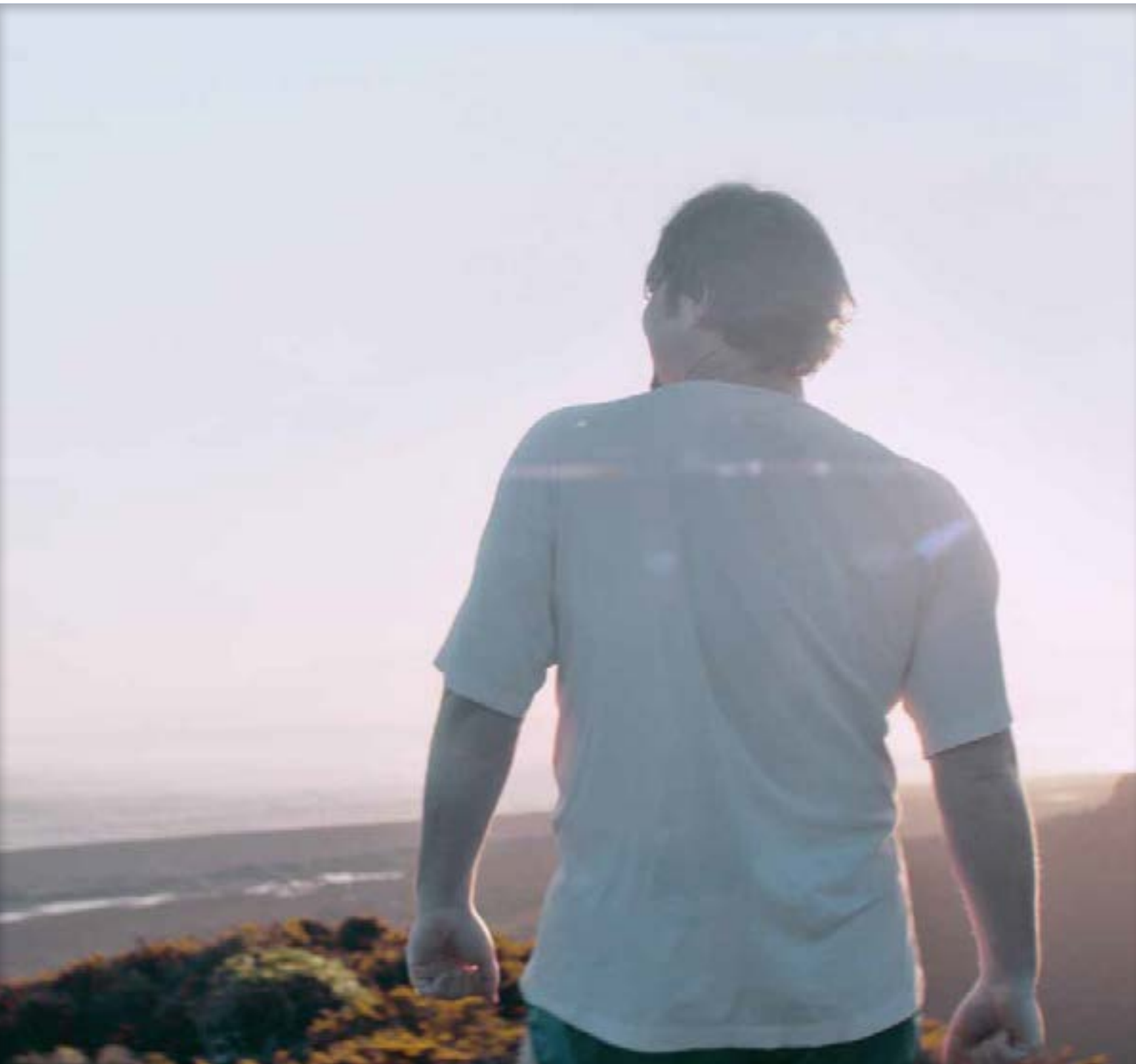


# Southern Cross Health Trust 2015 Annual Report





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# Chairman and Chief Executive Officer's report

Greg Gent (left) and Terry Moore

Southern Cross Health Trust is a charitable trust. Its vision is to make quality healthcare more affordable and accessible for a greater number of New Zealanders.

It does this by engaging in health-related activities which align with its charitable purpose, including the provision of medical facilities and services; the employment of medical, nursing and other staff; and the provision of training opportunities. The Trust also invests in commercial activities which provide capital to invest back into these charitable purposes.

## THE TRUST'S ROLE

We are fortunate in New Zealand to have a public health system that provides essential health services, and there is much that the public sector does extremely well. However, it's no secret that the public health system is under pressure. In the past, patients experienced stress and frustration over the length of time they were on waiting lists. The growing demands on an already over-stretched public system mean that now, for some procedures, in some regions, the stress has become about whether or not patients can actually get onto a waiting list in the first place.

Clearly the private health sector has an important role to play here in giving more New Zealanders access to timely, affordable and quality elective healthcare. Nearly forty years ago, the Southern Cross Health Trust was established with a clear mandate to do exactly this. Today, this vision is alive and well.

The 2015 financial year saw over 75,000 patients receive treatment at a hospital within the wider Southern Cross network. With ten wholly owned hospitals and 8 joint ventures, the network is well established to provide access to medical treatment for New Zealanders throughout the country.

The Trust is now a substantial organisation, with combined operating income in the last financial year of over \$300 million. This consists of income from our Hospitals business and Southern Cross Benefits Ltd (trading as Southern Cross Travel Insurance and Southern Cross Pet Insurance). Any surplus made from our commercial activities is reinvested back into the Trust for the benefit of all New Zealanders – charitable activities, making improvements to facilities, investing in technology, training and ensuring patients receive world-class care.



Upgrading facilities: New Plymouth

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## ADDITIONAL CHARITABLE ACTIVITIES

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Southern Cross Hospitals' charitable status means, like for like, hospitals and facilities can generally be offered at lower rates than at 'for-profit' hospitals in their regions. This provides a dampening effect on inflation in the private surgery market and enhances the affordability and value provided for New Zealanders.

In the 2015 financial year, the Trust also partnered with the New Zealand Dental Association (NZDA) to provide free dental care to low-income adults. Many New Zealanders are unable to afford even basic dental care and given the significant impact of dental disease, both physically and socially, we know this is an area of substantial need.

In May 2015, 83 dentists in 18 dental practices across the country provided free dental work for 571 adult patients who held a Community Services Card. Agencies in contact with vulnerable families were informed of the free clinic days and the appointments were booked within days. We believe partnerships such as this are an important way to provide healthcare to New Zealanders who are unable to afford it and we are continuing to support the initiative, with another round of free dental care scheduled for November 2015.

Another area of charitable care is elective surgery in our wholly-owned hospitals. Surgeons are able to apply to Southern Cross Hospitals to have patients operated on free of charge if the patient is not able to be seen in the public system within an appropriate timeframe and cannot fund the surgery themselves. The surgeon performs the surgery for free and our hospitals provide the facilities, medical supplies and theatre staff. 96 patients received surgeries under this programme in the 2015 financial year, with the majority undergoing ophthalmology, orthopaedic or general surgery. We are proud of our commitment to this programme and pleased to see growth in the number of specialists supporting it. As with the dental initiative, it is by working in partnership with others in the health sector that we can make the most difference.

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## FINANCIAL PERFORMANCE

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The 2015 financial year saw the businesses of the Southern Cross Health Trust make a surplus of \$18 million, down 22% on the previous financial year. This is largely attributable to operational and IT investments in the pet insurance business and a larger volume of significant travel insurance claims. This resulted in lower profits for both Southern Cross Travel Insurance and Southern Cross Pet Insurance and reflects the highly competitive nature of the insurance industry.

During the financial year, the decision was made to no longer pursue an investment model within the primary care sector. The original investment provisioned for opting-out by either party after a period of time. After



Charitable activities: free dental care

careful consideration and discussions between the practices and Southern Cross Primary Care, the majority of these investments have been exited. The learnings around investing in primary care have been invaluable and there are still opportunities to collaborate going forward.

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## ACKNOWLEDGEMENTS

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We would like to thank all management and staff of Southern Cross Health Trust subsidiaries for their hard work and commitment to providing the best possible care and service for their patients and customers.

Terry Moore  
Chief Executive Officer

Greg Gent  
Chairman



# Operational review

## Southern Cross Hospitals Limited

Terry Moore, Chief Executive Officer

Southern Cross Hospitals had a solid performance in 2015 returning a healthy surplus despite the impact of the increasing numbers of specialist-owned day-stay centres. While these centres are focusing on high volume, less complex procedures, demand for services at our hospitals remains high, indicative of the aging population and the rise of chronic conditions.

### PATIENT VOLUMES

Southern Cross Hospitals provide accreditation to 925 credentialed surgeons and anaesthetists and surgical healthcare to over 75,000 patients in 2015, including publicly-funded patients receiving services under contract for DHBs and the ACC.

### OUR FACILITIES

To fulfil the Health Trust's objectives around the provision of quality patient care, upgrades to and investment in Southern Cross Hospitals are continually required. Highlights for the last financial year include:

- A new specialist consulting centre in Palmerston North, which opened in June 2015, as part of a wider redevelopment programme. This will position our joint venture with Crest Hospital to meet the future demands of both patients and specialists. Along with a major upgrade of the Carroll Street site (which has been completed and will accommodate all operational staff) this adds up to a significant investment in the health of the community.

- A new specialist centre – 'Specialists at Eleven' on Caledonian Road – opened at Southern Cross Hospital Christchurch. The addition of three new groups of specialists – one specialising in orthopaedics, another in plastic, reconstructive, hand and upper limb surgery and the third offering administrative services to over 40 anaesthetists – completed an already extensive team of consulting specialists who work from the Southern Cross Hospital campus.
- A programme of extensive modernisation at our New Plymouth hospital, including new patient accommodation, upgraded staff facilities, and new specialist consulting rooms. The next phase in the hospital development will see the addition of a new operating theatre.

In 2015, Southern Cross Hospitals also purchased the remaining 50% shareholding in Gillies Hospital, Auckland from the original founding doctors. Gillies Hospital has an enviable reputation in the region so we are pleased to bring them more fully into the Southern Cross network of hospitals.





Gillies Hospital: now wholly owned

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## NURSE TRAINING PROGRAMMES

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Since 2010, Southern Cross Hospitals has been working towards gaining Government funding for Nurse Entry to Practice (NETP) – which supports registered nurses in their first year of practice. The past financial year saw us achieve this. As a national organisation spread across 13 DHB regions, we are well placed to play an important role in the employment, supervision and ongoing training of graduate nurses.

Our commitment saw us develop our own New Graduate Registered Nurse programme and launch, with WINTEC, an online preceptor programme in 2011. Over 150 registered nurses have since completed the 'Preceptorship of nurses in practice' programme, allowing them to oversee the first critical years of graduate nurses' practice.

We currently have 20 new graduate registered nurses employed across the country, with 17 of these funded NETP places.

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## PATIENT SATISFACTION

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Southern Cross Hospitals continues to place a large emphasis on providing high quality care in an increasingly competitive market. Ensuring patients receive the very best care in safe, modern hospitals with access to the latest technology is of paramount importance.

One way we measure this is by asking patients. We are pleased to report that the latest patient satisfaction survey results showed:

- 95% of respondents were satisfied that the hospital met their most important expectations
- 97% were satisfied that the nurses met their most important expectations and
- 98% of respondents were satisfied with the overall quality of their most recent admission.

These results have been trending upwards year on year and exceed those seen in the private sector.



# Operational review

## Southern Cross Benefits Limited

Craig Morrison, Chief Executive Officer

Southern Cross Benefits Ltd (SCBL) is a wholly owned subsidiary of the 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 Pet Insurance in New Zealand and
- Southern Cross Travel Insurance in both New Zealand and Australia.



2015 saw Southern Cross Travel Insurance (SCTI) contribute a modest surplus towards the Trust's objectives. Systems improvements which began last year continued, improving the business' agility within the market and operational efficiency.

As with the previous financial year, SCTI grew its overall customer base at a faster rate than the underlying market. In Australia, the number of people travelling with

Southern Cross grew 17%. This is very positive given the general slowdown in the Australian market. The number of New Zealanders travelling with Southern Cross remained consistent with the previous year.

For the sixth consecutive year, independent research house CANSTAR rated SCTI Australia first equal for Outstanding Value in International Travel Insurance after comparing 229 policies from 73 insurers. Similarly, Mozo, Australia's leading travel insurance comparison and reviews site, listed SCTI as among their Experts' Choice standouts for Best Value Comprehensive Cover in a comparison of 62 insurers. The same award-winning team provides customer service for both New Zealand and Australia.







The focus for Southern Cross Pet Insurance (formerly Ellenco Pet Insurance) for the past year has been on growth and improving the customer experience - streamlining the sales, administration and claims processes.

This included the introduction of a new range of policies - called PetCare - which launched in September 2014. PetCare plans have been designed to replace the original Ellenco policies and provide a simpler design to support online sales, and better overall coverage. Southern Cross has been transferring policy holders with Ellenco Pet Insurance plans onto PetCare. This process has been completed for around 50% of policy holders and will continue over the coming year.

Southern Cross Pet Insurance also launched a new online quoting and sales portal in 2015 and increased digital marketing activity to highlight and grow the newly branded business. By 30 June 2015 the business was insuring 13,554 pets, a net increase of nearly 15% on the previous year.

The year ahead will see us:

- partner with the Royal New Zealand Society for the Prevention of Cruelty to Animals (SPCA). This partnership will see us work together for a minimum of three years, with Southern Cross Pet Insurance as the SPCA's preferred pet insurer
- launch a new plan with lower annual limits and premiums
- look to restructure premiums to ensure they are reflective of the animal's age and their health risk.



# 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, services and research 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 aims 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 objects and strategies of the Trust are understood and that strategic and business plans are in place to achieve them
- ensuring that management is proactively seeking to strengthen the performance of the Trust, including building the business through innovation, initiative, technology, new products and development of its business capital
- monitoring the performance of management
- appointing the CEO
- identifying steps 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 the Board and management adhere to high ethical standards
- ensuring the Trust and subsidiaries have appropriate risk management and regulatory compliance policies and procedures 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 2015 are:

Gregory W Gent (Chairman)

Dr Douglas D Baird

Catherine Drayton

Carole B Durbin

Elizabeth (Liz) M Hickey

Dr Philip Leightley

Keith B Taylor

Directors of Trust subsidiaries are appointed from among the Trustees.

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

The Board reviews its own performance annually.

## DELEGATION FRAMEWORK

Responsibility for the day-to-day management of the Trust and oversight of its subsidiaries is delegated by the Board to the Chief Executive Officer. The CEO is expected to manage the Trust in accordance with the strategy, plans, budgets and the specific delegation framework approved by the Board.

## COMMITTEES

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

### Audit Committee

The Audit 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, 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 control systems are in place; and ensuring management has established a risk management framework to effectively identify, treat, monitor and report key business risks. The Audit Committee comprises Liz Hickey (Chair), Catherine Drayton, Greg Gent and Keith Taylor.

### Remuneration Committee

The Remuneration 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 senior executives, and other remuneration related matters including standard terms and conditions of employment. The Remuneration Committee comprises Carole Durbin (Chair), Doug Baird and Greg Gent.

## EXTERNAL AUDIT INDEPENDENCE

The Board is committed to auditor independence. The Audit 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 2015

	Trust Board	Audit Committee	Remuneration Committee
Number of Meetings	10	6	3
Meetings attended			
Dr DD Baird	9	3	
CM Drayton	10	6	
CB Durbin	9		3
GW Gent	9	3	3
GS Hawkins	5	2	2
EM Hickey	10	6	
Dr PAT Leightley	9		
KB Taylor	9	5	

GW Gent was appointed to the Audit Committee on 4 December 2014.

GS Hawkins retired as a Trustee, and from the Audit and Remuneration Committees, on 4 December 2014.

# Board of Trustees



**Board of Trustees**  
(L to R) Catherine Drayton, Greg Gent, Liz Hickey, Doug Baird, Carole Durbin, Keith Taylor. Inset: Philip Leightley.

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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 chairman of Northland Dairy and Kiwi Co-op Dairies. He is chairman of Farmers Mutual Group and Pengxin New Zealand Farm Management Limited; a director of New Zealand Institute for Plant and Food Research; and was a member of the Northland District Health Board from 2010 to mid-2015. Mr Gent is also Chairman of Southern Cross Medical Care Society.

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## DR DOUGLAS BAIRD

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(BSc, MB, ChB, DipObst)

Dr Doug Baird was appointed as a Trustee in 2007 and is a Director of subsidiary Southern Cross Hospitals. He is a practicing GP and has held a broad range of clinical roles with primary care organisations. Dr Baird is a past chairman of the Independent Practitioners Association Council (IPAC), was a founding director of

ProCARE Health (which represents more than 500 GPs in Auckland) and of BPACnz (an organisation dedicated to effective use of resources by health providers). He has served in elected and advisory roles with the Auckland District Health Board, the ACC Medical Misadventure Unit and the Office of the Health and Disability Commissioner. Dr Baird is also a Director of 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 subsidiary Southern Cross Hospitals. She is a professional, non-executive director on a variety of boards including engineering consultancy BECA Group Limited, Christchurch International Airport and Ngai Tahu Holdings Corporation Limited. Past board appointments include Meridian Energy. Born, bred and resident in Christchurch, she is a member of the University of Canterbury Council and 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 member of Chartered Accountants Australia and New Zealand. Ms Drayton is also a Director of Southern Cross Medical Care Society.

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## CAROLE DURBIN

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(BCom, LLB(Hons), FInstD)

Carole Durbin was appointed to the Trust Board in 2006 and is a Director of subsidiaries Southern Cross Hospitals and Southern Cross Benefits. Ms Durbin is also a director of New Zealand-owned Fidelity Life. A part time consultant to Simpson Grierson, one of New Zealand's leading legal firms, Ms Durbin has also held a number of previous board appointments including DamWatch Services Ltd, Simpson Grierson, Transpower NZ, software developer Synergy International (now Fronde), and was an Earthquake Commissioner. Until October 2009 she was chair of Mighty River Power, having been on that board since 1998. She is a Fellow of the Institute of Directors. Ms Durbin is also a Director of Southern Cross Medical Care Society.

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## ELIZABETH HICKEY

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(MCom(Hons), FCA, MInstD, MNZM)

Liz Hickey is a chartered accountant and member of the Institute of Directors who joined the Trust Board in 2009. She is also a Director of Trust subsidiaries Southern Cross Hospitals and Southern Cross Benefits. Ms Hickey is a trustee of the University of Auckland Foundation, and a director of Diabetes New Zealand Inc. Her past governance experience includes being a director of Radio New Zealand, Genesis Power and Environmental Science and Research. She has served on both the New Zealand and international boards of the World Association of Girl Guides and Girl Scouts, and 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 PHILIP LEIGHTLEY

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(MB, BS, BSc, DA, FRCA, FANZCA)

Dr Philip Leightley joined the Trust Board in 2013 and has been a Director of Trust subsidiary Southern Cross Hospitals since 2009. Dr Leightley is a practicing specialist anaesthetist with Anaesthesia Auckland, and works at a range of Auckland private hospitals. He is a former founding shareholder and then director of the Auckland Surgical Centre which was purchased by Southern Cross Hospitals in 2005. He has chaired a number of private hospital committees and has worked in the private hospital environment for more than 25 years.

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## KEITH TAYLOR

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(BSc, BCA, FIA, FInstD)

Keith Taylor was appointed to the Trust Board in 2010 and also sits on the Boards of Trust subsidiaries Southern Cross Hospitals and Southern Cross Benefits. Mr Taylor has over 30 years' experience in the insurance and financial services industries as a chief executive, chief financial officer and actuary. He is chair of the Government Superannuation Fund and Gough Holdings, and deputy chair of the Reserve Bank of New Zealand and the Earthquake Commission. He is a director of Port Marlborough and Butland Holdings, and a member of the Carey Baptist College Board. 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 2015 financial statements.

- 13 Consolidated Statement of Comprehensive Income
- 14 Consolidated Statement of Changes in Trust Funds
- 15 Consolidated Statement of Financial Position
- 16 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 INCOME for the year ended 30 June 2015

	2015 \$000	2014 \$000
Revenue	297,149	282,527
Direct Expenses	235,912	218,338
<b>Gross surplus</b>	<b>61,237</b>	<b>64,189</b>
Administration and other expenses	55,352	52,055
Impairment of assets	749	-
Loss on disposal of investment	681	-
<b>Operating surplus</b>	<b>4,455</b>	<b>12,134</b>
Share of profit from equity accounted investments	5,777	6,775
Financing income	2,975	2,322
Less financing expenses	148	210
Net financing income	2,827	2,112
Other income	4,522	3,297
<b>Net surplus before taxation</b>	<b>17,581</b>	<b>24,318</b>
Taxation expense	2	3
<b>Net surplus after taxation</b>	<b>17,579</b>	<b>24,315</b>
<b>Other comprehensive income:</b>		
Movement in foreign currency translation reserve	495	(1,155)
<b>Net comprehensive surplus for the year</b>	<b>18,074</b>	<b>23,160</b>
<b>Attributable to:</b>		
Trustees of the Trust	18,074	23,160
<b>Net comprehensive surplus for the year</b>	<b>18,074</b>	<b>23,160</b>

# Southern Cross Health Trust

## CONSOLIDATED STATEMENT OF CHANGES IN TRUST FUNDS for the year ended 30 June 2015

	Attributable to the Trustees of the Trust			
	Retained surpluses \$000	Capital reserve \$000	Foreign currency translation reserve \$000	Total reserves \$000
Balance at 1 July 2013	268,540	250	3	268,793
<b>Total comprehensive surplus:</b>				
Surplus after taxation	24,315	-	-	24,315
<b>Other comprehensive income:</b>				
Movement in foreign currency translation reserve	-	-	(1,155)	(1,155)
<b>Total comprehensive surplus</b>	<b>24,315</b>	<b>-</b>	<b>(1,155)</b>	<b>23,160</b>
<b>Closing balance at 30 June 2014</b>	<b>292,855</b>	<b>250</b>	<b>(1,152)</b>	<b>291,953</b>
<b>Total comprehensive surplus:</b>				
Surplus after taxation	17,579	-	-	17,579
<b>Other comprehensive income:</b>				
Movement in foreign currency translation reserve	-	-	495	495
<b>Total comprehensive surplus</b>	<b>17,579</b>	<b>-</b>	<b>495</b>	<b>18,074</b>
<b>Closing balance at 30 June 2015</b>	<b>310,434</b>	<b>250</b>	<b>(657)</b>	<b>310,027</b>



# Southern Cross Health Trust

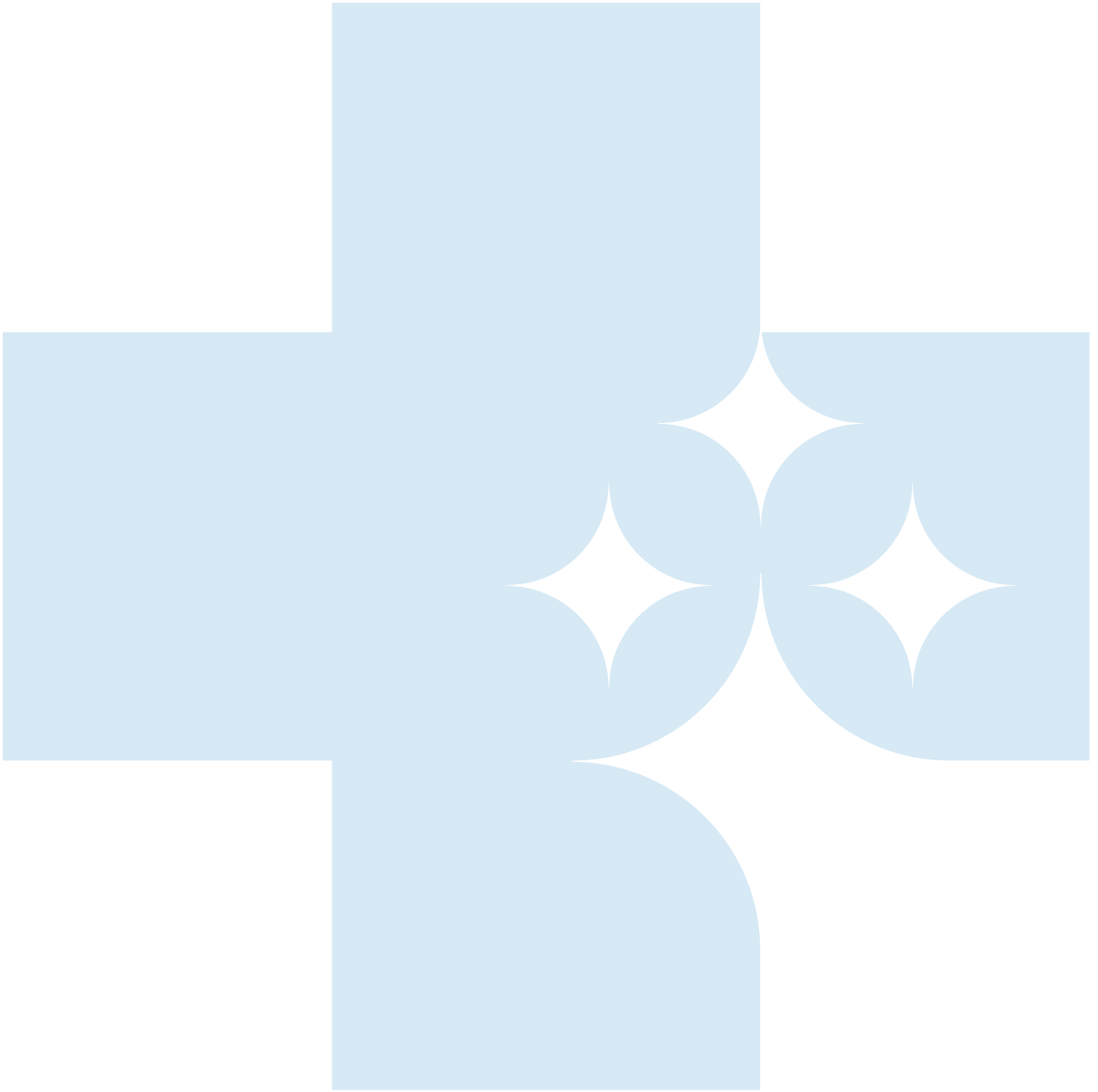
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2015

	2015 \$000	2014 \$000
<b>Current assets</b>		
Cash and cash equivalents	32,117	39,148
Trade and other receivables	27,995	27,913
Financial assets	44,137	41,435
Inventories	4,065	3,390
<b>Total current assets</b>	108,314	111,886
<b>Non-current assets</b>		
Investments	31,170	38,417
Derivative financial instruments	-	3
Property, plant and equipment	213,462	180,317
Intangible assets	4,132	5,441
Goodwill	15,569	9,472
Non-current receivables	306	183
<b>Total non-current assets</b>	264,639	233,833
<b>Total assets</b>	372,953	345,719
<b>Current liabilities</b>		
Trade and other payables	19,570	20,161
Provisions	1,925	150
Deferred investment liability	500	500
Employee entitlements	7,751	6,009
Insurance contract liabilities	29,408	26,404
<b>Total current liabilities</b>	59,154	53,224
<b>Non-current liabilities</b>		
Provisions	3,730	-
Deferred investment liability	42	542
<b>Total non-current liabilities</b>	3,772	542
<b>Total liabilities</b>	62,926	53,766
<b>Net assets</b>	310,027	291,953
<b>Trust funds</b>		
Retained earnings	310,434	292,855
Capital reserve	250	250
Foreign currency translation reserve	(657)	(1,152)
<b>Trust funds</b>	310,027	291,953

# Southern Cross Health Trust

## CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 30 June 2015

	2015 \$000	2014 \$000
<b>Cash flows from/(to) operating activities</b>		
Receipts from customers	302,644	286,054
Payments to employees and suppliers	(238,806)	(222,134)
Payment of direct claims	(38,593)	(30,913)
Receipt of reinsurance recoveries	1,048	209
Interest received	2,495	1,974
Interest paid	-	(61)
Dividends received	6	-
Taxation paid	3	3
Insurance compensation received	-	202
Other income received	4,545	3,469
<b>Net cash flows from/(to) operating activities</b>	<b>33,342</b>	<b>38,803</b>
<b>Cash flows from/(to) investing activities</b>		
Proceeds from sale of property, plant and equipment	35	4
Purchase of property, plant and equipment	(43,084)	(29,822)
Distributions from joint ventures and associates	5,439	5,463
Investment in term deposit and funds	(1,582)	(11,003)
Proceeds from disposal of investment	632	-
Purchase of intangible assets	(820)	(1,940)
Investment in joint ventures and associates	(500)	(7,358)
Settlement of earn out provision	(100)	-
Loan with associate party	302	62
Acquisition of business	(821)	-
<b>Net cash flows from/(to) investing activities</b>	<b>(40,499)</b>	<b>(44,594)</b>
<b>Cash flows from/(to) financing activities</b>		
Payments on finance lease	-	(37)
<b>Net cash flows from/(to) financing activities</b>	<b>-</b>	<b>(37)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(7,157)</b>	<b>(5,828)</b>
<b>Opening cash and cash equivalents</b>	<b>39,148</b>	<b>45,263</b>
Effect of exchange on foreign currency balances	126	(287)
<b>Closing cash and cash equivalents</b>	<b>32,117</b>	<b>39,148</b>



**Southern Cross Health Trust**

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Visit our website

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