

# Southern Cross Health Trust 2019 Annual Report





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# Chairman and Chief Executive Officer's report

Greg Gent (left) and Terry Moore

The Southern Cross Health Trust is a Charitable Trust, with a vision to make quality healthcare more affordable and accessible for a greater number of New Zealanders. We achieve this by investing in health-related activities that align with our charitable objectives, including the provision of medical facilities and services, the employment of nursing and other staff, and the provision of training opportunities. The Trust also engages in commercial activities that provide funds to invest back into these charitable initiatives.

## THE TRUST'S ROLE

The Trust is focused on achieving the best possible health outcomes for New Zealanders. Together with our two subsidiary businesses – Southern Cross Hospitals Ltd and Southern Cross Benefits Ltd (trading as Southern Cross Travel Insurance and Southern Cross Pet Insurance) – we are unique in both our scale and experience.

Surpluses from our commercial activities are reinvested for the benefit of all New Zealanders through several avenues, including a charitable surgery programme, partnering with other charitable organisations, making improvements to facilities, investing in technology and training, and ensuring patients receive world-class health care.

The Trust was established 42 years ago with a clear purpose to give more New Zealanders access to timely, affordable and quality elective healthcare. The private health sector plays a key role in achieving this as the health system comes under growing pressure. Demand is outstripping public sector capacity, our population is growing and ageing and more people are living with chronic conditions.

The Trust makes a large and important contribution to healthcare in New Zealand.

Southern Cross Hospitals Ltd (SCHL) operates New Zealand's largest network of private surgical hospitals. It also delivers a wide range of healthcare resources across the country through a range of partnerships and centres offering access to medicine, and inpatient and community-based rehabilitation services. The Southern Cross national network includes 10 wholly-owned surgical hospitals and thirteen health-related joint ventures operated in partnership with leading healthcare providers.

To ensure we are well placed to meet future challenges within our sector, the SCHL offering into the rehabilitation, occupational health and wellness sectors has been extended with stakes in TBI Health, MedPro Healthcare and Active+.

Our ongoing reinvestment in our facilities means SCHL continues to enhance elective surgery options for New Zealanders.

Meanwhile Southern Cross Benefits Ltd (SCBL) operates the country's largest travel insurance business and underwrites Southern Cross Pet Insurance. The business continues to grow its capability and invest in transformational change to ensure it is future fit.

## CHARITABLE ACTIVITIES

The Trust is proud to support several charitable initiatives that align with its own vision and purpose to address unmet health-related needs in New Zealand.

Where patients have a condition that cannot be operated on within an appropriate time frame in the public system, and are not able to fund the surgery themselves, surgeons may apply to use one of our wholly owned facilities at no charge.

If accepted, the Trust waives the theatre and recovery fees, nursing, bed and accommodation fees, general medical supplies and any medication required. The surgeon will also generally provide their services at no charge.

In the 2019 financial year, SCHL provided its facilities, medical supplies and theatre staff at no cost for 50 charitable elective surgeries. Most of these were for orthopaedic or general surgery procedures.

This year, the Trust made a three-year commitment to fund two essential clinical positions at the Auckland City Mission's general practice, the Calder Health Centre. This will provide critical health services to people who are homeless, and families and individuals in crisis.

Wāhine Connect is a charity established by Dr Juliet Rumball-Smith (a public health physician) in mid-2017 to support women working in medicine and health through a national mentoring network. Thanks to funding from the Trust this year, Wāhine Connect will be able to extend its reach further.

Dentistry is a focus area for the Trust as it is not subsidised for adults in the New Zealand public health system, and the reality for many New Zealanders is that they cannot afford to see a dentist. This means some live in constant pain from disease or untreated decay.

This was the third consecutive year the Trust has supported Revive-a-Smile. This charity is a passion for dentist Dr Assil Russell and her team who provide free dental treatment to those who would not otherwise be able to afford it. The Trust's support made it possible for the Revive-a-Smile dental bus to travel to Waikato, South Auckland and West Auckland and perform 1,922 procedures for people in need of essential dental care.

In addition, for the fourth consecutive year we partnered with New Zealand Dental Association (NZDA) to support the Smile New Zealand initiative. Dentists and dental surgeries across the country take part in the initiative to enable free dental care for low-income adults. In the 2019 financial year the programme provided free dental treatment for 851 New Zealanders from Auckland to Invercargill.

The Trust supported the Louise Perkins Foundation's (Sweet Louise) extension of their service in the South Island, and also provided funds to the Dove Hospice's cancer recovery initiative in Auckland. This provides six-week programmes to cancer survivors which give them support and resources to deal with fear and anxiety, set goals and move forward after cancer.



Dr Assil Russell (right) and the Revive-a-Smile team

## FINANCIAL REVIEW

SCHL maintained its target return on invested funds during the year under review.

SCBL also performed well overall. There was an improvement in the Australian travel business which delivered a very strong net profit compared to last year, and the pet business continued its solid growth with strong net profit.

Our thanks to the SCHL and SCBL teams for their work over the past year to achieve these results.

Greg Gent  
Chairman

Terry Moore  
Chief Executive Officer



# Operational review Southern Cross Hospitals Limited

Terry Moore, Chief Executive Officer

Southern Cross Hospitals Ltd (SCHL) is a wholly-owned subsidiary of the Southern Cross Health Trust. We provide care for thousands of New Zealanders every year through our hospitals and facilities.

In the last financial year, SCHL's network of facilities cared for 86,000 patient visits at our wholly owned hospitals, joint venture surgical hospitals and endoscopy clinics. These included private health insurance-funded, ACC, DHB and self-paying patients.

Over 1,000 surgeons and anaesthetists are credentialed to provide services in our facilities.

To continue our commitment to patient safety and care, we develop a range of initiatives each year. In 2019, we advanced our patient feedback systems, adopting a proven online survey platform that delivers patient feedback 'in real time'. The results following this switch have continued to position us among the best in Australasia.

Approximately nine out of 10 patients surveyed said they are 'extremely likely' to recommend our hospitals to friends and family. In terms of the experience our patients are having, our satisfaction scores are consistently over 90 per cent. Engaging with our patients in this way aligns with a broad range of initiatives within our ongoing 'Culture of Safety' programme, supports delivery of quality care and helps to ensure patient safety within our organisation.

SCHL's core purpose is to provide care, quality and choice to patients for their health care needs at prices that are as affordable as possible, while ensuring the business remains financially sustainable.

Our people are at the heart of our provision of quality health care. We are steadfast in our commitment to SCHL being a great place to work, which allows us to attract and retain great people. We continue to invest in the skills and wellbeing of the staff who deliver our high level of care across the business. We would like to express gratitude to them for their ongoing dedication.

Our financial performance in a highly competitive market was pleasing. The return on assets is sustainable (albeit cost pressures will increase risk into the future) and continues to enable major re-investment back into the business, including updating facilities, new joint ventures and the development of our people.

We have made further advancements in our strategy to increase the scope of SCHL's offering into early health and wellbeing intervention and supported recovery.

We commenced this approach with a 50 per cent acquisition in TBI Health (a national physiotherapy and rehabilitation provider) in the 2017 financial year. The purchase of a 50 per cent share in nationwide workplace health service provider MedPro Healthcare then followed early in the 2019 financial year.

We also acquired a stake in Active+, a North Island health business offering a wide range of services including physiotherapy, occupational health, dietetics, psychology and vocational support. This investment underlines SCHL's commitment to preventative and rehabilitative care.

It is important to us that we maintain safe, modern hospitals which keep pace with current medical technology. During the 2019 financial year, there were significant expansion and innovation opportunities which included:

- Progress continued in Takapuna, Auckland on a new orthopaedic surgery centre with three theatres and a day stay focus. We expect that this will release capacity and improve access to inpatient facilities on our North Harbour campus.
- The Rutherford Clinic, a joint venture endoscopy unit in Lower Hutt, Wellington, became operational. It offers a full range of endoscopy procedures such as gastroscopy and colonoscopy, from several highly-experienced endoscopists.
- A paper analysing our surgical site infection data, collected over a 12-year period, was published in the New Zealand Medical Journal in August. It described the successful outcome of our long-term surveillance and quality improvements in reducing surgical site infections in the Southern Cross network.
- Building our capabilities in areas such as the Registered Nurse Assistant to the Anaesthetist (RNAA) space with education programmes going well.
- An increased focus on improving health outcomes using digital strategies saw the appointment of Trevor Delany to the newly created role of Chief Digital Officer.
- A waste management system called Neptune 3 was introduced to improve safety and reduce risk and adverse impact on the environment.





# Operational review Southern Cross Benefits Limited

Chris White, Chief Executive Officer

Southern Cross Benefits Limited (SCBL) is a wholly-owned subsidiary of Southern Cross Health Trust. Its purpose is to generate a strong, sustainable stream of funding to aid the Trust in fulfilling its charitable purpose and objectives. SCBL operates Southern Cross Travel Insurance (SCTI) in both New Zealand and Australia and underwrites Southern Cross Pet Insurance (SCPI) in New Zealand.

Our Travel Insurance and Pet Insurance businesses performed well in the year ended 30 June 2019, meeting revenue targets and making a solid contribution to the Trust's consolidated profit.

## Southern Cross Travel Insurance

To help deliver positive business outcomes during the 2019 financial year, we continued to invest in transformational change and a continuous review of product performance across our portfolio.

Pleasingly this resulted in the Australia business delivering a very strong net profit compared to last year. Our International Student policy also produced a materially improved result due to a renewed strategic focus.

SCTI retained its market leadership position in New Zealand and sold more than 304,000 policies and received more than 42,000 claims (across both NZ and Australia).

Investing in our people and capability remains a priority and we worked hard to continue improving customer experience via new technology. We were also proud to continue our award-winning performance with the following accolades:

- Canstar NZ Award for Outstanding Value - International Travel Insurance
- Reader's Digest Quality Service Award - Silver
- ProductReview Australia Travel Insurance Award
- Mozo Experts Choice Award - Exceptional Value Comprehensive Travel Insurance and Exceptional Value Cruise Travel Insurance.

## Southern Cross Pet Insurance

SCPI has now been in operation for seven years and has continued to experience solid growth with a strong net profit.

Contributing to the business' success has been our continued relationship with the SPCA and our work to increase the overall awareness of this insurance category. We also commenced a new three-year partnership with the New Zealand Vet Association. The most popular plans were our SilverRibbon and BronzeRibbon PetCare policies.

Our net growth in pets insured over the year was 22 per cent. With this net growth, the total number of pets insured reached more than 33,000 by year end.

The business was the recipient of two awards in the 2019 financial year:

- Canstar Gold Pet Insurance - Most Satisfied Customers
- Reader's Digest Quality Service Awards - Gold



# Statement of corporate governance

The Southern Cross Health Trust is a Charitable Trust registered as a charitable entity under the Charities Act 2005. Its purpose is to assist in the provision of medical facilities and services to supplement those provided by the Government. 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 or (in the case of Southern Cross Benefits Limited) their own 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 and objects 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 2019 are:

Gregory Gent (Chairman)  
Catherine Drayton  
Elizabeth (Liz) Hickey  
Dr Martin Misur  
Dr Arthur Morris  
Keith Taylor

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 CEO 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.

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## DELEGATION FRAMEWORK

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

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## COMMITTEES

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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 Liz Hickey (Chair), Catherine Drayton, Greg Gent, Arthur Morris and Keith Taylor.

### Remuneration and Human Resources Committee

The Remuneration and Human Resources Committee's objectives include providing advice to the Trust Board in relation to the remuneration, employment conditions, development and performance management of the CEO, and other employment-related matters including standard terms and conditions of employment. Members of this Committee are Greg Gent (Chair), Catherine Drayton, Martin Misur and Keith Taylor.

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## EXTERNAL AUDIT INDEPENDENCE

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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.

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## LOANS TO TRUSTEES

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

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## MEETING ATTENDANCE

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Trustee meeting attendance for the year ended 30 June 2019:

|                    | Trust Board | Audit and Risk Committee | Remuneration and HR Committee | Strategic Workshop |
|--------------------|-------------|--------------------------|-------------------------------|--------------------|
| Meetings held:     | 8           | 3                        | 5                             | 2                  |
| Meetings attended: |             |                          |                               |                    |
| C Drayton          | 8           | 3                        | 5                             | 2                  |
| G Gent             | 8           | 3                        | 5                             | 2                  |
| E Hickey           | 8           | 3                        |                               | 2                  |
| Dr P Leightley     | 4           |                          |                               | 1                  |
| Dr M Misur         | 7           |                          | 5                             | 2                  |
| Dr A Morris        | 6           | 2                        |                               | 1                  |
| K Taylor           | 7           | 3                        | 4                             | 2                  |

Dr P Leightley retired from the Trust Board on 31 December 2018.

# Board of Trustees



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## GREG GENT

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**ONZM**  
Chairman

Greg Gent joined the Trust Board in 2011 and was elected Chairman in 2014. He is also Chairman of Trust subsidiaries Southern Cross Hospitals and Southern Cross Benefits. Mr Gent is a Northland dairy farmer with a wealth of governance experience. From 2001 to 2011 he was a director of New Zealand's largest co-operative business, Fonterra. Prior to Fonterra's formation he was chair of Northland Dairy and Kiwi Co-op Dairies. He is chair of Dairy Holdings Limited, a director of Real Living Group, a former chair of rural insurer FMG, and was a member of the Northland District Health Board from 2010 to mid-2015. Mr Gent is also chair of the Southern Cross Medical Care Society.



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## CATHERINE DRAYTON

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**BCom, LLB, FCA**

Catherine Drayton joined the Trust Board in 2014 and is also a Director of subsidiaries Southern Cross Hospitals and Southern Cross Benefits. She is Chair of Christchurch International Airport, a director of Genesis Energy, BECA Group Limited and Fronde Systems Group, and is a board member of the Guardians of New Zealand Superannuation. She is a member of the University of Canterbury Council and former chair of the audit and risk committee for the Christchurch Earthquake Recovery Authority (CERA). Ms Drayton 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. Ms Drayton is also a Director of Southern Cross Medical Care Society.



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## ELIZABETH HICKEY

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**MNZM, MCom(Hons), FCA, CMIInstD**

Liz Hickey joined the Trust Board in 2009 and is a Director of subsidiaries Southern Cross Hospitals and Southern Cross Benefits. She also chairs these businesses' Audit and Risk Committees. She is a chartered accountant and chartered member of the Institute of Directors. Ms Hickey is a trustee of the University of Auckland Foundation, and has prior governance experience on various commercial and not-for-profit boards. She is a Fellow and past-President of Chartered Accountants Australia and New Zealand. Ms Hickey is also a Director of Southern Cross Medical Care Society.



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## DR MARTIN MISUR

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**BHB, MBChB, FANZCA**

Dr Martin Misur joined the Trust Board in 2017 and is also a Director of subsidiaries Southern Cross Hospitals and Southern Cross Benefits. He is a Specialist Anaesthetist at Auckland City Hospital and in private practice at Epsom Anaesthesia Partnership. His 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 ADHB's Perioperative Directorate.



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## DR ARTHUR MORRIS

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**BSc(Hons), MD, Dip ABMM, FRCPA**

Dr Arthur Morris joined the Trust Board in 2017 and is also a Director of subsidiaries Southern Cross Hospitals and Southern Cross Benefits. He is an Auckland-based clinical microbiologist who also works with the Health Quality and Safety Commission as a Clinical Lead. He is a current director of Mercy Healthcare Auckland and a trustee of the University of Auckland Foundation and Auckland School of Medicine Foundation. He is a former Chief Executive of Diagnostic Medlab and a former Director of Fisher and Paykel Healthcare.



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## KEITH TAYLOR

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**ONZM, BSc, BCA, FIA, FInstD**

Keith Taylor was appointed to the Trust Board in 2010 and also sits on the boards of subsidiaries Southern Cross Hospitals and Southern Cross Benefits. He has over 30 years' experience in the insurance and financial services industries as a chief executive, chief financial officer and actuary. Mr Taylor is chair of Butland Holdings and Port Marlborough. He is also a director of Resolution Life Australia. He has previously been a director of property, insurance, trustee and investment companies in both New Zealand and Australia. Mr Taylor is also a Director of Southern Cross Medical Care Society.



# Financial statements

The following information is an extract from the Southern Cross Health Trust audited 2019 financial statements.

- 11 Consolidated Statement of Comprehensive Revenue and Expense
- 12 Consolidated Statement of Changes in Trust Funds
- 13 Consolidated Statement of Financial Position
- 14 Consolidated Statement of Cash Flows

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 2019

|   | 2019<br>\$000 | 2018<br>\$000 |
|---|---------------|---------------|
| Revenue   | 398,474       | 373,647       |
| Operating expenses  | (366,902)     | (341,605)     |
| Other income  | 6,428         | 6,308         |
| Insurance compensation  | -             | 300           |
| Share of profit from equity accounted investments                         | 11,001        | 8,878         |
| Impairment of assets  | (390)         | -             |
| <b>Surplus before interest, income tax, depreciation and amortisation</b> | <b>48,611</b> | <b>47,528</b> |
| Depreciation  | (20,314)      | (19,537)      |
| Amortisation  | (1,253)       | (1,257)       |
| Finance income  | 2,225         | 1,920         |
| Finance costs   | (110)         | (121)         |
| <b>Surplus before tax</b>   | <b>29,159</b> | <b>28,533</b> |
| Tax expense   | -             | -             |
| <b>Net surplus after tax</b>  | <b>29,159</b> | <b>28,533</b> |
| <b>Other comprehensive revenue and expense</b>                            |               |               |
| Movement in foreign currency translation reserve                          | (401)         | 393           |
| <b>Total comprehensive revenue and expense</b>                            | <b>28,758</b> | <b>28,926</b> |

## Southern Cross Health Trust

### CONSOLIDATED STATEMENT OF CHANGES IN TRUST FUNDS for the year ended 30 June 2019

|  | Retained<br>surpluses<br>\$000 | Capital<br>reserve<br>\$000 | Foreign<br>currency<br>translation<br>reserve<br>\$000 | Total<br>Trust<br>funds<br>\$000 |
|--|--------------------------------|-----------------------------|--|----------------------------------|
| Balance at 1 July 2017                         | 357,015                        | 250                         | (1,515)  | 355,750                          |
| Net surplus                                    | 28,533                         | -                           | -  | 28,533                           |
| Total other comprehensive revenue and expenses | -                              | -                           | 393  | 393                              |
| <b>Balance at 30 June 2018</b>                 | <b>385,548</b>                 | <b>250</b>                  | <b>(1,122)</b>   | <b>384,676</b>                   |
| Balance at 1 July 2018                         | 385,548                        | 250                         | (1,122)  | 384,676                          |
| Net surplus                                    | 29,159                         | -                           | -  | 29,159                           |
| Total other comprehensive revenue and expenses | -                              | -                           | (401)  | (401)                            |
| <b>Balance at 30 June 2019</b>                 | <b>414,707</b>                 | <b>250</b>                  | <b>(1,523)</b>   | <b>413,434</b>                   |



# Southern Cross Health Trust

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2019

|                                      | 2019<br>\$000  | 2018<br>\$000  |
|--------------------------------------|----------------|----------------|
| <b>Current assets</b>                |                |                |
| Cash and cash equivalents            | 45,293         | 30,226         |
| Trade and other receivables          | 41,560         | 43,086         |
| Other financial assets               | 53,218         | 56,921         |
| Inventories                          | 4,944          | 4,478          |
| <b>Total current assets</b>          | <b>145,015</b> | <b>134,711</b> |
| <b>Non-current assets</b>            |                |                |
| Equity accounted investments         | 53,740         | 43,980         |
| Property, plant and equipment        | 275,355        | 263,575        |
| Intangible assets                    | 4,829          | 4,136          |
| Goodwill                             | 15,569         | 15,569         |
| Other financial assets               | 1,288          | 357            |
| <b>Total non-current assets</b>      | <b>350,781</b> | <b>327,617</b> |
| <b>Total assets</b>                  | <b>495,796</b> | <b>462,328</b> |
| <b>Current liabilities</b>           |                |                |
| Payables and accruals                | 27,374         | 26,867         |
| Employee entitlements                | 11,871         | 10,649         |
| Insurance contract liabilities       | 43,117         | 40,136         |
| <b>Total current liabilities</b>     | <b>82,362</b>  | <b>77,652</b>  |
| <b>Total liabilities</b>             | <b>82,362</b>  | <b>77,652</b>  |
| <b>Net assets</b>                    | <b>413,434</b> | <b>384,676</b> |
| <b>Trust funds</b>                   |                |                |
| Retained surpluses                   | 414,707        | 385,548        |
| Capital reserve                      | 250            | 250            |
| Foreign currency translation reserve | (1,523)        | (1,122)        |
| <b>Total Trust funds</b>             | <b>413,434</b> | <b>384,676</b> |

# Southern Cross Health Trust

## CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 30 June 2019

|  | 2019<br>\$000   | 2018<br>\$000   |
|--|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                      |                 |                 |
| Receipts from customers  | 398,546         | 381,829         |
| Payments to employees and suppliers                              | (316,712)       | (300,072)       |
| Payment of claims  | (46,870)        | (42,942)        |
| Payment of reinsurance premiums                                  | (5,881)         | (4,060)         |
| Receipt of reinsurance recoveries                                | 3,770           | 2,631           |
| Receipt of insurance compensation                                | -               | 300             |
| Interest received  | 2,134           | 2,009           |
| Dividends received   | 2               | 2               |
| Rental income received   | 5,170           | 5,103           |
| Other income received  | 754             | 744             |
| <b>Net cash flows from operating activities</b>                  | <b>40,913</b>   | <b>45,544</b>   |
| <b>Cash flows used in investing activities</b>                   |                 |                 |
| Proceeds from sale of property, plant and equipment              | 14              | 9               |
| Purchase of property, plant and equipment                        | (32,222)        | (41,611)        |
| Distributions from joint ventures and associates                 | 7,458           | 6,335           |
| (Investment)/disposal of financial assets                        | 8,495           | (6,788)         |
| Investment in joint venture                                      | (6,607)         | (2,666)         |
| Purchase of intangible assets                                    | (1,946)         | (485)           |
| Advances to related party  | (890)           | -               |
| Deferred settlements paid  | -               | (2,000)         |
| <b>Net cash flows used in investing activities</b>               | <b>(25,698)</b> | <b>(47,206)</b> |
| <b>Net cash flow</b>   | <b>15,215</b>   | <b>(1,662)</b>  |
| Add: cash at the beginning of the year                           | 30,226          | 31,891          |
| Add: effect of exchange revaluation on foreign currency balances | (148)           | (3)             |
| <b>Cash at the end of the year</b>                               | <b>45,293</b>   | <b>30,226</b>   |
| Bank balances  | 35,493          | 5,208           |
| Call deposits  | 9,800           | 25,018          |
| <b>Cash at the end of the year</b>                               | <b>45,293</b>   | <b>30,226</b>   |





**Southern Cross Health Trust**

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Visit our website

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