



# Southern Cross Health Trust 2022 Annual Report



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# About us

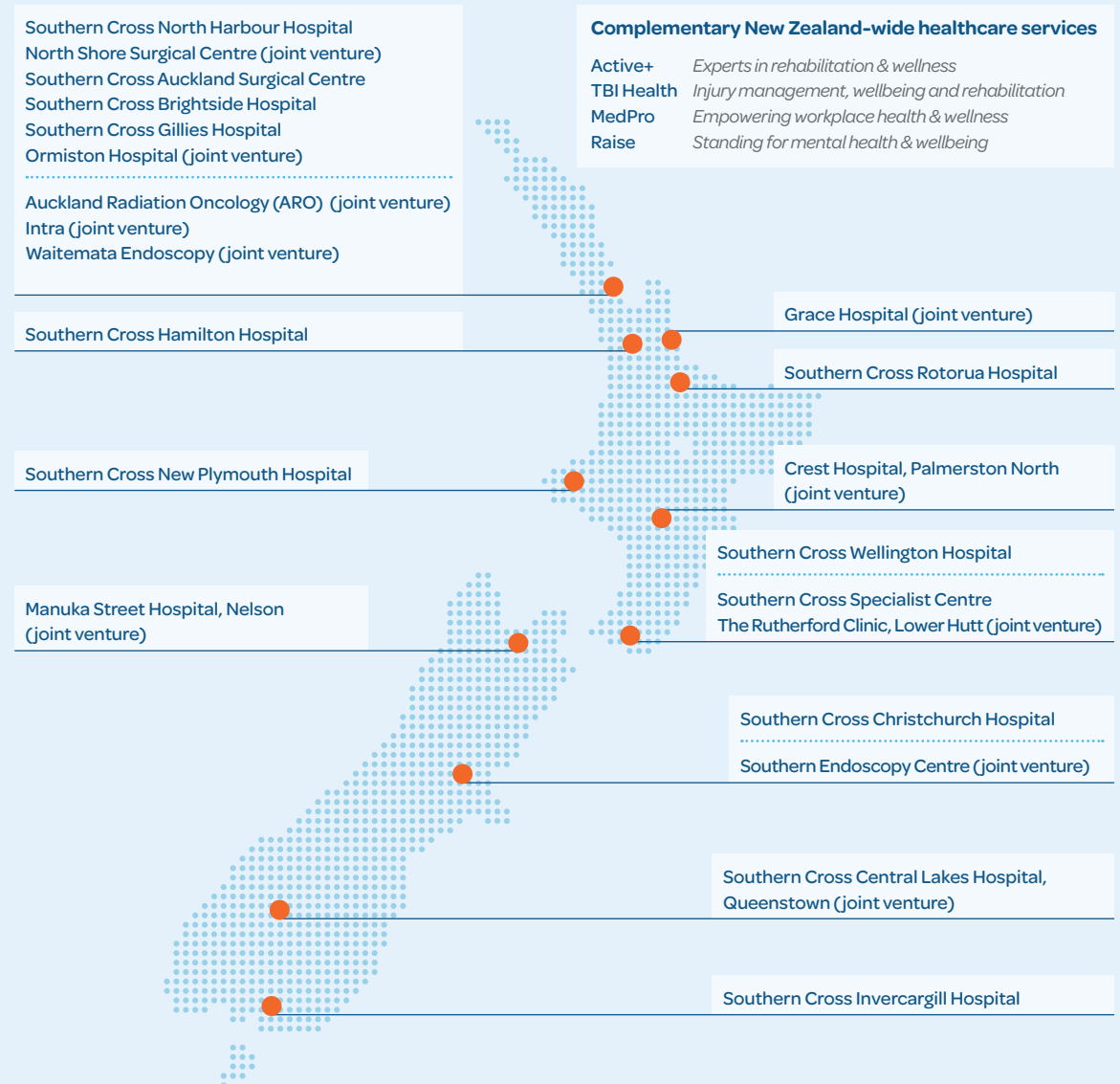
Southern Cross Health Trust is a Charitable Trust established 45 years ago with a vision to give more New Zealanders access to timely, affordable, and quality healthcare.

The Trust works towards achieving this primarily through the operation of Southern Cross Healthcare Limited (which owns and operates the Southern Cross network of wholly owned hospitals and has investments in other healthcare businesses).

Surpluses from the business are reinvested for the benefit of New Zealanders through several avenues: a charitable surgery programme; partnerships with other charitable organisations; making improvements to healthcare facilities; investing in technology and training to improve the skills and knowledge of the nursing workforce in New Zealand and patient outcomes; and ensuring patients receive world-class healthcare.

We provide care and support for the health and wellbeing of New Zealanders through surgical and medical procedures, physiotherapy, rehabilitation, and personalised workplace health solutions. Our vision for the ongoing health of New Zealanders finds further expression in our social responsibility initiatives – funding charitable medical care, doing our bit to drive environmental sustainability, contributing to research, and supporting the mental resilience of New Zealand’s children.

**Southern Cross Healthcare is New Zealand’s largest independent healthcare network. A nationwide family of joint venture and wholly owned hospitals; specialist centres; physiotherapy; rehabilitation; and employer health and wellness providers.**





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**Greg Gent**

Chair of Southern Cross Health Trust and Southern Cross Healthcare Limited

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# Message from the Chair

At a recent board meeting, our CEO Chris White asked us to imagine what healthcare in New Zealand would look like without Southern Cross Health Trust. In considering what would be missing, I had an opportunity to be deeply heartened by the tangible impact of our long-term, multifaceted presence in communities, clinics, schools, surgeries, and other places of care throughout this country.

We are empowered to provide quality healthcare for more New Zealanders because of the nature of what we are as a Trust. Very few organisations or non-profits in New Zealand have the same fusion of purpose, resource, and expertise to deliver the levels of care, community action, and health partnership that we do.

While this year has been marked by disruptions due to the pandemic response and community spread of Covid-19, we have pushed ahead with strategic investment in healthcare provision across the country and continued our charitable programmes.

## Investing in New Zealand's future health needs

We're developing our healthcare infrastructure to meet the needs we see in the future, through upgrades to existing sites, joint venture expansions with partners who share our purpose and vision, and commissioning new healthcare facilities. Our focus is on building our capacity to meet the healthcare needs of New Zealanders where they live.

This year we began planting seeds for a season of growth in our understanding of Te Ao Māori for our leadership, staff, and work environments. As a healthcare provider in Aotearoa New Zealand, it is crucial that we cultivate pathways of care and an internal culture that honours our Te Tiriti partnership unique to this nation.

We're also continuing to invest in our clinical staff through training and collaboration to lift the overall expertise of New Zealand's clinical workforce.

Empowering our staff is at the heart of our moves towards technological investment, bringing fully digitised patient information into the hands of our nurses at each of our hospitals. This implementation cuts down the time spent on administration, freeing up our staff to focus on the great care we strive to provide.

## Strategic shifts in the healthcare environment

At the same time as healthcare provision in New Zealand is undergoing structural changes, our executive team is undertaking a strategic review of all operations of the Trust and its main subsidiary, Southern Cross Healthcare Limited.

This review will include a renewed focus on equitable access to healthcare and the inclusion of different cultural pathways of care. This is crucial to our character as a healthcare provider working with diverse people and communities, and key to our working partnerships with

ACC, Te Whatu Ora – Health New Zealand, and Te Aka Whai Ora – Māori Health Authority.

## Supporting our communities

While the lockdowns and restrictions brought on by Covid-19 have limited the operations of some of our charitable partners and programmes this year, we remain committed to initiatives that bring health solutions to people who would otherwise struggle to access care.

This includes Southern Cross Healthcare’s flagship partnership with Pause Breathe Smile, a fully funded mental wellbeing programme delivered free of charge to primary and intermediate schools across New Zealand – doing our part to make sure our tamariki are growing up with the resilience tools needed to flourish in today’s world.

## Changes for the Trust this year

During this financial year we finalised the sale of Southern Cross Benefits Limited, the entity that holds the Southern Cross Travel Insurance business, to Southern Cross Medical Care Society. The Health Trust Board took this decision to allow the Trust to concentrate on its core purpose and have greater capacity to expand into

opportunities that naturally fit with the other activities of the Trust. This also means that all Southern Cross-branded insurance offerings are now delivered by one entity.

Finally, this is the last Annual Report I will be delivering as Chair of the Southern Cross Health Trust.

It has been a true privilege to lead such a purpose-driven organisation. During this time I have developed a huge admiration for our staff and their 100 per cent commitment to care. I believe New Zealand is finally beginning to recognise the value clinical staff add to our society, something that has taken far too long.

It’s always sad to leave something that you enjoy, but the timing is right and I am thrilled to hand the baton across to Murray Jordan. He, along with our CEO, Chris White, will see the Trust continue to prosper and, importantly, fulfil a much needed role in delivering healthier years to New Zealanders.



**Greg Gent**

Chair of Southern Cross Health Trust and Southern Cross Healthcare Limited

## Introducing the new Chair of the Southern Cross Health Trust



**Murray Jordan**

Murray joined both the Southern Cross Medical Care Society and Southern Cross Health Trust (and subsidiary) Boards in 2019. He was elected Chair of the Medical Care Society in December 2021, and will become the Chair of the Health Trust at the beginning of 2023.

A former Managing Director of Foodstuffs North Island – one of New Zealand’s largest businesses – and an experienced company director, Murray currently serves on the Boards of Metcash Limited (an ASX listed company), Chorus, Stevenson Group and Metlifecare.

*“It is a great privilege and responsibility to take on the role of Chair for a Trust that has provided care and assistance to New Zealanders for generations.*”

*“I want to acknowledge and thank Greg for the significant contribution he has made to the lives and health of many New Zealanders through his leadership over more than a decade on the Board, and eight years as Chair. The Trust has benefited greatly from his governance experience, wisdom, and care.*”

*“I look forward to working with our Board and executive team to continue delivering on the great vision and purpose of the Trust in the years to come.”*

**Murray Jordan,**  
Incoming Chair,  
Southern Cross Health Trust



### Chris White

Chief Executive Officer,  
Southern Cross Health Trust and  
Southern Cross Healthcare Limited

# Report from the CEO

In the year to 30 June 2022, the Southern Cross Healthcare network cared for almost 100,000 patients across our 10 wholly owned hospitals and 10 joint venture surgical hospitals and endoscopy clinics.

Patients can self-fund their elective surgical care, or have procedures funded by private health insurance or ACC. Additionally, we also have agreements in place with different regions of Te Whatu Ora – Health New Zealand to undertake procedures for publicly funded patients to support reduced waiting times and better outcomes. More than 1,150 surgeons and anaesthetists are credentialed to provide services at our facilities around the country.

As noted by the Chair, this year the New Zealand public healthcare system has embarked on a once-in-a-generation shift in the way it is managed and funded. Now, at the end of my first year as CEO of Southern Cross Health Trust, I'm very pleased to say that our executive team and organisation is engaged and ready to meet

the challenges and opportunities offered by this kind of whole-system transformation.


At the same time, our executive team is conducting a full strategic review to set the vision and plan for our operations over the next 10 years, ensuring we can sustainably deliver the long-held purpose of the Health Trust and serve the future health needs of New Zealanders with care and excellence.

In this report, you'll see that we are making long-term commitments to the people and places of New Zealand, investing in both the infrastructure and the skills the health system will need over the next 10 years to give more New Zealanders access to timely, affordable, and quality healthcare. You'll also see how we've been meeting the immediate demands of health provision during this time of uncertainty and gradual opening up after Covid-19 lockdowns, as well as managing our responsibilities as a steward of natural resources for the benefit of future generations.

In the year to 30 June 2022, the Southern Cross Healthcare network cared for almost

**100,000**  
**patients** 

across our

**10** wholly owned hospitals 

**10** joint venture surgical hospitals and endoscopy clinics.

 **1,150**  
surgeons and anaesthetists

# Our people

## Supporting our team to navigate new realities of healthcare

Great healthcare doesn't happen without an incredible team of people who turn up to provide and support that care every day, and I am so grateful for the commitment and skill of all the members of our team.

While the past few years have seen Covid-19 lockdown disruptions, the combination of the extended closures of the Delta lockdown and the new reality of working with endemic Covid-19 infection in the community created real challenges for our healthcare teams in this financial year. I'm immensely proud of the way our people have demonstrated resilience and professionalism in the face of a complex and ever-changing operational environment to keep providing the highest levels of healthcare service.

This year saw us reach full implementation of digitised patient records across all of our hospital facilities. This conversion allows our clinical staff to immediately update and access patient data while walking the floors of our treatment rooms and wards, meaning less administration time and more time spent on care.

## The value of our team

Over the past year, staffing pressures for the health sector have only increased with the stresses of the fluctuating Covid-19 environment on existing staff and constraints on recruiting opportunities to fill the industry-wide gaps in our healthcare workforce.

To continue to recruit and retain the right people we have to play an active role in providing recognition, training, and creating viable career pathways for our clinical staff.

Throughout this year we have focused on developing a significant culture of care for the wellbeing of our people, as they provide care for our patients. We made significant investments in staff wellbeing and retention, including additional pay, increasing Covid sick leave allocation, and a policy

of continuing to pay staff at 80 per cent if they ran out of leave and still had to isolate with Covid-19.

On International Nurses Day our hospital teams enjoyed celebrations to honour the incredible work

of all of our nurses, and we recognised their efforts by creating an extra day of Appreciation Leave for all nurses and support staff.



## Planting seeds of relationship and understanding

We are in beginning stages of our journey to becoming authentic Te Tiriti o Waitangi partners, both as employers and healthcare providers. Over the past year our Consumer Council has played a vital role in advising us on our initial steps. While meeting our obligations under the Ngā Paerewa Health & Disability Standards has given emphasis to this journey, our commitment goes deeper than compliance – it is about doing the right thing to ensure equity, and improved health outcomes for Māori.

We are aware that we are in the beginning years of a long-term journey of developing practice. Wise guidance from our Māori advisors has reminded us that applying a Te Ao Māori lens will also support more individualised and whānau-centred care for everyone accessing our services.

This year has been about planting the seeds: identifying a tool to understand our baseline cultural competence and to measure our progress (Te ara ki tua), recognising and amplifying the voice of our Māori staff and leaders, and preparing our leadership team for Te Kaa Māori cultural training. It has also included asking our people across the country to begin building relationships with their local iwi and hapū to better understand local needs.

## Supporting clinical career development

We know that nursing can be a demanding and rewarding career path, and we're investing in industry-leading training programmes for staff and nurses in the wider health sector to prepare them for the future of health in New Zealand.

Our Registered Nurse - Anaesthetic Assistant (RN-AA) programme began in 2018, with a vision to create flexibility and the ability to scale up our theatre capacity quickly when needed. We've now trained over 70 nurses, offering flexible study opportunities that works alongside existing employment and family commitments. This programme has developed an excellent reputation within the health sector, and we are now partnering with six regions of the public health system to deliver RN-AA training to their staff.

Now we have established our ability to produce industry-leading training opportunities for clinical staff, this year we've been expanding our Nursing Academy programme: a formalised



pathway of postgraduate education and mentoring that will offer a framework for career development from the first years through to management and clinical specialisation. Offering clear career progression opportunities and training for our staff and the wider nursing workforce in New Zealand is one of the best ways we can provide leadership and support for healthcare that benefits all New Zealanders.

Registered Nurse  
Anaesthetic Assistant  
programme was  
established in  
**2018**

We've now  
trained over  
**70**  
nurses



offering **flexible study opportunities** that work alongside existing employment and family commitments.



# Building a greater capacity for care

As healthcare in New Zealand enters a season of transition and change, we are working to expand and create greater capacity for care on sites across the country.

This year we opened the new Southern Cross Central Lakes Hospital in Queenstown, in partnership with the Central Lakes Trust. With three operating theatres and 13 inpatient beds, this project is highly significant for the local community, in time aiming to offer orthopaedics, ophthalmology, urology, gynaecology, plastic, and general surgery for private, ACC, and public health patients; procedures

that locals previously would have to travel long distances to have performed.

Southern Cross identified Queenstown/Central Lakes as a high growth area that needed better access to surgical services at least a decade ago, and it's immensely satisfying to see that vision come to fruition in collaboration with the local community and the Southern DHB (now Te Whatu Ora Southern).

We also celebrated the opening of a new operating theatre at our joint venture, Crest Palmerston North Hospital. This is the fifth, and largest,

theatre in the hospital, allowing for more complex surgeries. The additional theatre capacity now means that Crest can commit to providing two full theatre lists every weekday to be filled by procedures for patients from the public system, helping to ease waiting times for everyone in the Manawatū.

We have several other strategic landholdings around the country in anticipation of meeting future healthcare needs in fast-growing regions. One of these is our joint venture in Silverdale, where we are currently fitting out a new hospital for opening next year, with three

operating theatres and 10 ward rooms on a floor of an existing medical services building.

This year we entered planning stages on expansions for the Southern Cross Wellington Hospital, Grace Hospital joint venture in Tauranga, and signed an agreement for a large expansion of our existing hospital services at our joint venture hospital in Ormiston. We're also planning two new operating theatres and an expansion of our recovery area in our New Plymouth hospital.



Southern Cross Central Lakes Hospital, Queenstown



Southern Cross Wellington Hospital (artist's rendering)

# Our financial performance

Two significant events impacted the Trust's financial performance in the fiscal year 2021-22.

The first was the material impact of Covid-19, which disrupted all the Trust's activities. Initially the Delta lockdown meant that many of our hospitals, specialist centres, and allied health providers were closed. Then the Omicron wave created further reductions in our surgical volumes as we adhered to stringent health and safety protocols and as illness impacted the availability of patients, specialists, and hospital employees. This resulted in the Trust's Healthcare revenues decreasing from \$383 million in FY21 to \$378 million in FY22. It also impacted the Trust's healthcare joint ventures and associates, who contributed \$7.7 million this year compared with \$14.8 million in the prior year.

The second event was the sale of Southern Cross Benefits Limited to Southern Cross Medical Care Society on 30 June 2022. The sale proceeds boosted the Trust's cash position by \$28.5 million, allowing it to continue

to invest in its healthcare operations including increasing its shareholding in Active Limited and Active Physio Limited, and prepare it for the future investments in FY23 and beyond.

Overall, the Trust finished the fiscal year with a \$5.7 million net deficit from continuing operations versus a surplus of \$16.9 million in the prior period. However, the Trust continues to have a strong balance sheet which will support it maintaining its important contribution to New Zealand healthcare.



**Impact of Covid-19**  
Revenue decrease from  
**\$383 million** in FY21 to  
**\$378 million** in FY22

Sale of Southern Cross Benefits Limited to Southern Cross Medical Care Society boosting cash position by

**\$28.5 million**





# Our environmental commitments

## Towards net-zero in 2040

We are committed to the health of our environment. Like all major New Zealand organisations, we want to work towards minimising the impact we have on the environment, and we have implemented a measurable programme of work to improve this.

We are continuing to work with Toitū Envirocare to manage our carbon impact and maintain our responsibilities as a Toitū accredited organisation in accordance with ISO 14064-1.



We have reduced our carbon emissions by over 429 tonnes of CO<sub>2</sub> over our base year (2020), showing a decrease in our intensity-based emissions by 15 per cent and an absolute decrease of seven per cent.

Our clinical teams are working hard to minimise desflurane use in our theatres, providing a saving of over 540 tonnes of CO<sub>2</sub> over last year's emissions. Our property and development teams, while expanding our hospital network footprint, have implemented energy efficient changes to operational systems and made savings of over 170 tonnes of natural gas and diesel emissions over our base year.

With digital services and access to increased technology bringing us all closer, we have saved over 50 tonnes of CO<sub>2</sub> emissions from reduced staff air travel. Transitioning our vehicle fleet to hybrid and our procurement team's ongoing work to bring more sustainable products to our network will continue to help mitigate our environmental impacts. We're proud of our commitment to adopt the Green Star rating for our new builds, starting with our upcoming build in Wellington.

We are committed to becoming New Zealand's largest net-zero carbon healthcare organisation by 2040.

**429 tonnes**

We have **reduced** our **carbon emissions by over 429 tonnes of CO<sub>2</sub>** over our base year (2020)

**540 tonnes**

Our clinical teams are working hard to **minimise desflurane** use in our theatres, providing **a saving of over 540 tonnes of CO<sub>2</sub>** over last year's emissions

**170 tonnes**

savings of **over 170 tonnes of natural gas and diesel emissions** over our base year

## Reducing waste in healthcare

As part of our efforts to address waste stream management, our network of hospitals has continued sustainable practices of waste reduction, keeping over nine tonnes of plastic waste out of landfill in the last year:

**3,750kg**

Our network of wholly owned hospitals has collected over **3,750kg of PVC IV bags for recycling, the equivalent of 250,000 bags**

**3,553.37 kgs of plastic**

We have **diverted 3,553.37 kgs of plastic (the equivalent of 646,122 plastic shopping bags) from landfill** by deploying reusable sharps collectors throughout our hospitals

**2,088kg**

We're **reprocessing single-use devices**, such as DVT sleeves and air transfer mats, and **saving 2,088kg from being sent to landfill**

**25 sustainable products**

Our procurement and supply chain teams have added over **25 sustainable products** to our catalogue, including fully **compostable thumb hook gowns, biodegradable and compostable sugar trays, dishes and pill pottles**



Many of our hospitals are now **collecting single use medical instruments to be broken down**, allowing for **metal components to be recycled.**



Our environmental commitments

# Community impact

In the financial year to 30 June 2022, Southern Cross Health Trust continued supporting a range of charitable health initiatives that deliver to its purpose of providing healthcare here in Aotearoa.

## Charitable surgeries

We know that certain elective procedures that help people maintain quality of life can be out of reach due to financial restrictions or prohibitive waiting times for publicly funded surgery.

Southern Cross Health Trust offers support for patients in these circumstances in partnership with surgeons and specialists who offer to undertake these procedures pro bono. When a surgeon nominates a patient for charitable surgery, the Trust provides support through the full funding of the facility and clinical staff costs relating to the procedure at one of our Southern Cross locations.

The Trust has funded over \$250,000 of these costs for charitable surgeries this year.

## Auckland City Mission

We have continued our support for the Calder Health Centre at the Auckland City Mission. Since 2008, the Calder Health Centre has grown from a tiny room with one doctor at the Mission, to a seven-room facility with a nurse's station and waiting area for five part-time GPs and four nurses. It now has capacity to provide essential health support to 3,000 patients per year and serving Auckland's most vulnerable people, many

of whom are experiencing homelessness, dislocation, mental health concerns, or battling addiction.

The Mission's primary health care model is nurse-led, providing medical care on-site and in the community through an outreach service. Two of those nursing roles are funded by the Health Trust, this year supporting the delivery of Covid-19 and 'flu vaccination programmes, in addition to their regular health services.



**3,000** patients

Calder Health Centre now has capacity to provide essential health support to **3,000 patients** per year and serving Auckland's most vulnerable people



## Smile New Zealand Free Dental Days

For many years the Health Trust has supported the New Zealand Dental Association's (NZDA) Smile New Zealand Free Dental Days initiative. During October and November, around 60 dentists across the country volunteer their time and expertise to provide a range of dental treatments at no charge to patients who otherwise could not afford this essential care. We know that oral health is intrinsically linked to people's overall health and wellbeing, so the Trust helps through the funding of participating dental practices for the use of premises, equipment and dental assistants, and the delivery of oral health education and hygiene packs. Since the outset of the programme in 2015 it has improved the dental health of more than 6,000 New Zealanders in need.

Due to the Delta lockdown and the ongoing Covid restrictions in this financial year, the Smile New Zealand Free Dental Days could not operate as usual. However, we remain committed to our funding of this incredibly valuable programme as it gets back up and running in 2022 – making dental care accessible for more New Zealanders.

Through our activities aimed at giving back to communities, the Southern Cross Health Trust is committed to supporting the health and wellbeing of more New Zealanders, now and for future generations.

## Pause Breathe Smile

Pause Breathe Smile is our flagship mental health sponsorship, funded through Southern Cross Healthcare.

Through our full funding of the programme, it is delivered completely free of charge to primary and intermediate school students across New Zealand. Pause Breathe Smile teaches tamariki aged 5-12 to manage the ups and downs of life through mindfulness and learning about emotion regulation, setting them up for a healthier future.

By joining forces with the Pause Breathe Smile Trust and the Mental Health Foundation to deliver this programme, Southern Cross has been able to make a tangible difference to the lives of New Zealand children.



In the second year of our partnership with PBS, more than 3,400 teachers were trained to deliver Pause Breathe Smile to 41,800 students at 139 new schools across New Zealand. Now, more than 88,000 tamariki have participated in this internationally recognised programme.

Independent research into the effectiveness of Pause Breathe Smile was conducted this year by Mindquip, led by researchers from the New Zealand Institute of Wellbeing Research. They found that teachers taking part in the programme report that their students are “more focused, considerate, self-motivated, perseverant, supportive, hopeful, interested, and engaged, and less anxious, pessimistic, upset, and withdrawn”, and that they are “better-equipped to tackle life’s challenges, learn, and engage constructively with others”.

After the introduction of Pause Breathe Smile into the classroom, teachers reported:

**+8.1%** of students flourishing

**-8.34%** of students languishing

**+12.4%** positive behaviours

**-10.1%** negative behaviours

observed in the classroom  
– Mindquip report

*“As an educator, I loved how easy it was to follow the lesson plans and how I didn’t need to be an expert in mindfulness myself to lead the class. For the students, it was a chance for them to focus on connecting with themselves again (as well as others) and it was amazing to see and hear some of the stories they had to share thanks to a safe space being created by this programme. I can’t wait to continue using this in the future.”*

**– Student teacher, Cobden School, Greymouth**



# Statement of Governance

The Southern Cross Health Trust is a Charitable Trust registered as a charitable entity under the Charities Act 2005. Its purposes include the provision of medical facilities and services in Aotearoa New Zealand. The Trust also undertakes ancillary activities to provide funding streams to assist it to achieve its charitable objects. The Trust adheres to principles designed to further its charitable objects and to ensure good corporate governance of its affairs.

## Board role and charter

The Trust is governed by a Board of Trustees in accordance with the Trust Deed establishing the Southern Cross Health Trust, and the Board Charter. Subsidiary Boards operate in accordance with the Trust Board Charter. The Trust and its subsidiaries exist to further the Trust's charitable purposes in accordance with the Trust Deed.

The Board Charter describes the purpose of the Trust and its subsidiaries, the Board's role and governance processes, and the Board's relationship with management. The role of the Trust Board is to manage the Trust fund to

fulfil the charitable purpose and objects for which the Trust was established. The Board directs and supervises the management of the Trust and its businesses, including:

- Ensuring the Trust and subsidiaries meet their statutory obligations under the Charities Act 2005
- Ensuring the purpose and objects of the Trust are understood and that strategies, business plans and budgets are in place to achieve them
- Establishing policies for strengthening the performance of the Trust, including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and development of its business capital
- Monitoring the performance of management
- Appointing the Chief Executive Officer
- Deciding on whichever steps are necessary to protect the financial position of the Trust and subsidiaries

- Ensuring the Trust's financial statements are true and fair and otherwise conform with law
- Ensuring that the Trust and subsidiaries adopt and adhere to all Southern Cross group policies and strategies as they relate to the Trust and subsidiaries
- Ensuring the Board and management adhere to high standards of ethics and corporate behaviour
- Establishing the Trust's overall risk appetite and ensuring appropriate risk management and regulatory compliance policies and procedures are in place.

The Board endorses the principles set out in the Code of Practice for Directors as adopted and approved by the Institute of Directors in New Zealand Inc. The Board has also adopted its own Code of Conduct to provide guidance to the Board, management and employees on how it expects them to conduct themselves when undertaking business on behalf of the Trust and its subsidiaries.

### **The Trustees in office as at 30 June 2022 were:**

Greg Gent (Chairman)  
Catherine Drayton  
Murray Jordan  
Dr Martin Misur  
Dr Arthur Morris  
Julia Raue  
Chris Black  
David Bridgman  
Dr Dwayne Crombie

Trustees may also be appointed to serve as Directors of Trust subsidiaries. No remuneration is paid to Directors of Trust subsidiaries.

All Board members disclose any actual or potential conflicts of interest. Should a conflict of interest arise during the course of Board business the affected Board member is expected to excuse him or herself from the discussion and does not vote on those matters. The Board meets formally on a regular scheduled basis and holds additional meetings as required.

At each formal meeting the agenda will include a report from the Chief Executive Officer and management covering operational and financial performance of the Trust and subsidiaries, capital expenditure

proposals, and strategic issues and opportunities.

At intervals of not greater than one year the Board will review the strategies and business plans of the business, approve budgets and financial statements, and undertake other activities listed in the Board Charter.

### **Delegation framework**

Responsibility for the day-to-day management of the Trust is delegated by the Board to the Chief Executive Officer. Responsibility for the day-to-day management of Trust subsidiaries is delegated by the subsidiary Boards to the subsidiary Chief Executive Officers, who are expected to manage their businesses in accordance with the strategy, plans, budgets and the specific delegated authorities approved by their Boards.

### **Committees**

The Board forms committees when it is efficient or necessary to facilitate decision-making. The Trust Board has two standing committees:

#### **Audit and Risk Committee**

The Audit and Risk Committee's objectives are to assist the Board

in discharging its responsibilities to exercise due care, diligence and skill in relation to oversight of financial functions, internal and external audit functions and risk management.

#### **Specific responsibilities include:**

- Reviewing the content and disclosure of the Annual Report's Financial Statements;
- Ensuring the Board makes informed decisions regarding accounting policies, practices and disclosures;
- Recommending the appointment of external and internal auditors;
- Reviewing the annual external and internal audit plans;
- Ensuring that adequate internal controls are in place;
- Ensuring management has established a risk management framework to effectively identify, treat, monitor and report key business risks; and
- Reviewing health and safety objectives and management systems.

The Audit and Risk Committee comprises Catherine Drayton (Chair), Greg Gent, Martin Misur, Chris Black

and David Bridgman.

### **Remuneration and People Committee**

The Remuneration and People Committee's objectives include providing advice to the Trust Board in relation to the remuneration, employment conditions, development and performance management of the Chief Executive Officer, and other employment-related matters including standard terms and conditions of employment.

The Remuneration and People Committee comprises of Murray Jordan (Chair), Greg Gent, Arthur Morris and Chris Black.

### **External audit independence**

The Board is committed to auditor independence. The Audit and Risk Committee is responsible for making recommendations to the Board concerning the appointment of external auditors and their terms of engagement.

### **Loans to trustees**

The Southern Cross Health Trust and subsidiaries do not make loans to Board members.

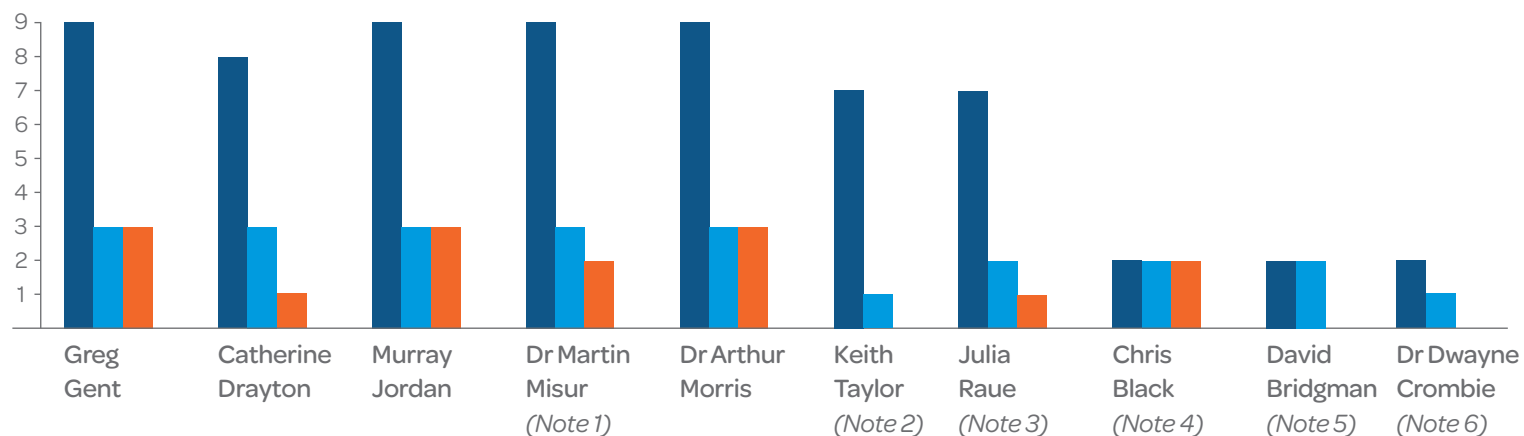


# Meeting attendance

Trustee meeting attendance for the year ended 30 June 2022:

## Number of Meetings in FY22

9 Trust Board
 3 Audit & Risk Committee
 3 Remuneration and People Committee



**Note 1** – Dr Martin Misur stepped down from the Remuneration and People Committee on 31 December 2021

**Note 2** – Keith Taylor retired from the Trust Board on 31 December 2021

**Note 3** – Julia Raue joined the Trust Board on 5 August 2021

**Note 4** – Chris Black joined the Trust Board on 1 January 2022 and was appointed to the Audit and Risk Committee and the Remuneration and People Committee on 1 January 2022

**Note 5** – David Bridgman joined the Trust Board on 1 January 2022 and was appointed to the Audit and Risk Committee on 1 January 2022

**Note 6** – Dr Dwayne Crombie joined the Trust Board on 1 January 2022



# Board of Trustees



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**Greg Gent**  
(ONZM) – Chair

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Greg Gent joined the Trust Board in 2011 and was elected Chair in 2014. Greg is a Northland dairy farmer with a wealth of governance experience. He is currently chair of Dairy Holdings Limited and a director of Cooperative Business New Zealand and Maui Food Group Limited. From 2001 to 2011 he was a director of New Zealand's largest co-operative business, Fonterra; he is a former chair of rural insurer FMG; and was a member of the Northland District Health Board from 2010 to mid-2015. Greg served as chair of the Southern Cross Medical Care Society Board from 2014 to 2021.



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**Catherine Drayton**  
(BCom, LLB, FCA, CFInstD)

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Catherine Drayton joined the Southern Cross Medical Care Society Board in 2013 and the Trust Board in 2014 and is the chair of both Audit and Risk Committees. She is a professional, non-executive director on a variety of boards, including chair of Christchurch International Airport, Guardians of New Zealand Superannuation, and Mint Innovation. Catherine is also currently a director of Genesis Energy. She is a former partner in charge of assurance and advisory services for Pricewaterhouse Coopers in Central and Eastern Europe, and is a fellow of Chartered Accountants Australia and New Zealand and a Chartered Fellow of the Institute of Directors.



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**Murray Jordan**  
(MProp)

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Murray Jordan joined the Trust Board and Southern Cross Medical Care Society (Society) Boards in 2019 and was elected Chair of the Society in 2021. He is a former Managing Director of Foodstuffs North Island – one of New Zealand's largest businesses – and an experienced company director. Murray currently serves on the Boards of Metcash Limited (an ASX listed company), Chorus, Stevenson Group and Metlifecare.



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**Dr Martin Misur**  
(BHB, MBChB, FANZCA)

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Dr Martin Misur was appointed to the Trust Board in 2017 and elected to the Southern Cross Medical Care Society Board in 2019. He is a specialist anaesthetist based at Auckland City Hospital and in private practice at Epsom Anaesthetic Partnership. Martin's clinical interests include anaesthesia for solid organ transplantation, hepatobiliary / upper gastrointestinal surgery, orthopaedics and complex urology. He has a strong interest in information technology and holds the position of Informatics Lead for the Perioperative Directorate at Te Toka Tumai Auckland.



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**Dr Arthur Morris**  
(BSc(Hons), MD, Dip(ABMM), FRCPA)

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Dr Arthur Morris joined the Trust Board in 2017. He is an Auckland-based clinical microbiologist who also works with the Health Quality and Safety Commission as a Clinical Lead. Arthur is a current director of Mercy Healthcare Auckland and Royal Australasian College of Pathologists Quality Assurance Programmes Limited. He is a trustee of the University of Auckland Medical and Health Sciences Foundation and University of Auckland Foundation. Arthur is a former Director of Fisher and Paykel Healthcare.



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**Julia Raue**  
(CMinstD, GAICD)

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Julia Raue joined the Southern Cross Medical Care Society Board in 2015 and was appointed to the Trust Board in 2021. She has extensive digital, customer, data, information technology, strategy and business transformation experience across a number of sectors including aviation, telecommunications, local government, and not-for-profit in New Zealand and Australia. Julia was previously Chief Information Officer (CIO) of Air New Zealand and is a previous winner of New Zealand CIO of the Year. Julia has been a professional director since 2014 and is currently a director of Southern Cross Travel Insurance, The Warehouse Group and Jade Software; chair of the NZ Rugby Appointments and Remuneration Committee; and a trustee of Global Women.



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**Chris Black**  
(CA, DIP.ACC, B.SURV)

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Chris Black joined the Southern Cross Medical Care Society Board in 2021 and the Trust Board in 2022. He was Chief Executive of member-based FMG between 2008 and 2021 and was an independent director of FMG prior to this. Chris has a wealth of experience in financial services, with particular expertise in corporate strategy, customer service, joint ventures, financial and risk management, and organisational change and development. Chris has been a member of the Insurance Council of NZ (ICNZ), including a three-year appointment as the ICNZ President, and was a Commissioner of the Insurance & Financial Services Ombudsman (IFSO) Scheme and board member of BNZ Life Insurance. He also served as a board member of the International Co-operative & Mutual Insurance Federation for eight years, including as vice-chair between 2019 and 2021.



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**David Bridgman**  
(MCom, LLB, MINSTD, ACA)

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David Bridgman joined the Southern Cross Medical Care Society Board in 2021 and the Trust Board in 2022. He is an experienced advisor in the corporate finance and restructuring areas. David retired from PwC at the end of 2020 after 22 years as a partner. He has worked extensively with many of New Zealand's leading cooperatives and mutual organisations and currently chairs several private companies and provides corporate finance and strategic advisory services on his own account. David is a Chartered Accountant and a Member of the Institute of Directors.



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**Dr Dwayne Crombie**  
(MBChB, DipComH, FAFPHM, NZCPHM)

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Dr Dwayne Crombie was appointed to the Trust Board in 2022. He has more than three decades of senior executive experience in both the public and private sectors, as well as extensive public, academic and private governance experience. Dwayne has worked for global healthcare organisation Bupa for more than 15 years in several Managing Director roles. For seven years until 2020 he led Bupa Health Insurance, the largest health insurer in Australia. Prior to this, he was CEO of Waitemata Health and Waitemata DHB. Dwayne is currently the chair of Repromed Auckland.

# Financial statements

**The following information is an extract from the Southern Cross Health Trust audited 2022 financial statements.**

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Consolidated statement of changes in trust funds	22
Consolidated statement of financial position	23
Consolidated statement of cash flows	24

**The complete audited financial statements are available on request:**

Email: [communications@southerncross.co.nz](mailto:communications@southerncross.co.nz)

Or write to: Southern Cross Health Trust, PO Box 6772 Wellesley Street, Auckland 1141

# Southern Cross Health Trust

## Consolidated statement of comprehensive revenue and expense for the year ended 30 June 2022

	2022 \$000	2021 \$000
Continuing operations		Restated*
Revenue	377,822	383,169
Operating expenses	(378,290)	(361,737)
Other income	9,685	6,069
Share of profit from equity accounted investments	7,742	14,870
Gain from re-measurement of equity accounted investment	85	-
Impairment of assets	-	(3,000)
<b>Surplus before interest, income tax, depreciation and amortisation</b>	<b>17,044</b>	<b>39,371</b>
Depreciation	(22,103)	(21,649)
Amortisation	(971)	(1,048)
Finance income	756	351
Finance costs	(57)	(30)
<b>Surplus/ (deficit) from continuing operations</b>	<b>(5,331)</b>	<b>16,995</b>
Tax expense	(394)	(78)
<b>Net surplus/ (deficit) for the year from continuing operations</b>	<b>(5,725)</b>	<b>16,917</b>
Net surplus/ (deficit) for the year from discontinued operations	(2,617)	(8,073)
<b>Net surplus/ (deficit) for the year</b>	<b>(8,342)</b>	<b>8,844</b>

	2022 \$000	2021 \$000
<b>Other comprehensive revenue and expense</b>		
Movement in foreign currency translation reserve	459	22
Reclassification of foreign currency translation reserve	700	-
<b>Total comprehensive revenue and expense</b>	<b>(7,183)</b>	<b>8,866</b>
<b>Total net surplus/ (deficit) attributable to:</b>		
Owners of the Group	(8,723)	8,802
Non-controlling interests	381	42
<b>Total net surplus/ (deficit)</b>	<b>(8,342)</b>	<b>8,844</b>
<b>Total comprehensive revenue and expense attributable to:</b>		
Owners of the Group	(7,564)	8,824
Non-controlling interests	381	42
<b>Total comprehensive revenue and expense</b>	<b>(7,183)</b>	<b>8,866</b>

# Southern Cross Health Trust

## Consolidated statement of changes in trust funds for the year ended 30 June 2022

	Retained Surpluses \$000	Capital Reserve \$000	Non-controlling Interests \$000	Foreign Currency Translation Reserve \$000	Total Trust Funds \$000
Balance at 1 July 2020	451,290	250	5	(1,181)	450,364
Net surplus	8,802	-	42	-	8,844
Movement in foreign currency translation reserve	-	-	-	22	22
<b>Total comprehensive revenue and expenses</b>	<b>8,802</b>	<b>-</b>	<b>42</b>	<b>22</b>	<b>8,866</b>
<b>Balance at 30 June 2021</b>	<b>460,092</b>	<b>250</b>	<b>47</b>	<b>(1,159)</b>	<b>459,230</b>
Balance at 1 July 2021	460,092	250	47	(1,159)	459,230
Net surplus/ (deficit) for the year	(8,723)	-	381	-	(8,342)
<b>Other comprehensive income</b>					
Movement in foreign currency translation reserve	-	-	-	459	459
Reclassification of foreign currency translation reserve	-	-	-	700	700
<b>Total comprehensive revenue and expenses</b>	<b>(8,723)</b>	<b>-</b>	<b>381</b>	<b>1,159</b>	<b>(7,183)</b>
<b>Transactions with owners of the entity</b>					
Distribution to non-controlling interest	-	-	(300)	-	(300)
<b>Total contributions and distribution</b>			<b>(300)</b>	<b>-</b>	<b>(300)</b>
<b>Changes in ownership interests</b>					
Acquisition of subsidiary with non-controlling interests	-	-	1,795	-	1,795
<b>Total change in ownership interest</b>	<b>-</b>	<b>-</b>	<b>1,795</b>	<b>-</b>	<b>1,795</b>
<b>Balance at 30 June 2022</b>	<b>451,369</b>	<b>250</b>	<b>1,923</b>	<b>-</b>	<b>453,542</b>

# Southern Cross Health Trust

## Consolidated statement of financial position as at 30 June 2022

	2022 \$000	2021 \$000
<b>Current assets</b>		
Cash and cash equivalents	45,489	57,050
Trade and other receivables	44,372	39,793
Short-term investments	55,000	50,000
Other financial assets	953	17,400
Inventories	10,586	8,009
<b>Total current assets</b>	<b>156,400</b>	<b>172,252</b>
<b>Non-current assets</b>		
Equity accounted investments	57,693	54,874
Property, plant and equipment	282,799	284,768
Intangible assets	5,642	7,064
Goodwill	19,078	16,388
Other financial assets	398	398
<b>Total non-current assets</b>	<b>365,610</b>	<b>363,492</b>
<b>Total assets</b>	<b>522,010</b>	<b>535,744</b>
<b>Current liabilities</b>		
Payables and accruals	32,945	35,601
Employee entitlements	14,792	12,208
Finance leases	238	1,881
Insurance contract liabilities	-	6,186
<b>Total current liabilities</b>	<b>47,975</b>	<b>55,876</b>

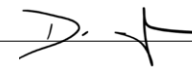
	2022 \$000	2021 \$000
<b>Non-current liabilities</b>		
Other non-current liabilities	19,927	19,834
Finance leases	566	804
<b>Total non-current liabilities</b>	<b>20,493</b>	<b>20,638</b>
<b>Total liabilities</b>	<b>68,468</b>	<b>76,514</b>
<b>Net assets</b>	<b>453,542</b>	<b>459,230</b>
<b>Trust funds</b>		
Retained surpluses	451,369	460,092
Capital reserve	250	250
Non-controlling interests	1,923	47
Foreign currency translation reserve	-	(1,159)
<b>Total Trust funds</b>	<b>453,542</b>	<b>459,230</b>

Authorised on behalf of the Southern Cross Health Trust Board of Trustees  
on 10th October 2022

Trustee



Trustee





# Southern Cross Health Trust

## Consolidated statement of cash flows for the year ended 30 June 2022

	2022 \$000	2021 \$000
<b>Cash flows from/ (used in) operating activities</b>		
Receipts from customers	374,356	384,204
Payments to employees and suppliers	(380,040)	(356,486)
Interest received	729	342
Dividends received	185	51
Taxation paid	(243)	-
Rental income received	5,751	5,860
Covid-19 resurgence payment received	3,695	-
Operating income from discontinued operations	3,817	(13,002)
<b>Net cash flows from operating activities</b>	<b>8,250</b>	<b>20,969</b>
<b>Cash flows from/ (used in) investing activities</b>		
Proceeds from sale of property, plant and equipment	375	-
Purchase of property, plant and equipment	(20,644)	(28,004)
Distributions from joint ventures and associates	7,577	43,225
(Investment) / disposal of deposits	(5,000)	(32,000)
(Investment) / disposal in joint ventures	(7,248)	(500)
Acquisition of business	(282)	-
Purchase of intangible assets	(1,426)	(2,616)
Repayment/ (advances) to related parties	(553)	317
Proceeds from sale of subsidiary	28,500	-
Investing cash flows from discontinued operations	1,111	12,075
<b>Net cash flows used in investing activities</b>	<b>2,411</b>	<b>(7,503)</b>

	2022 \$000	2021 \$000
<b>Cash flows from financing activities</b>		
Interest paid on finance leases	(33)	(30)
Finance lease payments	(1,914)	(167)
Dividend paid to non-controlling interest	(300)	-
<b>Net cash flows from financing activities</b>	<b>(2,247)</b>	<b>(197)</b>
<b>Net cash flow</b>	<b>8,414</b>	<b>13,269</b>
Add: cash at the beginning of the year	57,050	26,624
Add: cash received on acquisition of subsidiary	3,181	-
Less: cash transferred on disposal of subsidiary	(23,372)	16,977
Add: effect of exchange revaluation on foreign currency balances	217	179
<b>Cash at the end of the year</b>	<b>45,489</b>	<b>57,050</b>
Bank balances	45,485	56,050
Call deposits	4	1,000
<b>Cash at the end of the year</b>	<b>45,489</b>	<b>57,050</b>



 **Southern Cross** With you

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Visit our website [www.southerncross.co.nz](http://www.southerncross.co.nz)