary, tertiary and quaternary providers to individuals. This output class includes: mental health services, elective and acute services (including outpatients, inpatients, surgical and medical services, maternity services and, AT&R services). These services are usually integrated into facilities that enable co-location of clinical expertise and specialised equipment, such as a 'hospital', and they are generally complex in nature and provided by specialists and other health care professionals who work closely together. There are also important links with community-based services before people come into hospital services and after they are discharged – these links must be well coordinated and work as seamlessly as possible.

Hawke's Bay DHB provides most of this output class through the provider arm, Provider Services. However, some more specialised hospital services are funded by HBDHB to be provided by other DHBs, private hospitals, or other providers. Where this happens, other providers are monitored in terms of the operational policy framework or specific contracts, and in accordance with industry standards. On the continuum of care these services are at the complex end of "conditions" and are focussed on individuals with health conditions and prioritised to those identified as most in need.

**Objective: Complications of health conditions are minimised and illness progression is slowed down**

People who are suffering from injury or illness will be diagnosed accurately and offered the most effective treatment available as early as possible.

We will coordinate activities that support people to reduce the complications of disease, injury and illness progression so that they have better health, in terms of survival, and are also able to participate effectively in society and be more independent. It is important that identified disparities are also reduced as quickly as practicable.

Intensive Assessment and Treatment						
For the year ended 30 June <i>in millions of New Zealand Dollars</i>	2019 Actual	2020 Forecast	2021 Projected	2022 Projected	2023 Projected	2024 Projected
Ministry of Health	294.4	380.6	390.1	422.0	450.4	473.8
Other District Health Boards (IDF)	4.2	4.3	4.4	6.7	7.0	7.3
Other sources	12.9	12.4	12.2	9.3	10.0	10.3
<b>Income by Source</b>	<b>311.5</b>	<b>397.3</b>	<b>406.7</b>	<b>438.0</b>	<b>467.4</b>	<b>491.4</b>
Less:						
Personnel	160.3	204.5	213.8	222.8	240.1	251.1
Outsourced services	12.9	15.5	10.4	10.8	11.6	12.1
Clinical supplies	44.1	54.2	61.4	63.4	66.1	72.7
Infrastructure and non-clinical supplies	35.6	50.2	49.6	51.0	54.0	56.2
Payments to other District Health Boards	47.6	52.6	56.4	59.6	62.1	64.6
Payments to other providers	11.9	21.7	29.6	30.4	31.0	32.2
<b>Expenditure by type</b>	<b>312.4</b>	<b>398.7</b>	<b>421.2</b>	<b>438.0</b>	<b>464.9</b>	<b>488.9</b>
<b>Net Result</b>	<b>(0.9)</b>	<b>(1.4)</b>	<b>(14.5)</b>	<b>0.0</b>	<b>2.5</b>	<b>2.5</b>

*Detailed plans for the new investment and efficiency programmes have yet to be defined and the impact of the programmes on financial performance have been recognised in the provider arm across personnel, clinical supplies, and infrastructure and non-clinical supplies. When the plans are determined the efficiencies will be reclassified and could affect any line in any output class.*

Table 7: Funding and Expenditure for Output Class 3 – Intensive Assessment and Treatment Service



## SPE Measures for Output Class 3

Short Term Outcome	Indicator	MoH Measure	Baseline				2020/21 Target	
			Period	Māori	Pasifika	Other		Total
Better access to MH&A services	Proportion of the population seen by Mental Health and Addiction (MH&A) services Adult (20-64)	MH01	Oct 18 - Sep 19	11.00%	3.40%	3.90%	5.60%	≥5.4%
	Proportion of the population seen by MH&A services Older adult (65+)	MH01	Oct 18 - Sep 19	1.4%	1.4%	1.0%	1.0%	≥1.15%
	Proportion of the population seen by MH&A services Child & youth (zero -19)	MH01	Oct 18 - Sep 19	4.10%	1.90%	3.50%	3.70%	≥4.3%
Equitable access to care for stroke patients	% of patients with ischaemic stroke thrombolysed and/or treated with clot retrieval (Service provision 24/7)	SS13	Jan 19 - Dec 19	7%	N/A	N/A	10%	12%
	% of acute stroke patients admitted to a stroke unit or organised stroke service with a demonstrated stroke pathway within 24 hours of their presentation to hospital	SS13	Jan 19 - Dec 19	78.6%	88.9%	74.4%	75.5%	80%
	% of patients admitted with acute stroke are transferred to in-patient rehabilitation services are transferred within 7 days of acute admission	SS13	Jan 19 - Dec 19	88.9%	No Data	No Data	69.6%	≥80%
	% of stroke patients referred for community rehabilitation are seen face to face by a member of the community rehabilitation team within 7 calendar days of hospital discharge.	SS13	Jul 19 - Sep 19	No Data	No Data	No Data	69%	≥60%
Faster cancer treatment (FCT)	% of patients receive their first cancer treatment (or other management) within 31 days from date of decision-to-treat.	SS01	6m to Dec 19	92.31%	100.00%	84.85%	86.32%	≥85%
	% of patients receive their first cancer treatment (or other management) within 62 days of being referred with a high suspicion of cancer and a need to be seen within two weeks.	SS11	6m to Dec 19	91.67%	100.00%	85.96%	87.32%	≥90%
Fewer missed outpatient appointments	Did not attend (DNA) rate across first specialist assessments		Jan 19 - Dec 19	11.1%	12.9%	3.7%	5.8%	≥6%

Short Term Outcome	Indicator	MoH Measure	Baseline				2020/21 Target	
			Period	Māori	Pasifika	Other		Total
Improving mental health services using discharge planning	Community services transition (discharge) plans: % of clients discharged from community MH&A will have a transition (discharge) plan		Oct 18 - Sep 19	N/A	N/A	N/A	77.90%	≥95%
	% of clients discharged from adult inpatient MH&A services have a transition (discharge) plan		Oct 18 - Sep 19	No Data	No Data	No Data	72.50%	≥95%
	% of clients discharged will have a quality transition or wellness plan	MH02	Oct 18 - Sep 19	No Data	No Data	No Data	99.4%	≥95%
Increasing consumer focus More equitable use of Mental Health Act: Section 29 community treatment orders	% reduction in the rate of Māori under s29 orders per 100,000 population	MH05	Jan 19 - Jun 19	439	n/a	n/a	n/a	≤395 Māori
Less waiting for ED treatment	% of patients admitted, discharged or transferred from an emergency department (ED) within six hours.	SS10	Jan 19 - Dec 19	84.5%	86.9%	79.2%	81.4%	≥95%
More appropriate elective surgery	Number of planned care procedure discharges for people living within the HBDHB region.	SS07	Jul 18 - Jun 19	N/A	N/A	N/A	6907	TBC
Patients with ACS receive seamless, coordinated care across the clinical pathway	% of Acute Coronary Syndrome (ACS) patients undergoing coronary angiogram - door to cath within 3 days	SS13	Jan 19 - Dec 19	66.1%	50.0%	60.8%	59.2%	≥70%
	% of ACS patients who undergo coronary angiogram have pre-discharge assessments of LVEF	SS13	Jan 19 - Dec 19	74.6%	83.3%	70.4%	71.8%	≥85%
	% of ACS patients who undergo coronary angiogram are prescribed, at discharge, aspirin, a second anti-platelet agent, statin and an ACE/ARB (four classes) and those with LVEF <40% should also be on a beta blocker (five classes)	SS13	Jan 19 - Dec 19	69.0%	100.0%	59.3%	61.0%	≥85%
Planned Care	% of services that report Yes (that more than 90% of referrals within the service are processed in 15 calendar days or less) (ESPI 1)	SS07	Jan 19 - Dec 19	N/A	N/A	N/A	73.70%	100%
	% of patients waiting over four months for FSA (ESPI 2)	SS07	Dec 19	28%	27%	27%	28%	0%
	% of patients waiting over 120 days for treatment (ESPI 5)	SS07	Dec 19	19.6%	23.4%	20.2%	21.8%	0%
	% of Ophthalmology patients that wait more than or equal to 50% longer than the intended time for their appointment.	SS07	43983	38.7%	37.4%	30.1%	29.9%	0%

Short Term Outcome	Indicator	MoH Measure	Baseline				2020/21 Target	
			Period	Māori	Pasifika	Other		Total
	Acute readmissions to hospital	SS07	Oct 18 - Sep 19	12.10%	11.40%	11.80%	11.90%	≤11.8%
Quicker access to diagnostics	% of patients with accepted referrals for elective coronary angiography receive their procedure within 3 months (90 days)	SS07	Jan 19 - Dec 19	No Data	No Data	No Data	94.8%	≥95%
	% of people accepted for an urgent diagnostic colonoscopy will receive their procedure within 2 weeks (14 calendar days, inclusive),	SS15	Jan 19 - Dec 19	85.1%	93.1%	93.4%	92.0%	≥90%
	% of people accepted for a non-urgent diagnostic colonoscopy will receive their procedure within 6 weeks (42 calendar days)	SS15	Jan 19 - Dec 19	45.6%	55.7%	50.8%	50.1%	≥70%
	% of people waiting for a surveillance colonoscopy will wait no longer than 12 weeks (84 days) beyond the planned date	SS15	Jan 19 - Dec 19	51.4%	58.8%	50.7%	50.8%	≥70%
	% of people who returned a positive faecal immunochemical test (FIT) have a first offered diagnostic date that is within 45 working days or less of their FIT result being recorded in the NBSP information system.	SS15	Jan 20	98%	100%	No Data	97%	≥95%
Reducing waiting times Shorter waits for non-urgent mental health and addiction services for zero-19 year olds	% of zero-19 year olds seen within 3 weeks of referral Mental health provider arm	MH03	Jan 19 - Dec 19	77.7%	68.2%	73.5%	75.2%	≥80%
	% of zero-19 year olds seen within 3 weeks of referral Addictions (provider arm and non-government organisation (NGO))	MH03	Jan 19 - Dec 19	78.9%	100.0%	85.2%	83.0%	≥80%
	% of zero-19 year olds seen within 8 weeks of referral Mental health provider arm	MH03	Jan 19 - Dec 19	92.1%	100.0%	93.8%	93.3%	≥95%
	% of zero-19 year olds seen within 8 weeks of referral Addictions (provider arm and NGO)	MH03	Jan 19 - Dec 19	94.7%	100.0%	100.0%	97.9%	≥95%

Table 8: SPE measures for Output Class 3 – Intensive Assessment and Treatment Services

#### Output Class 4: Rehabilitation and Support Services

This output class includes: needs assessment and service co-ordination, palliative care, rehabilitation, home-based support, aged residential care, respite care and day care for adults. Many of these services are delivered following a 'needs assessment' process and involve coordination of input from a range of providers. Rehabilitation and support services assist people with enduring conditions and disabilities to live independently or to receive the support that they need either temporarily or over the rest of their lives. Hawke's Bay DHB provides NASC services via our provider arm. Other services are provided by our provider arm, general practice and a number of community-based NGOs and private organisations. On the continuum of care these services provide support for individuals who have complex, complicated or end-stage conditions.

**Objective: People maintain maximum functional independence and have choices throughout life.**

Where returning to full health is not possible we will work with our stakeholders to support and care for people so that they are able to maintain maximum function with the least restriction and the most independence. For people in our population who have end-stage conditions, it is important that they and their family or whānau are supported to cope with the situation, so that the person is able to live comfortably and to die without undue pain or suffering.

Rehabilitation and Support						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in millions of New Zealand Dollars</i>	Actual	Forecast	Projected	Projected	Projected	Projected
Ministry of Health	76.5	72.4	88.6	90.2	92.7	96.3
Other District Health Boards (IDF)	2.3	2.3	2.4	3.7	3.9	4.1
Other sources	0.2	0.2	0.1	0.1	0.1	0.1
<b>Income by Source</b>	<b>79.0</b>	<b>74.9</b>	<b>91.1</b>	<b>94.0</b>	<b>96.7</b>	<b>100.5</b>
Less:						
Personnel	7.1	9.0	9.5	9.9	10.7	11.2
Clinical supplies	0.8	1.0	1.1	1.1	1.1	1.2
Infrastructure and non-clinical supplies	1.9	2.0	1.9	2.0	2.1	2.2
Payments to other District Health Boards	3.9	4.4	4.8	5.1	5.3	5.5
Payments to other providers	63.6	67.7	73.8	75.9	77.5	80.4
<b>Expenditure by type</b>	<b>77.3</b>	<b>84.1</b>	<b>91.1</b>	<b>94.0</b>	<b>96.7</b>	<b>100.5</b>
<b>Net Result</b>	<b>1.7</b>	<b>(9.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Detailed plans for the new investment and efficiency programmes have yet to be defined and the impact of the programmes on financial performance have been recognised in the provider arm across personnel, clinical supplies, and infrastructure and non-clinical supplies. When the plans are determined the efficiencies will be reclassified and could affect any line in any output class.*

Table 9: Funding and Expenditure for Output Class 4 – Rehabilitation and Support Service

## SPE Measures for Output Class 4

Short Term Outcome	Indicator	MoH Measure	Baseline				2020/21 Target	
			Period	Māori	Pasifika	Other		Total
Better community support for older people	Acute readmission rate: 75 years +		Oct 18 - Sep 19	11.6%	9.7%	12.4%	12.3%	≤12%
	Acute bed days per 1000 population ( in the last 12 months) 65 years + (Māori and Pacific) and 75 years + (Other)			No Data	No Data	No Data	2002 acute bed days per 1,000 population	≤ 2,002 acute bed days per 1,000 population
	Number of Needs Assessment and Service Coordination (NASC) completed assessments (first assessment, reassessments and 3 year routine assessments).		19/20	No Data	No Data	No Data	1795	≥1795
	The average number of subsidised permanent Health of Older People (HOP) and Long Term Support – Chronic Health Conditions (LTS-CHC) residential beds per night per 1,000 of the 65+ population.		18/19	No Data	No Data	No Data	33 per 1,000	≤ 35 per 1,000
More older patients receive falls risk assessment and care plan	% of older patients given a falls risk assessment		Jan 19 - Dec 19	No Data	No Data	No Data	91%	≥90%
	% of older patients assessed as at risk of falling receive an individualised care plan		Jan 19 - Dec 19	No Data	No Data	No Data	94%	≥90%

Table 10: SPE measures for Output Class 3 – Rehabilitation and Support Service

## Financial performance (for SOI and SPE)

In accordance with the Crown Entities Act 2004, this section contains projected financial statements prepared in accordance with generally accepted accounting practice. The section also includes all significant assumptions underlying the projected financial statements, and additional information and explanations to fairly reflect the projected financial performance and financial position of the DHB. Summary financial performance statements for funding services, providing services, and governance and funding administration are also included in this section.

Performance against the 2020/21 financial year projections will be reported in the 2020/21 Annual Report.

## Projected financial statements

### Introduction

Hawke's Bay DHB is planning to deliver a \$14.5 million deficit result for 2020/21. MOH revenue will be higher than inflation in 2020/21, largely as a result of the Population Based Funding Formula now reflecting population increases experienced in recent years. However the ongoing deficit is being driven by the continued pressure on delivery, with contributing factors including aged and old-fashioned facilities that create barriers to delivering services in an efficient and modern manner, the impact of population growth on demand and demographic factors including higher than national average population aged 65+ and socio economic deprivation. The result is expected to see an improvement to breakeven for 2021/22, and \$2.5 million surpluses to fund capital projects in each of 2022/23 and 2023/24.

Improvements are expected from recognition of population increases through population-based funding and efficiencies.

### Reporting entity

The financial statements of the Hawke's Bay DHB comprise the DHB, its 16.7% interests in Allied Laundry Services Limited and Central Region's Technical Advisory Services Limited, and its 3.7% investment in New Zealand Health Partnerships Limited (NZHP). Hawke's Bay DHB has no subsidiaries.

### Cautionary Note

The prospective financial information presented in this section is based on one or more hypothetical but realistic assumptions that reflect possible courses of action for the reported periods concerned, as at the date the information was prepared. Actual results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

The underlying assumptions were adopted on 12 June 2020.

### Accounting Policies

The projected financial statements in this plan have been prepared in accordance with the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The projected financial statements have been prepared in accordance with tier 1 Public Benefit Entity (PBE) accounting standards.

The accounting policies applied in the projected financial statements are consistent with those used in the 2018/19 Annual Report. That report is available on the HBDHB website at [ourhealthhb.nz/assets/Publications/Annual-Reports/2019-Annual-Report-web.pdf](https://ourhealthhb.nz/assets/Publications/Annual-Reports/2019-Annual-Report-web.pdf)

Projected Statement of Revenue and Expense						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in thousands of New Zealand Dollars</i>	Audited	Forecast	Projected	Projected	Projected	Projected
Ministry of Health - devolved funding	545,844	580,996	617,845	654,901	691,003	724,164
Ministry of Health - non devolved contracts	15,013	14,496	14,614	15,519	16,428	17,124
Other District Health Boards	13,340	12,661	13,038	13,791	14,383	14,952
Other Government and Crown Agency sourced	5,760	5,564	5,719	5,962	6,322	6,588
Patient and consumer sourced	1,294	1,442	1,297	1,356	1,416	1,476
Other	5,969	4,519	3,380	3,720	4,007	4,176
<b>Operating revenue</b>	<b>587,220</b>	<b>619,677</b>	<b>655,893</b>	<b>695,249</b>	<b>733,559</b>	<b>768,480</b>
Employee benefit costs	242,970	249,875	261,373	272,397	293,537	306,960
Outsourced services	20,227	21,913	14,668	15,196	16,260	16,956
Clinical supplies	56,245	59,016	66,773	68,130	70,964	78,192
Infrastructure and non-clinical supplies	52,951	56,265	55,493	57,891	61,241	63,816
Payments to non-health board providers	243,251	262,697	272,056	281,635	289,057	300,056
<b>Operating expenditure</b>	<b>615,644</b>	<b>649,767</b>	<b>670,362</b>	<b>695,249</b>	<b>731,059</b>	<b>765,980</b>
<b>Surplus/(Deficit) for the period</b>	<b>(28,425)</b>	<b>(30,090)</b>	<b>(14,469)</b>	-	<b>2,500</b>	<b>2,500</b>
Revaluation of land and buildings	13,399	-	-	-	-	-
<b>Other comprehensive revenue and expense</b>	<b>13,399</b>	-	-	-	-	-
<b>Total comprehensive revenue and expense</b>	<b>(15,026)</b>	<b>(30,090)</b>	<b>(14,469)</b>	-	<b>2,500</b>	<b>2,500</b>

Table 11: Projected Statement of Comprehensive Revenue and Expense

Projected Statement of Movements in Equity						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in thousands of New Zealand Dollars</i>	Audited	Forecast	Projected	Projected	Projected	Projected
<b>Equity as at 1 July</b>	<b>148,723</b>	<b>143,641</b>	<b>134,487</b>	<b>165,432</b>	<b>181,787</b>	<b>203,755</b>
Funding of health and disability services	(82)	(11,154)	(14,469)	-	2,500	2,500
Governance and funding administration	128	(69)	-	-	-	-
Provision of health services	(28,471)	(18,867)	-	-	-	-
Gain on disposal of assets held for sale	-	-	-	-	-	-
Revaluation of land and buildings	13,399	-	-	-	-	-
<b>Total comprehensive revenue and expense:</b>	<b>(15,026)</b>	<b>(30,090)</b>	<b>(14,469)</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>
Contributions from the Crown (equity injections)	10,300	21,293	45,772	16,712	19,825	11,800
Repayments to the Crown (equity repayments)	(357)	(357)	(357)	(357)	(357)	(357)
<b>Equity as at 30 June</b>	<b>143,641</b>	<b>134,487</b>	<b>165,433</b>	<b>181,787</b>	<b>203,755</b>	<b>217,699</b>

Table 12: Projected Statement of Movements in Equity



Projected Statement of Financial Position						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in thousands of New Zealand Dollars</i>	Audited	Forecast	Projected	Projected	Projected	Projected
<b>Equity</b>						
Paid in equity	91,944	112,881	158,296	174,651	194,119	205,562
Asset revaluation reserve	96,103	96,103	96,103	96,103	96,103	96,103
Asset replacement reserve	-	-	-	-	-	-
Trust and special funds (no restricted use)	-	-	-	-	-	-
Accumulated deficit	(44,407)	(74,497)	(88,966)	(88,966)	(86,466)	(83,966)
<b>Total equity</b>	<b>143,640</b>	<b>134,487</b>	<b>165,432</b>	<b>181,787</b>	<b>203,755</b>	<b>217,699</b>
<b>Current assets</b>						
Cash	13	5	14	14	14	14
Short term investments	-	-	-	-	-	-
Short term investments (special funds/clinical trials)	2,636	2,631	2,636	2,636	2,636	2,636
Receivables and prepayments	29,328	22,180	22,725	23,283	23,856	24,442
Loans (Hawke's Bay Helicopter Rescue Trust)	15	-	-	-	-	-
Inventories	4,023	4,919	5,040	5,164	5,291	5,421
Assets classified as held for sale	-	-	-	-	-	-
	<b>36,014</b>	<b>29,735</b>	<b>30,415</b>	<b>31,097</b>	<b>31,796</b>	<b>32,512</b>
<b>Non-current assets</b>						
Property, plant and equipment	191,356	197,736	227,655	259,876	283,904	296,974
Intangible assets	12,292	4,374	5,258	4,707	3,991	3,211
Investment property	694	694	694	694	694	694
Investment in associates	1,189	1,120	1,120	1,120	1,120	1,120
	<b>205,532</b>	<b>203,924</b>	<b>234,727</b>	<b>266,397</b>	<b>289,709</b>	<b>301,999</b>
<b>Total assets</b>	<b>241,546</b>	<b>233,659</b>	<b>265,142</b>	<b>297,494</b>	<b>321,505</b>	<b>334,511</b>

Projected Statement of Financial Position						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in thousands of New Zealand Dollars</i>	Audited	Forecast	Projected	Projected	Projected	Projected
Less:						
<b>Current liabilities</b>						
Bank overdraft	10,216	10,337	10,170	21,942	21,707	19,302
Payables and accruals	31,320	28,411	31,688	33,570	33,271	32,989
Employee entitlements	53,373	57,423	54,784	57,051	59,551	61,221
Loans and borrowings	(5)	-	-	-	-	-
	<b>94,905</b>	<b>96,171</b>	<b>96,641</b>	<b>112,563</b>	<b>114,529</b>	<b>113,513</b>
<b>Non-current liabilities</b>						
Employee entitlements	3,001	3,001	3,068	3,144	3,221	3,300
Finance Leases	-	-	-	-	-	-
Loans and borrowings	-	-	-	-	-	-
	<b>3,001</b>	<b>3,001</b>	<b>3,068</b>	<b>3,144</b>	<b>3,221</b>	<b>3,300</b>
<b>Total liabilities</b>	<b>97,906</b>	<b>99,172</b>	<b>99,710</b>	<b>115,707</b>	<b>117,750</b>	<b>116,813</b>
<b>Net assets</b>	<b>143,640</b>	<b>134,487</b>	<b>165,432</b>	<b>181,787</b>	<b>203,755</b>	<b>217,699</b>

Table 13: Projected Statement of Financial Position

Projected Statement of Cash Flows						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in thousands of New Zealand Dollars</i>	Audited	Forecast	Projected	Projected	Projected	Projected
<b>Cash flow from operating activities</b>						
Cash receipts from MOH, Crown agencies & patients	582,876	625,474	655,752	662,070	688,646	704,849
Cash paid to suppliers and service providers	(352,631)	(375,124)	(385,053)	(367,795)	(379,184)	(386,906)
Cash paid to employees	(229,967)	(249,875)	(261,373)	(264,422)	(276,684)	(284,278)
Cash generated from operations	278	475	9,326	29,853	32,778	33,665
Interest received	387	105	44	84	84	84
Interest paid	(323)	(214)	(453)	-	-	-
Capital charge paid	(8,541)	(8,480)	(8,079)	(9,998)	(11,060)	(12,257)
	<b>(8,199)</b>	<b>(8,114)</b>	<b>837</b>	<b>19,939</b>	<b>21,802</b>	<b>21,492</b>
<b>Cash flow from investing activities</b>						
Proceeds from sale of property, plant and equipment	144	-	(9)	-	-	-
Acquisition of property, plant and equipment	(14,067)	(12,583)	(43,282)	(46,566)	(39,535)	(29,030)
Acquisition of intangible assets	(3,185)	(971)	(2,776)	(1,500)	(1,500)	(1,500)
Acquisition of investments	(1,530)	-	15	-	-	-
	<b>(18,637)</b>	<b>(13,554)</b>	<b>(46,052)</b>	<b>(48,066)</b>	<b>(41,035)</b>	<b>(30,530)</b>
<b>Cash flow from financing activities</b>						
Proceeds from borrowings	-	580	-	-	-	-
Proceeds from equity injections - capital	-	1,293	26,129	16,712	19,825	11,800
Proceeds from equity injections - deficit support	10,300	20,000	19,643	-	-	-
Repayment of finance lease liabilities	-	-	-	-	-	-
Equity repayment to the Crown	(357)	(357)	(357)	(357)	(357)	(357)
	<b>9,943</b>	<b>21,516</b>	<b>45,415</b>	<b>16,355</b>	<b>19,468</b>	<b>11,443</b>

Projected Statement of Cash Flows						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in thousands of New Zealand Dollars</i>	Audited	Forecast	Projected	Projected	Projected	Projected
Net increase/(decrease) in cash and cash equivalents	(16,893)	(152)	200	(11,772)	235	2,405
Cash and cash equivalents at beginning of year	7,444	(9,449)	(9,601)	(9,401)	(21,173)	(20,938)
Cash and cash equivalents at end of year	<b>(9,449)</b>	<b>(9,601)</b>	<b>(9,401)</b>	<b>(21,173)</b>	<b>(20,938)</b>	<b>(18,533)</b>
<u>Represented by:</u>						
Cash	(10,203)	(10,332)	(10,156)	(21,928)	(21,693)	(19,288)
Short term investments	755	731	755	755	755	755
	<b>(9,449)</b>	<b>(9,601)</b>	<b>(9,401)</b>	<b>(21,173)</b>	<b>(20,938)</b>	<b>(18,533)</b>

Table 14: Projected Statement of Cash Flows

Projected Funder Arm Operating Results						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in thousands of New Zealand Dollars</i>	Audited	Forecast	Projected	Projected	Projected	Projected
<b>Revenue</b>						
Ministry of Health - devolved funding	545,844	580,996	617,845	654,901	691,003	724,164
Inter district patient inflows	8,748	8,689	9,027	8,542	8,899	9,252
Other revenue	204	235	191	204	216	228
	<b>554,796</b>	<b>589,920</b>	<b>627,063</b>	<b>663,647</b>	<b>700,118</b>	<b>733,644</b>
<b>Expenditure</b>						
Governance and funding administration	<b>3,424</b>	<b>3,603</b>	<b>3,603</b>	<b>3,702</b>	<b>3,865</b>	<b>4,032</b>
Own DHB provided services						
Personal health	273,125	299,698	331,166	342,106	366,920	387,696
Mental health	23,522	23,057	22,627	23,616	24,624	25,644
Disability support	9,370	9,572	9,572	9,984	10,416	10,848
Public health	1,567	1,829	1,830	1,896	1,992	2,088
Māori health	619	619	679	708	744	780
	<b>308,203</b>	<b>334,774</b>	<b>365,873</b>	<b>378,310</b>	<b>404,696</b>	<b>427,056</b>
Other DHB provided services (Inter district outflows)						
Personal health	54,229	55,220	59,902	62,683	65,392	68,004
Mental health	1,771	2,260	2,031	2,124	2,220	2,304
Disability support	3,139	3,129	3,001	3,143	3,287	3,420
Public health	-	-	-	-	-	-
Māori health	-	-	-	-	-	-
	<b>59,139</b>	<b>60,609</b>	<b>64,933</b>	<b>67,950</b>	<b>70,899</b>	<b>73,728</b>

Projected Funder Arm Operating Results For the year ended 30 June <i>in thousands of New Zealand Dollars</i>	2019 Audited	2020 Forecast	2021 Projected	2022 Projected	2023 Projected	2024 Projected
Other provider services						
Personal health	95,587	105,784	110,213	110,232	108,027	111,552
Mental health	12,831	13,622	13,637	14,695	15,768	16,452
Disability support	71,823	75,848	79,001	84,283	89,707	93,488
Public health	1,033	4,138	1,323	1,403	1,452	1,500
Māori health	2,839	2,696	2,949	3,072	3,204	3,336
	<b>184,113</b>	<b>202,088</b>	<b>207,122</b>	<b>213,685</b>	<b>218,158</b>	<b>226,328</b>
<b>Total Expenditure</b>	<b>554,878</b>	<b>601,075</b>	<b>641,532</b>	<b>663,647</b>	<b>697,618</b>	<b>731,144</b>
<b>Net Result</b>	<b>(82)</b>	<b>(11,154)</b>	<b>(14,469)</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>

Table 15: Projected Funder Arm Operating Results

Projected Governance and Funding Administration Operating Results						
For the year ended 30 June <i>in thousands of New Zealand Dollars</i>	2019 Audited	2020 Forecast	2021 Projected	2022 Projected	2023 Projected	2024 Projected
<b>Revenue</b>						
Funding	3,424	3,603	3,603	3,702	3,865	4,032
Other government and Crown agency sourced	-	-	-	-	-	-
Other revenue	30	20	-	-	-	-
	<b>3,454</b>	<b>3,623</b>	<b>3,603</b>	<b>3,702</b>	<b>3,865</b>	<b>4,032</b>
<b>Expenditure</b>						
Employee benefit costs	1,215	1,277	1,402	1,410	1,465	1,524
Outsourced services	531	577	573	600	624	648
Clinical supplies	3	0	-	-	-	-
Infrastructure and non-clinical supplies	631	892	683	708	744	780
	<b>2,380</b>	<b>2,746</b>	<b>2,658</b>	<b>2,718</b>	<b>2,833</b>	<b>2,952</b>
Plus: allocated from Provider Arm	946	946	946	984	1,032	1,080
<b>Net Result</b>	<b>128</b>	<b>(69)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 16: Projected Governance and Funding Administration Operating Results

Projected Provider Arm Operating Results						
For the year ended 30 June	2019	2020	2021	2022	2023	2024
<i>in thousands of New Zealand Dollars</i>	Audited	Forecast	Projected	Projected	Projected	Projected
<b>Revenue</b>						
Funding	308,203	334,704	365,873	378,364	404,743	427,104
Ministry of Health - non devolved contracts	15,013	14,496	14,614	15,519	16,428	17,124
Other District Health Boards	4,592	3,972	4,011	5,249	5,484	5,700
Accident insurance	5,264	5,070	5,305	5,530	5,866	6,108
Other Government and Crown Agency sourced	497	494	413	432	456	480
Patient and consumer sourced	1,294	1,442	1,297	1,356	1,416	1,476
Other revenue	5,734	4,263	3,189	3,516	3,791	3,948
	<b>340,596</b>	<b>364,441</b>	<b>394,703</b>	<b>409,966</b>	<b>438,184</b>	<b>461,940</b>
<b>Expenditure</b>						
Employee benefit costs	241,755	248,598	259,971	270,987	292,072	305,436
Outsourced services	19,696	21,266	14,095	14,650	15,683	16,356
Clinical supplies	56,241	59,016	66,773	68,130	70,964	78,192
Infrastructure and non-clinical supplies	52,320	55,374	54,810	57,183	60,497	63,036
	<b>370,013</b>	<b>384,254</b>	<b>395,649</b>	<b>410,950</b>	<b>439,216</b>	<b>463,020</b>
Less: allocated to Governance & Funding Admin.	946	946	946	984	1,032	1,080
<b>Surplus/(Deficit) for the period</b>	<b>(28,471)</b>	<b>(18,867)</b>	-	-	-	-
Revaluation of land and buildings	(13,399)	-	-	-	-	-
<b>Net Result</b>	<b>(15,072)</b>	<b>(18,867)</b>	-	-	-	-

Table 17: Projected Provider Arm Operating Results



---

## Significant assumptions

---

### General

- Revenue and expenditure have been budgeted on current Government policy settings and known health service initiatives. Where information is not available, assumptions have been made and are included below.
- No allowance has been made for any new regulatory or legislative changes that increase compliance costs.
- No allowance has been made for the costs of unusual emergency events e.g. pandemic or earthquake, including any impact from the current COVID-19 emergency response and recovery.
- Allowance has been made for the implementation costs of and net savings from regional and national entity initiatives as advised by the MOH.
- No allowance has been made for increase in the provision for Holidays Act remediation due to uncertainty over the amount, in accordance with MoH advice. No allowance has been made for the payment of remediation costs relating to compliance with the Holidays Act, due to uncertainty over timing.
- Allowance has been made for expected costs arising from the Regional Digital Health System (RDHS).
- The majority of savings initiatives have been attributed to the appropriate service and/or cost type. However detailed plans for new investment and efficiency programmes have yet to be finalised.
- Unless otherwise stated, increases in revenue and expenditure due to changes in price levels have been allowed for at 2.0% per annum from 2021/22, based on Treasury forecasts for CPI inflation in the Half Year Economic and Fiscal Update 2019 published (11 December 2019).

### Revenue

- Crown funding under the national population based funding formula is as determined by MOH. Funding for 2021/22, 2022/23 and 2023/24 is based on the standard DHB funding allocation methodology that projects demographic increases and contribution to cost pressures of \$29 million, \$30 million and \$31 million for 2021/22, 2022/23 and 2023/24 respectively, and population based funding adjustments of a further \$7 million and \$4 million in 2021/22 and 2022/23 respectively.
- Crown funding for non-devolved services of \$61.6 million are based on agreements already in place with the appropriate MOH directorates, and assumes receipt of the DHB's full entitlement to planned care funding.
- Inter district flows revenues are in accordance with MoH advice.
- Other income has been budgeted at the DHB's best estimates of likely revenue.

### Personnel Costs and Outsourced Services

- Workforce costs for 2020/21 have been budgeted at actual known costs, including step increases where appropriate. Increases to employment agreements have been budgeted in accordance with settlements, or where no settlement has occurred, at the DHB's best estimate of the likely increase. Personnel cost increases have been allowed for at 3.4%, 3.6% and 3.6% for 2021/22, 2022/23 and 2023/24 respectively based on Treasury forecasts for wage inflation in the Half Year Economic and Fiscal Update 2019 (published 11 December 2019).

### Supplies and Infrastructural Costs

- The cost of goods and services has been budgeted at the DHB's best estimates of likely cost.
- No allowance has been made for cost increases/decreases relating to fluctuations in the value of the New Zealand Dollar.

### Services Provided by Other DHB's

- Inter district flows expenditure is in accordance with MOH advice.

### Other Provider Payments

- Other provider payments have been budgeted at the DHB's best estimate of likely costs.

### Capital Servicing

- Depreciation has been calculated to write off the cost or fair value of property, plant, and equipment assets, and amortisation has been calculated to write off the cost or fair value of intangible assets (software) less their estimated residual values, over their useful lives.
- DHBs do not have authority to borrow long term. The DHB expects to draw on the DHB banking collective's overdraft facility arranged by New Zealand Health Partnerships (NZHP) for working capital requirements, and borrowing costs at 3% per annum have been recognised in the plan.
- The DHB expects to finance a number of capital expenditure projects using equity injections provided by the Crown.

### Investment

- The investment in the Health Finance Procurement Information Management System (FPIM) managed by New Zealand Health Partnerships Limited (NZHPL), was fully impaired in 2018/19. No allowance has been made for any further investment.
- The DHB's share of the assets in Regional Digital Health Service (RDHS) will be amortised over their useful lives. The cost of amortisation is included in infrastructural costs. No allowance has been made for any impairment of the asset.
- No collaborative regional or sub-regional initiatives have been included other than RDHS.
- No increase in funding for existing associate organisations, Allied Laundry Services Limited and Central Technical Advisory Services have been allowed for.
- Property, plant, equipment, intangible asset expenditure, and investments in other entities are in accordance with the table below:

<b>Investment</b>				
	2021	2022	2023	2024
<i>in thousands of New Zealand Dollars</i>	Projected	Projected	Projected	Projected
Buildings and Plant	29,903	36,625	32,710	24,530
Clinical Equipment	9,872	8,441	5,325	3,000
Information Technology	4,683	3,000	3,000	3,000
<b>Motor Vehicles</b>	<b>1,600</b>	-	-	-
<b>Capital Investment</b>	<b>46,058</b>	<b>48,066</b>	<b>41,035</b>	<b>30,530</b>

Table 18: Capital investment

### Capital Investment Funding

- The DHB's capital investment requirements are significant, capital funding is limited, and the DHB is unlikely to have all its needs met within the timeframe it would prefer. Nevertheless the DHB has planned for all necessary capital projects to proceed, and to be funded from capital equity injections.
- Capital investment will be funded from a number of sources including working capital in accordance with the following table:

Investment funding				
<i>in thousands of New Zealand Dollars</i>	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Capital Investment	46,058	48,066	41,035	30,530
Funded by:				
Depreciation and amortisation	15,255	16,396	17,723	18,240
Finance leases	580	2,952	2,000	-
Equity injections	25,772	16,712	19,825	11,800
<b>Cash holdings/overdraft</b>	<b>4,451</b>	<b>12,006</b>	<b>1,487</b>	<b>490</b>
<b>Capital Investment Funding</b>	<b>46,058</b>	<b>48,066</b>	<b>41,035</b>	<b>30,530</b>

Table 19: Capital investment funding

- Equity injections are to fund Hawke's Bay DHB's strategic capital needs, as defined in the DHB's Capital Plan, and are subject to Ministry of Health approval.

### Property, Plant and Equipment

- Hawke's Bay DHB is required to revalue land and buildings when the fair value differs materially from the carrying amount, and at least every five years. A revaluation was completed as at 30 June 2019.

### Debt and Equity

- Hawke's Bay DHB has no term debt. DHBs are restricted from borrowing other than through overdraft to fund working capital requirements.
- Equity movements are projected to be in accordance with the table below:

Equity				
<i>in thousands of New Zealand Dollars</i>	2021 Projected	2022 Projected	2023 Projected	2024 Projected
Opening equity	134,487	165,432	181,787	203,755
Surplus/(deficit)	(14,469)	-	2,500	2,500
Equity injection (deficit funding)	20,000	-	-	-
Equity injections (capital)	25,772	16,712	19,825	11,800
<b>Equity repayments (FRS3)</b>	<b>(357)</b>	<b>(357)</b>	<b>(357)</b>	<b>(357)</b>
<b>Closing equity</b>	<b>165,433</b>	<b>181,787</b>	<b>203,755</b>	<b>217,698</b>

Table 20: Equity

**Cash and Overdraft**

- The DHB's bank overdraft is projected to increase in 2020/21 due to deficits and capital expenditure, before levelling off from 2021/22. The bank overdraft is not expected to reach the DHB's overdraft limit at any time over the time horizon of the plan, noting the general assumptions and that the projections do not make allowance for unusual emergency events, including any impact from the current COVID-19 emergency response and recovery, or Holidays Act.

**Disposal of Land**

- Disposal of land is subject to current legislative requirement and protection mechanisms. Hawke's Bay District Health Board 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 mar