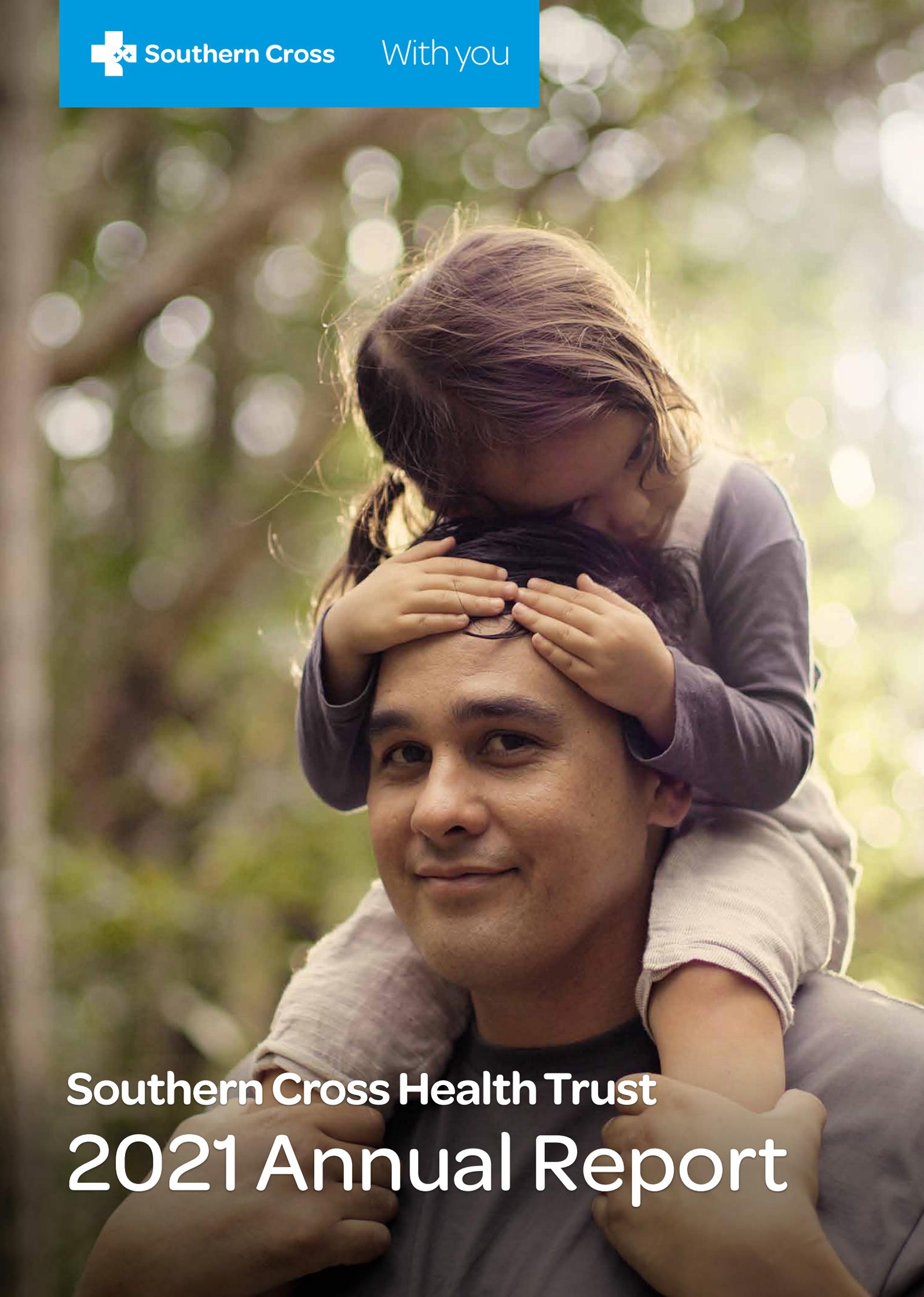




Southern Cross

With you



**Southern Cross Health Trust
2021 Annual Report**



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Chair and Chief Executive Officer's Report



Terry Moore
Chief Executive Officer (outgoing)



Greg Gent
Chair

The Trust's role

The Southern Cross Health Trust (the Trust) is a Charitable Trust. The purpose of the Trust is to make quality healthcare more affordable and accessible for all New Zealanders.

The Trust works towards achieving this purpose through two subsidiary businesses – mainly through Southern Cross Healthcare Limited (which owns and operates the Southern Cross network of wholly owned hospitals and has investments in other healthcare businesses) and also via Southern Cross Benefits Limited (which operates the travel insurance business). The Trust is governed by a Board of Trustees appointed by the Board. Trustees also serve as Directors on the subsidiary company Boards.

Surpluses from our commercial activities are reinvested for the benefit of all New Zealanders through several avenues: a charitable surgery programme; partnerships with other charitable organisations; making improvements to healthcare facilities; investing in

“We’re incredibly proud that the Trust continues to make a considerable and important contribution to healthcare in New Zealand.”

technology and training to improve patient outcomes; and ensuring patients receive world-class healthcare.

The Southern Cross Health Trust was established 44 years ago with a clear purpose: to give more New Zealanders access to timely, affordable and quality healthcare.

We’re incredibly proud that the Trust continues to make a considerable and important contribution to healthcare in New Zealand.

Leadership role within the NZ health sector

Southern Cross Healthcare Ltd (SCHL) operates the largest independent healthcare network in the country.

Despite another unpredictable and turbulent year due to the COVID-19 pandemic, SCHL was well prepared and in a strong position to front-foot and navigate emerging challenges.

As the public health sector prepared its hospitals for the

The Southern Cross Health Trust was established

44 YEARS AGO



Southern Cross Healthcare, New Zealand's largest independent healthcare network

potential impact of community spread of the Delta variant of COVID-19, SCHL supported local DHBs where requested, demonstrating the symbiotic and important relationship between the independent and public health sectors. Beyond COVID-19, SCHL also routinely provides surgical care for ACC clients who require elective surgical procedures and supports DHBs with additional theatre and bed capacity for publicly funded patients when required.

Meanwhile, our Pandemic Response Group introduced enhanced infection control measures and robust screening practices into hospitals to prevent COVID-19 entering our facilities.



Chris White, Interim CEO

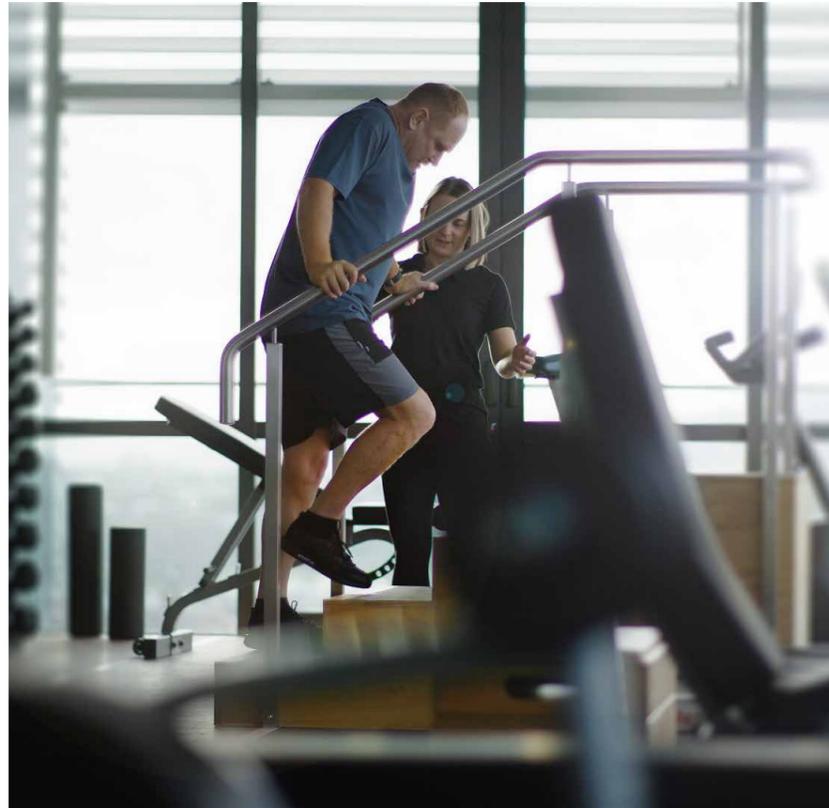
Appointment of new Interim Southern Cross Healthcare CEO

In September 2021, Southern Cross Healthcare announced that longstanding CEO Terry Moore would retire. In a planned succession, Terry handed the reins to Chief Operating Officer, Chris White, who took over as Interim CEO on 1 October. Chris initially joined the Southern Cross group as CEO of the Benefits Insurance business in 2017, before moving to Southern Cross Healthcare in September 2020. Chris is a highly-experienced executive, a proven CEO and a strong, values-driven leader who will build on the strong momentum within the business.

In the short term, Southern Cross Healthcare will continue to benefit from Terry's experience, as he supports the business in a strategic advisory capacity. The Board thanks Terry for his outstanding leadership of the business for more than 20 years and wishes him all the best.

Greg Gent, Chair
Southern Cross Health Trust





The work we undertake with the NZ Private Surgical Hospitals Association again demonstrated our commitment to collaboration within the sector. With initiatives in the areas of clinical safety, quality safety and risk, we remain a longstanding member of this organisation.

Last year, we changed our name from Southern Cross Hospitals to Southern Cross Healthcare to reflect the fact that caring for the health and wellbeing of New Zealanders now extends beyond our hospitals. Southern Cross Healthcare is a national network, offering a comprehensive range of quality healthcare services including hospitals, community physiotherapy and rehabilitation, and employer health solutions for New Zealand workplaces – often delivered through joint venture partnerships.

“ As champions for health and wellness, we want every Kiwi to live their healthiest life and we are proud that the corporate social responsibility activities we deliver greatly contribute to this goal.”

SCHL has been a trusted provider of private surgical hospital care for over 40 years, but now our provision of health services touches the lives of more New Zealanders than ever before.

With the publication of the *Community Impact Report 2020*,

we were pleased to showcase the advances we’ve made across the whole of Southern Cross to support New Zealanders in their households and communities. We also joined forces with New Zealand’s most respected research company, Colmar Brunton, for *Healthy Futures 2020*, which monitored and examined important aspects of the country’s health and wellbeing and unearthed critical insights.

As champions for health and wellness, we want every Kiwi to live their healthiest life and we are proud that the corporate social responsibility activities we deliver greatly contribute to this goal.

This is highlighted by SCHL’s funding of our flagship social responsibility programme, Pause Breathe Smile, a programme for kids which equips them with tools to achieve positive mind health. Thanks to our funding, Pause Breathe Smile is delivered free of charge to any primary and intermediate school in New Zealand and is an initiative we are incredibly proud to be a part of.

In partnership with the New Zealand Dental Association, we supported the Smile New Zealand Free to Dental Days programme, which enabled the provision of free dental treatment across the country. Through Revive-a-Smile, we helped to support dental procedures for people in need of essential dental care.

In addition, we funded charitable surgery procedures and supported Auckland City Mission by funding the provision of core health workers.

Finally, Southern Cross has noted the Government announcement of reform to the public health system this year. Notwithstanding this will be complex and challenging,

“ ...our re-brand to Southern Cross Healthcare, which encompasses our preventative, community-based and clinical wellness services, means we are well-positioned to respond to the continually changing needs of New Zealanders and the Kiwi health sector.”



a whole of sector approach could maximise the contribution of all facets of the sector towards meeting the ongoing and future health needs of New Zealanders.

The growing mental health crisis, coupled with an ageing population and increasing demand for health services, will continue to present ongoing challenges to the system.

To reflect this, our re-brand to Southern Cross Healthcare, which encompasses our preventative, community-based and clinical wellness services, means we are well-positioned to respond to the continually changing needs of New Zealanders and the Kiwi health sector.

Financial review

Despite the turbulence caused by COVID-19, the Trust performed reasonably well this year. The Health Trust’s net surplus for the 2021 financial year was down against the 2020 result because of losses suffered by Southern Cross Travel Insurance due to the COVID-19 pandemic.

The Healthcare business grew its revenues, as it continued to expand its service offering. However, profit was impacted by regional

lockdowns, additional operational cost pressures and global supply chain challenges. Despite these challenges, it maintained its target return on invested funds.

The COVID-19 pandemic impacted the Southern Cross Travel Insurance business, with border closures preventing most international travel from taking place, reducing revenues for the business in both Australia and New Zealand.

Overall, the Health Trust improved its liquid asset position. The strength of the Health Trust’s balance sheet will enable it to continue to invest in providing more affordable quality healthcare that is accessible to a greater number of New Zealanders.

Amidst a continued challenging environment in this last year, we are proud of our achievements. We would like to thank the Healthcare and Benefits teams – their management and people – for their hard work and exceptional contribution this year.



Community Impact

As a charitable trust, our structure enables us to make a difference.

The Southern Cross Health Trust (the Trust) has a vision to make quality healthcare more affordable and accessible for a greater number of New Zealanders and our commitment to social responsibility guides everything we do.



Greg Gent
Chair

Surpluses made from our commercial activities are reinvested back into the Trust to support giving back to communities. Its main purpose is providing world-class healthcare to patients, making improvements to facilities and investing in technology and training to improve patient outcomes. The Trust also partners with other charitable organisations, supporting programmes in the areas of mental health, and medical and dental care.

In the financial year to 30 June 2021, the Trust continued to support a range of charitable and community-based initiatives that addressed unmet health-related community needs.

This year, the Trust undertook a variety of charitable surgeries. This programme supports people who need surgery, but who either can't be seen in the public system in an appropriate time frame and/or who can't fund the surgery themselves.

Surgeons and anaesthetists performed the surgeries, usually free of charge, with Southern Cross Healthcare Limited (SCHL) providing the facilities, medical supplies, and staff. The Trust has funded \$1.2m in charitable surgeries over the past four years.

SCHL (with support from the NZ Private Surgical Hospitals Association) developed and delivers the Registered Nurse Anaesthetic Assistant Programme, aimed at increasing the supply and skills of anaesthetic assistants across New Zealand. This initiative has helped grow the number of registered nurses working in the role of supporting anaesthetists in both the public and private health sectors.

Additionally, as part of our professional development programme and succession planning for young talent, SCHL took part in The Nightingale Challenge, which provided individualised leadership and development training

“ The Trust also partners with other charitable organisations, supporting programmes in the areas of mental health, and medical and dental care.”

The Trust has funded
\$1.2m

in charitable surgeries over the past four years

for 23 nurses. These nurses had been identified as our young future leaders. SCHL also provided funding for a number of our young nurses to attend the New Zealand Nursing and Midwifery Leaders' Summit in September 2020.

In September 2020, we announced Pause Breathe Smile as our flagship social responsibility initiative, funded through a Southern Cross Healthcare sponsorship. Joining forces with the Pause Breathe Smile Trust and the Mental Health Foundation, this programme is a way for Southern Cross to make a tangible difference to the lives of New Zealand children.

Delivered in primary and intermediate schools by teachers, Pause Breathe Smile teaches kids aged 5-12 to manage the ups and downs of life through mindfulness and learning about emotion regulation, setting them up for a healthy future. Our funding enables the programme to be delivered to any primary or intermediate school at no cost to the schools.

We are very proud that Pause Breathe Smile had a hugely successful first year. In its first year, the programme reached nearly 50,000 children, which equates to nearly 10 per cent of Kiwi kids aged 5-12. This was achieved by training more than 2,900 educators working at over 180 schools.

Pause Breathe Smile has been recognised internationally for its effectiveness, with peer-reviewed studies published in international journals demonstrating significant positive impacts on emotional and general wellbeing for children, with additional positive impacts for teachers and school communities.

Our other charitable partnerships again made a big difference to the lives of many New Zealanders in need.

Through our continued support of Revive-a-Smile, free, essential dental care was provided to disadvantaged adults via a mobile dental clinic.

Since 2015, we have supported the New Zealand Dental Association's (NZDA) Smile New Zealand Free Dental Days initiative. Through our contribution this year, we enabled the provision of free dental treatment around the country.

We also contributed to the Auckland City Mission this year, supporting two essential nursing positions within the in-house Calder Medical Centre that provide primary care services. The Calder Medical Centre supports marginalised Aucklanders including homeless whānau and individuals in crisis, clients with mental health concerns and those battling addiction.



Baverstock Oaks and Riversdale Primary schools participating in the Pause Breathe Smile programme.

Our contribution supported the annual Bowel Cancer Never Too Young awareness campaign, which delivered a call to action to encourage screening, highlighting that bowel cancer can strike people of all ages.

During 2020, we were able to share our research efforts by publishing the inaugural *Healthy Futures Report*, putting New Zealand's health and wellbeing under the microscope by exploring the attitudes and behaviours of more than 3,000 people.

Another focus area for the Trust is protecting our physical 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 achieve this.

This year, we worked with Toitū Envirocare to understand our carbon impact and have continued our work towards Toitū accreditation for all of the Southern Cross group businesses. I'm pleased to report that SCHL has already achieved this accreditation. SCHL is also making a difference in the areas of waste stream

management, energy conservation and medical gas consumption, all while ensuring patient care and safety remain at the forefront.

“ 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 our impact.”

The SCHL network of hospitals has adopted meaningful sustainable practices such as finding ways to reprocess devices that were intended for single use, replacing plastics with biodegradable hollowware, developing custom surgical packs and rethinking the approach to anaesthetic delivery systems. It has also incorporated reusable sharps containers into hospitals to help decrease plastic going to landfill.

To drive this programme of work, SCHL's Sustainability Strategic Plan was launched this year. The three-year action plan includes specific actions and targets for key priority areas – waste reduction, energy and water efficiency, sustainable procurement, sustainable transport, energy efficient building, medical gases and employee engagement and empowerment.

We will continue to have specific current and future actions and targets while we measure our progress and continue to report our results on our website.

Next year, we will extend our sustainability strategy to include all aspects of responsible business, prioritising care for the environment and continuing to make a positive difference to the lives of New Zealanders. We know this will be a significant journey for us and it is one we embrace.

Through our activities aimed at giving back to communities, Southern Cross is committed to ensuring the health and wellbeing of New Zealanders is our core focus today and tomorrow for all future generations.

Operational Review

Southern Cross Healthcare Limited



Terry Moore
Chief Executive Officer (outgoing)

Southern Cross Healthcare Ltd (SCHL) is a wholly owned subsidiary of the Southern Cross Health Trust.

We are New Zealand's largest independent healthcare network, providing care for thousands of New Zealanders each year.

In the year to 30 June 2021, the Southern Cross Healthcare network cared for almost 100,000 patients at 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 some

DHBs to undertake procedures for publicly funded patients, to support reduced waiting times and better outcomes. More than 1,100 surgeons and anaesthetists are credentialed to provide services at our facilities around the country.

The impact of COVID-19 continued to disrupt our operations this year, as we responded to lockdowns and outbreaks around the country, cleared backlogs from

delayed surgeries and prepared our hospitals and people for the potential impacts of community spread of the Delta variant of the virus.

In 2020, we rebranded from Southern Cross Hospitals to Southern Cross Healthcare, more accurately reflecting the scope of our service offering beyond the care we provide in hospitals. While hospital care remains at our core, this change increases our relevance to more people seeking care and aligns and supports our vision to lead the transformation of private healthcare in New Zealand. Through our community rehabilitation, mental health and occupational nursing services, we are providing healthcare services that are more connected and have a broader reach.

A key focus for SCHL this year was on enhancing the services we provide New Zealanders through our strategic joint venture (JV)



In the year to 30 June 2021, the Southern Cross Healthcare network cared for almost

100,000 patients

10 wholly owned surgical hospitals

10 joint venture surgical hospitals and endoscopy clinics

More than 1,100 surgeons and anaesthetists are credentialed to provide services at our facilities around the country

partnerships with specialist providers and community-based health organisations, along with supporting our existing JV partners to develop their businesses.

In September 2020, we opened Waitemata Endoscopy in west Auckland. A JV partnership between a team of leading surgeons and gastroenterologists and Southern Cross Healthcare Limited, this new centre provides critical care for people with upper gastrointestinal issues, coeliac disease, colon and bowel cancer and irritable bowel disease.

At the end of 2021, Central Lakes residents will benefit from the long-anticipated opening of Southern Cross Central Lakes Hospital Queenstown. A JV between Southern Cross Healthcare and the Central Lakes Trust, the new hospital will provide a range of elective surgical procedures including general surgery, gynaecology, dental, orthopaedic, urology and plastic surgery.



Southern Cross Central Lakes Hospital Queenstown

Our JV partners have also undertaken some important initiatives and made changes to their businesses during the year.

Our JV partner, Active+, made changes to their executive team, with Mike Bignall appointed CEO, replacing longstanding managing director Gill Webb.



Raise newsletter

EAPworks, a leading provider of employee assistance programmes in New Zealand, rebranded to Raise this year, to better reflect the organisation’s specialist approach to mental health and wellbeing.

Another JV partner, workplace health services provider MedPro, stepped up to provide COVID-19 vaccinations to a number of frontline government agency staff. MedPro already works with these organisations to manage annual flu vaccination and health checks and, with established systems and processes already in place, delivered vaccination services to frontline workers in the early stages of the Pfizer vaccination campaign.

With the health and safety of our patients, people and providers our highest priority, we implemented robust systems to ensure people are protected when visiting our hospitals. For example, we were among the first New Zealand healthcare organisations to adopt saliva testing for COVID-19, working with our partner Rako Science.

Another focus this year has been improving our technology systems, with the aim of delivering better outcomes and experiences for our patients.



We upgraded our da Vinci® robotic systems, which enable a range of advanced procedures and minimally invasive options for more complex or delicate surgery. These robotically assisted surgical systems are in Auckland at our North Harbour and Brightside hospital sites, and Southern Cross Christchurch Hospital, the largest hospital in our network.

The rollout of an electronic clinical notes software solution across our hospital network moved us one step closer to our goal of paperless patient records by the end of 2022. This is a key milestone in an overall patient record upgrade that supports the delivery of better quality care for patients.

With climate change a major global challenge and the environment under increasing pressure, we were proud to have delivered the Southern Cross Healthcare Sustainability Strategy. This strategy outlined the impacts healthcare providers make to the environment, the measures Southern Cross Healthcare has taken to address those impacts and provides an overview of our environmental

performance to date and key priority areas moving forward. We have already made great progress – for example, attaining Toitū Envirocare certification – and other actions, such as several significant carbon reduction projects, are well underway.

“Another focus this year has been improving our technology systems, with the aim of delivering better outcomes and experiences for our patients.”

It’s also been a busy year for recruitment and people movement within SCHL. This has included my pending retirement and the appointment of Chris White as Interim CEO. Several new hospital GMs have also been appointed as a result of a number of retirements. We will continue to build great capability across the network.

In the year to 30 June 2021, our financial performance remained strong. We grew our revenues by 18 per cent and continued to expand our service offering. However, profit was impacted by regional lockdowns, additional operational cost pressures and global supply chain challenges. Despite these challenges, we maintained our target return on invested funds.

I’d like to acknowledge the amazing work of our employees and thank all the team in the Southern Cross Healthcare network for their efforts during this financial year – my last as CEO. I have greatly appreciated your support and outstanding dedication to improving the health and wellbeing of New Zealanders. I will leave the organisation with the confidence that you are in excellent hands with your Interim CEO, Chris White. There is much for the organisation to look forward to and I will watch on with interest and a great deal of pride as Southern Cross Healthcare continues to build on its success.

Operational Review

Southern Cross Benefits Limited

Southern Cross Benefits Limited (SCBL) is a wholly owned subsidiary of the Southern Cross Health Trust.

SCBL operates Southern Cross Travel Insurance in both New Zealand and Australia and supports the Trust by providing a sustainable stream of funding, which enables the Trust to fulfil its charitable purpose and objectives.



Jo McCauley
Chief Executive Officer

In the financial year to 30 June 2021, the continued impact of the COVID-19 pandemic created sustained disruption for the travel industry, which has challenged our business, requiring us to reduce the size of our team, largely in operational areas.

The travel market remained volatile, however we continued to respond to the changing needs of our customers as travel bubbles emerged and lockdowns closed them again. Many of our international students and international visitors chose to remain in New Zealand during the pandemic and we continued to support these customers with their needs.

Despite this market volatility, we sold just under 30,000 travel

insurance policies and received almost 12,000 claims over the past year.

These figures include sales and claims for our new Domestic Travel Insurance product, launched in New Zealand and Australia in the latter half of 2020. Both products were supported with a plain language Policy document, which was awarded the WriteMark independent endorsement, reinforcing our commitment to greater transparency for customers.

Expectant mothers and families also saw the gestation age of our pregnancy cover lifted from 20 to 24 weeks, and we continued to include within this cover the cost of childbirth and neo-natal care.

“Despite this market volatility, we sold just under **30,000** travel insurance policies & received almost **12,000** claims over the past year.”



Southern Cross Travel Insurance is one of **New Zealand’s most awarded and respected travel insurers**



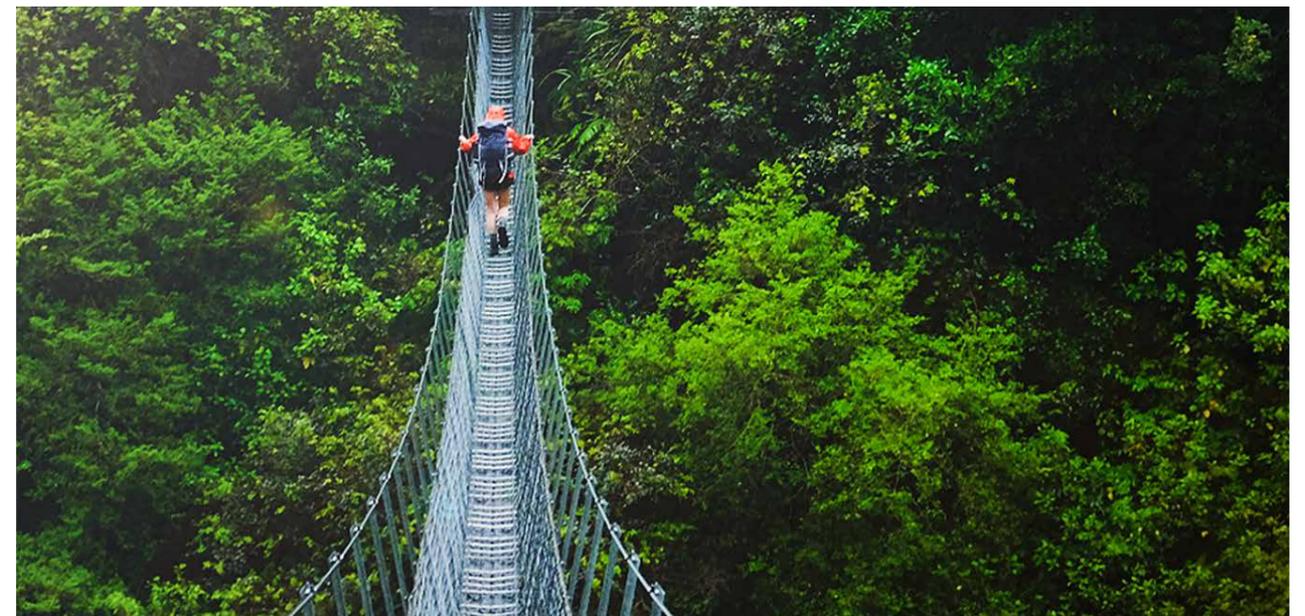
“This year, our combined Net Promoter Score (NPS) is 58, up from 50 in FY20.”

We were very pleased again to win gold for the travel insurance category in the 2021 *Reader’s Digest* Quality Service Awards, in recognition of our exceptional customer service.

Our efforts have been recognised by our customers and I am delighted to report that we have seen an increase in our customer satisfaction in both New Zealand and Australia. This year, our combined Net Promoter Score (NPS) is 58, up from 50 in FY20. This is a major achievement and testament to the commitment of the Southern Cross Travel Insurance team, who I’d like to thank for their continued dedication to serving our customers.

Improvements were made to our customer experience with the move of our website onto the Sitecore platform. This enabled us to further personalise our online customer experience and speed up the claims process. Around 95 per cent of claims are now lodged online by customers who have the ability to upload supporting documentation.

The year also saw significant regulatory change in Australia in the area of insurer conduct. We responded quickly with changes in our processes and policies to ensure we remained compliant. These changes put the business in a strong position with the impending conduct of financial institutions regime in New Zealand.



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, its 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 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 2021 were:
 Gregory Gent (Chair)
 Catherine Drayton
 Murray Jordan
 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 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.

“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.”

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



Smile NZ is a joint initiative between Southern Cross Health Trust and the New Zealand Dental Association.

- 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
- Reviewing health and safety objectives and management systems.

The Audit and Risk Committee comprises Catherine Drayton (Chair), Greg Gent, Dr Martin Misur and Keith Taylor.

The People, Remuneration and Culture Committee

The People, Remuneration and Culture 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 People, Remuneration and Culture Committee comprises of Murray Jordan (Chair), Greg Gent, Dr Martin Misur and Dr Arthur Morris.

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.

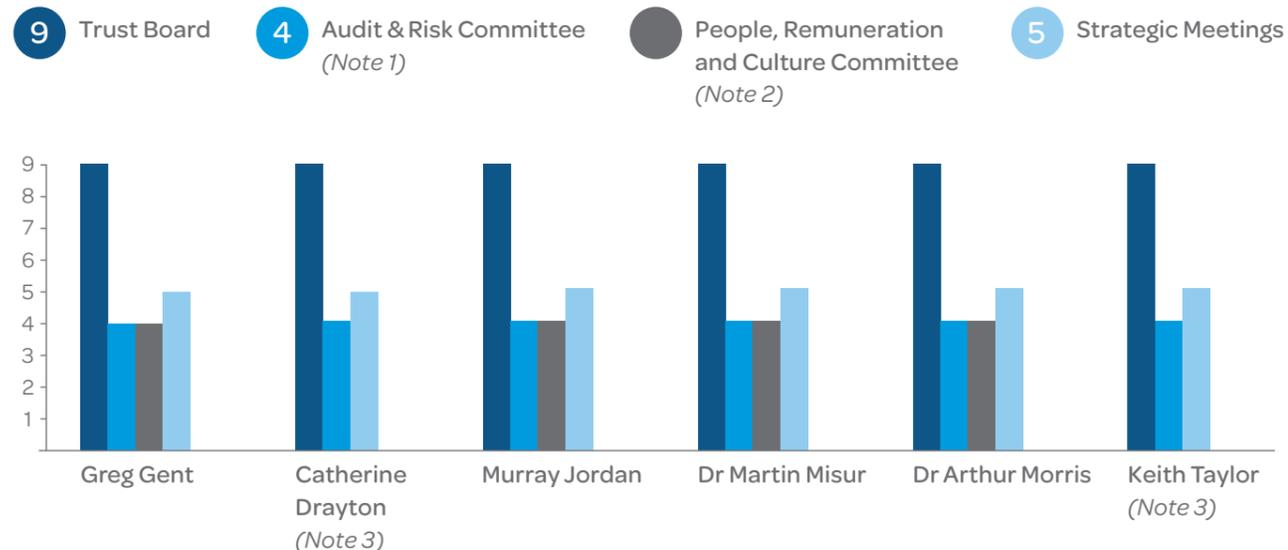
Loans to Trustees

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 2021:

Number of Meetings in FY21



Note 1 – All Directors (including non-members of the Audit and Risk Committee) attended these meetings.
 Note 2 – This is a joint People, Remuneration and Culture Committee for the Trust Board and Southern Cross Healthcare.
 Note 3 – Not members of the People, Remuneration and Culture Committee.

Board of Trustees



Greg Gent
(ONZM) – Chair

Greg Gent joined the Trust Board in 2011 and was elected Chairman in 2014. He is also Chairman of Trust subsidiaries Southern Cross Healthcare and Southern Cross Benefits and is an elected Director and the current Chairman of Southern Cross Medical Care Society. Greg is a Northland dairy farmer with a wealth of governance experience. He is currently chair of Dairy Holdings 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.



Catherine Drayton
(BCom, LLB, FCA)

Catherine Drayton joined the Trust Board in 2014, is also a Director of Trust subsidiaries Southern Cross Healthcare and Southern Cross Benefits and is an elected Director of Southern Cross Medical Care Society. Catherine is the chair of the Trust and Healthcare Boards’ Audit and Risk Committee. As a professional director, Catherine is Chair of Christchurch International Airport, Guardians of New Zealand Superannuation and Mint Innovation; and a director of Genesis Energy and Fronde Systems Group. Catherine 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.



Murray Jordan
(MProp)

Murray Jordan joined the Trust Board in 2019, is also a Director of subsidiaries Southern Cross Healthcare and Southern Cross Benefits, and is an elected Director of Southern Cross Medical Care Society. Murray 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 Metlifecare, Starship Foundation, Chorus, Metcash (an ASX listed company) and the Stevenson Group. His early career was in the property sector.

Board of Trustees

(continued)



Dr Martin Misur
(BHB, MBChB, FANZCA)

Dr Martin Misur was appointed to the Trust Board in 2017, is also a Director of subsidiaries Southern Cross Healthcare and Southern Cross Benefits, and is an elected Director of Southern Cross Medical Care Society. 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 ADHB's Perioperative Directorate.



Dr Arthur Morris
(BSc(Hons), MD, D(ABMM), FRCPA)

Dr Arthur Morris joined the Trust Board in 2017 and is also a Director of subsidiaries Southern Cross Healthcare 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. 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.



Keith Taylor
(ONZM, BSc, BCA, FIA, FInstD)

Keith Taylor joined the Trust Board in 2010 and is also a Director of subsidiaries Southern Cross Healthcare and Southern Cross Benefits, and is an elected Director of Southern Cross Medical Care Society. He has over 30 years' experience in the insurance and financial services industries as a chief executive, chief financial officer and actuary. Keith is chair of Butland Holdings, Port Marlborough and Dwell Housing Trust. He is also a director of Resolution Life Australia and AMP Life. Keith has previously been Deputy Chair of the Reserve Bank of New Zealand and a director of property, insurance, trustee and investment companies in both New Zealand and Australia.

Financial Statements

The following information is an extract from the Southern Cross Health Trust audited 2021 financial statements.

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Consolidated Statement of Changes in Trust Funds	21
Consolidated Statement of Financial Position	22
Consolidated Statement of Cash Flows	23

The complete audited financial statements are available on request:

Email: 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 2021

	2021 \$000	2020 \$000
Revenue	392,404	371,016
Operating expenses	(378,472)	(357,672)
Other income	6,350	23,435
Share of profit from equity accounted investments	14,870	13,592
Impairment of assets	(3,000)	-
Surplus before interest, income tax, depreciation and amortisation	32,152	50,371
Depreciation	(21,908)	(21,438)
Amortisation	(1,906)	(1,764)
Finance income	644	1,250
Finance costs	(54)	(137)
Surplus from continuing operations	8,928	28,282
Surplus from discontinued operation	-	8,301
Surplus before tax	8,928	36,583
Tax expense	(84)	-
Net surplus for the year	8,844	36,583
Other comprehensive revenue and expense		
Movement in foreign currency translation reserve	22	342
Total comprehensive revenue and expense	8,866	36,925
Total comprehensive revenue and expense attributable to:		
Owners of the Group	8,824	36,926
Non-controlling interests	42	(1)
Total comprehensive revenue and expense	8,866	36,925

Southern Cross Health Trust

Consolidated statement of changes in trust funds for the year ended 30 June 2021

	Retained surpluses \$000	Capital reserve \$000	Non- controlling interests \$000	Foreign currency translation reserve \$000	Total Trust funds \$000
Balance at 1 July 2019	414,707	250	-	(1,523)	413,434
Net surplus	36,583	-	(1)	-	36,582
Arising on the acquisition of Raise Limited (formerly EAPworks Limited)	-	-	6	-	6
Movement in foreign currency translation reserve	-	-	-	342	342
Total comprehensive revenue and expenses	36,583	-	5	342	36,930
Balance at 30 June 2020	451,290	250	5	(1,181)	450,364
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
Total comprehensive revenue and expenses	8,802	-	42	22	8,866
Balance at 30 June 2021	460,092	250	47	(1,159)	459,230

Southern Cross Health Trust

Consolidated statement of financial position as at 30 June 2021

	2021 \$000	2020 \$000
Current assets		
Cash and cash equivalents	57,050	43,602
Trade and other receivables	39,793	42,308
Other financial assets	67,400	47,288
Inventories	8,009	5,998
Total current assets	172,252	139,196
Non-current assets		
Equity accounted investments	54,874	62,934
Property, plant and equipment	284,768	278,888
Intangible assets	7,064	6,326
Goodwill	16,388	16,388
Other financial assets	398	1,115
Total non-current assets	363,492	365,651
Total assets	535,744	504,847
Current liabilities		
Payables and accruals	35,601	30,239
Employee entitlements	12,208	12,233
Finance leases	1,881	-
Insurance contract liabilities	6,186	11,972
Total current liabilities	55,876	54,444
Non-current liabilities		
Other non-current liabilities	19,834	39
Finance leases	804	-
Total non-current liabilities	20,638	39
Total liabilities	76,514	54,483
Net assets	459,230	450,364
Trust funds		
Retained surpluses	460,092	451,290
Capital reserve	250	250
Non-controlling interests	47	5
Foreign currency translation reserve	(1,159)	(1,181)
Total Trust funds	459,230	450,364

Authorised on behalf of the Southern Cross Health Trust Board of Trustees on 25th September 2021

Trustee



Trustee



Southern Cross Health Trust

Consolidated statement of cash flows for the year ended 30 June 2021

	2021 \$000	2020 \$000
Cash flows from/(used in) operating activities		
Receipts from customers	390,106	362,582
Payments to employees and suppliers	(369,333)	(329,820)
Payment of claims	(6,906)	(27,820)
Payment of reinsurance premiums	(654)	(4,701)
Receipt of reinsurance recoveries	502	-
Operating income from discontinued operations	-	947
Interest received	1,343	1,252
Dividends received	51	2
Rental income received	5,860	5,433
Other income received	-	4,657
Net cash flows from operating activities	20,969	12,532
Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	-	890
Purchase of property, plant and equipment	(28,003)	(25,579)
Distributions from joint ventures and associates	43,225	7,690
(Investment)/disposal of financial assets	(19,898)	6,190
Investment in joint ventures	(500)	(3,292)
Acquisition of business	-	(1,001)
Purchase of intangible assets	(2,644)	(3,971)
Repayment/(advances) to related parties	317	212
Disposal of discontinued operation	-	4,666
Net cash flows used in investing activities	(7,503)	(14,195)
Cash flows from financing activities		
Interest paid on finance leases	(30)	-
Finance lease payments	(167)	-
Net cash flows from financing activities	(197)	-
Net cash flow	13,269	(1,663)
Add: cash at the beginning of the year	43,602	45,293
Add: cash received on acquisition of subsidiary	-	66
Add: effect of exchange revaluation on foreign currency balances	179	(94)
Cash at the end of the year	57,050	43,602
Bank balances	56,050	32,302
Call deposits	1,000	11,300
Cash at the end of the year	57,050	43,602



Southern Cross Health Trust
Registered Office:
PO Box 6772, Wellesley Street, Auckland 1141
Level 7, AON Building
29 Customs Street West, Auckland 1010
Ph: 09 925 6400

Visit our website
www.southerncross.co.nz