

# Southern Cross Health Trust 2020 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 Southern Cross Health 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) – we are unique in our scale, breadth of services and experience.

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 facilities; investing in technology and training to improve patient outcomes; and ensuring patients receive world-class health care.

We're proud that the Southern Cross Health Trust makes a considerable and important contribution to healthcare in New Zealand. It was established 43 years ago with a clear purpose; to give more New Zealanders access to timely, affordable and quality healthcare.

The private health sector plays a key role in achieving this in New Zealand as the public health system comes under growing pressure. Demand is outstripping public sector capacity and our population is growing and ageing. The contribution of the Trust in relieving pressure on the public health system is substantial, delivering healthcare funded by private health insurance, ACC, DHB and self-paying patients.

We believe that with more consistent, coherent and strategic interaction between the public and private sectors, we can help to ensure a more sustainable future of our health sector.

**Southern Cross Hospitals Ltd (SCHL)** operates New Zealand's largest network of private surgical hospitals. It

also delivers a wide range of healthcare services across the country through a range of partnerships and centres offering access to inpatient and community-based rehabilitation services. The Southern Cross national network includes 10 wholly-owned surgical hospitals and fourteen health-related joint ventures operated in partnership with leading healthcare providers. The ongoing reinvestment in our facilities means Southern Cross Hospitals continues to enhance the breadth and quality of elective surgery options for New Zealanders.

To ensure we are well placed to meet future challenges within our sector, Southern Cross Hospitals has moved into community-based physiotherapy, rehabilitation and workplace wellness sectors with stakes in TBI Health, MedPro Healthcare and Active+. In 2020 this expanded to include a joint venture partnership with EAPworks.

With these advancements into early health and wellbeing intervention, and supported recovery, we are planning to change our name to Southern Cross Healthcare to better reflect the full scope of how we care for New Zealanders – this will take place in November 2020. This new name reflects how our care for New Zealanders now extends beyond our hospitals to include a comprehensive range of quality healthcare services.

Meanwhile **Southern Cross Benefits Ltd (SCBL)** operates the country's largest travel insurance business.

Despite international travel being severely reduced this year, Southern Cross Travel Insurance responded well to support its customers. It also focused its efforts on managing costs such as resizing and reshaping the business. As a result of the pandemic, the travel industry has experienced changing travel trends and



Dr Jay Park, Dental Assistant Khush Kaur and patient at Corson Dental of Tauranga, who took part in this year's Smile New Zealand initiative.

new challenges, and the business has responded to ensure it is future-proofed.

SCBL also underwrote Southern Cross Pet Insurance in New Zealand until it was sold formally to Southern Cross Medical Care Society in January this year. The Society had been running its operations under contract since it was purchased seven years ago. The pet business is often seen as a member of the Southern Cross family by Society members so this was a natural move.

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## CHARITABLE AND PARTNERSHIP ACTIVITIES

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The Southern Cross Health 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.

This year we were delighted to provide funding support through a partnership with the Pause Breathe Smile Charitable Trust and the Mental Health Foundation. The sponsorship funds have been contributed by our Hospitals business and will help to deliver a mind health programme to New Zealand schools at scale. The launch is scheduled for later in 2020.

Where patients have a condition that cannot be operated on within an appropriate timeframe 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 Health 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 2020 financial year, Southern Cross Hospitals Ltd 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.

The Trust is in year two of a three-year commitment to fund two essential clinical positions at the Auckland City Mission's general practice, the Calder Health Centre, to help provide more intensive health care.

The two positions at the Calder Health Centre – a General Practice Assistant and a Registered Practice Nurse – provide essential health services to people who are experiencing homelessness, families and individuals in crisis, clients with mental health concerns and those battling addiction.

The far-reaching consequences of the COVID-19 outbreak has had a huge impact on all New Zealanders but particularly our vulnerable communities that seek the help of the Auckland City Mission and the Calder Health Centre. Helping to support New Zealanders most in need through this charitable partnership has never been more important.

Dentistry is another focus area for the Trust as it is not subsidised in most instances for adults in the New Zealand public health system. The reality for many New Zealanders is that they cannot afford to see a dentist, which leaves many people living in constant pain from disease or untreated decay.

This was the fourth consecutive year that the Trust has supported Revive-a-Smile. This charity is the brainchild of dentist Dr Assil Russell and her team who provide free dental treatment to those who would not otherwise be able to afford it. In 2020 the Trust's support made it possible for the Revive-a-Smile dental bus to travel to the Waikato, south Auckland and west Auckland and perform 1,854 procedures for people in need of essential dental care.

In addition, for the fifth year in a row we partnered with New Zealand Dental Association (NZDA) to support the Smile New Zealand initiative. Dentists and dental surgeries across the country took part in the initiative to offer free dental care for low-income adults enabling them to receive treatments such as fillings, restorations and extractions. In the 2020 financial year the programme provided free dental treatment for approximately 800 New Zealanders from Auckland to Invercargill. To date the programme has treated over 4,000 Kiwis.

This year the Trust's partnerships with Wāhine Connect, Sweet Louise and Dove Hospice came to an end with our funding having made a considerable impact to the work delivered in the community from each charity that we were proud to support.

Following the Whakaari White Island eruption, Hospitals funded a Registered Nurse from our

Invercargill hospital to support Whakatane Hospital for a two-week period following an emergency call-out for staffing assistance from the DHB/Ministry of Health. In addition, we provided surgical dressings to Waikato Hospital in support of their request for items as they cared for patients injured in the eruption.

Hospitals has developed a competency framework to support Registered Nurses to undertake the role of anaesthetic assistants which has only required a minimal level of financial investment. This increases the anaesthetic assistant workforce and ensures it is more flexible and responsive. The initiative has already been shared nationally, across both private and public health systems with many DHBs taking advantage of the training programme.

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## FINANCIAL REVIEW

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Overall the Health Trust performed well for the year, although this was offset somewhat by losses in the travel business which were a direct result of the pandemic.

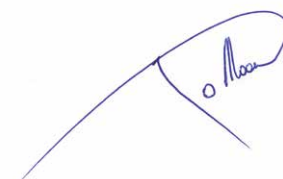
Southern Cross Travel Insurance performed well at the front end of the year however the outbreak of COVID-19 had a considerable impact on revenue and claims in the second half of the year as border closures prevented most international travel from taking place.

Southern Cross Hospitals Ltd maintained its target return on invested funds during the year under review.

Our sincere thanks and gratitude go to the Southern Cross Health Trust, Hospitals and Travel teams for their efforts through the challenges of the year.



Greg Gent  
Chairman



Terry Moore  
Chief Executive Officer



# Operational review Southern Cross Hospitals Limited

Terry Moore, Chief Executive Officer

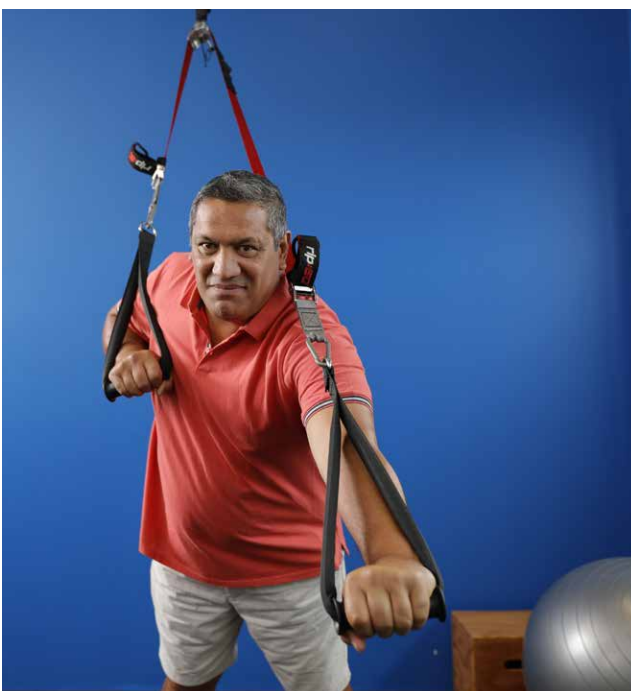
Southern Cross Hospitals Ltd (SCHL) is a wholly-owned subsidiary of the Southern Cross Health Trust. We provide care for thousands of New Zealanders every year through our hospitals and healthcare facilities.

In the last financial year, Southern Cross Hospitals' network cared for 86,000 patients 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.

This year delivered unexpected challenges due to the outbreak of COVID-19, but we are proud of our leadership position and response. Southern Cross Hospitals worked closely with DHBs, and alongside other private hospitals, to do everything we could to assist during the pandemic.

As the country went into the first lockdown, we worked rapidly with the Ministry of Health to agree processes through which private hospitals could be utilised in the public health response. While that resource has not been called upon to date, the agreed approach means the private hospital sector is ready and able to assist the public sector in future if the COVID-19 situation requires it.



SCHL has invested in Active+.

At the same time, our national network of private hospitals remained open for a significantly reduced number of patients. Post-lockdown, patient volumes bounced back quickly and SCHL has continued to support the public sector. We are thankful to the Government for their support of the sector and our employees during the pandemic.

In 2019, we advanced our patient feedback systems, adopting a proven online survey platform that delivers patient feedback 'in real time'. Based on the latest patient satisfaction surveys, 91 per cent of our patients have confirmed they would recommend us to others. Receiving this feedback from patients during what has been a challenging year is proof of our absolute focus on patient care in unprecedented circumstances.

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.

Southern Cross Hospitals' core purpose is to provide quality care to patients for their healthcare 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 healthcare. We remain wholeheartedly committed to Southern Cross Hospitals being a great place to work. This 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, particularly during the challenges and uncertainty of the pandemic.

Our financial performance remained stable this year despite the impact of COVID-19. 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 Southern Cross Hospitals' offering into early health and wellbeing intervention and supported recovery.

We commenced this approach in 2017 with a 50 per cent acquisition in TBI Health (a national physiotherapy and rehabilitation provider). The purchase of a 50 per cent share in nationwide workplace health service provider



The team at the recently opened North Shore Surgical Centre.

MedPro Healthcare then followed early in the 2019 financial year as well as investments in Active Limited and Active Physio Limited which provide physiotherapy and rehabilitation services.

In early 2020, we acquired a stake in EAPworks, a leading New Zealand owned and operated mental health and wellness provider for businesses. This investment underlines Southern Cross Hospitals' commitment to preventative and holistic care.

It is important to us that we maintain safe, modern hospitals which keep pace with current medical technology. During the 2020 financial year, there were significant expansion and innovation opportunities which included:

- Announcing a joint venture with the Central Lakes Trust which will see the development of a long-anticipated surgical hospital in Queenstown. Completion is expected in late 2021.
- Progress continuing in west Auckland where a new Waitemata Endoscopy clinic is being built to meet increased demand in the area. Waitemata Endoscopy is a joint venture partnership between a team of leading surgeons and physicians and Southern Cross Hospitals. This is scheduled to open in September 2020.
- Appointing Associate Professor Matthew Clark to the role of Chief Medical Officer. This is a primarily clinically-focused role to help guide quality initiatives

for clinical teams and to ensure the optimisation of best safety practices.

- The North Shore Surgical Centre in Takapuna became operational in September 2019. This new orthopaedic surgery centre has two state-of-the-art operating theatres and a third is scheduled to open when the clinic expands in the future to cater for growing demand. It is a welcome addition to healthcare options for the local community.
- Rolling out a new digital health solution to transition the paper-based clinical notes which are produced each year across the entire network to a cloud-based digital solution. This will help to facilitate safe and effective healthcare and support our sustainability ethos.

Southern Cross Hospitals is a leader in the delivery of quality, affordable private healthcare, with a national network of facilities and healthcare services. We have a not-for-profit ethos and a commitment to reinvesting surpluses in the development of our facilities, workforce, technology and patient safety programmes, to better serve the health of New Zealanders. We continue our drive for practical cost improvements without compromising the quality and safety for which our hospitals are renowned.





# Operational review Southern Cross Benefits Limited

Jo McCauley, Chief Executive Officer

Southern Cross Benefits Limited (SCBL) is a wholly-owned subsidiary of Southern Cross Health Trust. It helps the Trust in fulfilling its charitable purpose and objectives. SCBL operates Southern Cross Travel Insurance (SCTI) in both New Zealand and Australia.

The pandemic has had a significant impact on our Travel Insurance business' revenue. However the positive growth we experienced before the closure of international borders helped to minimise the impact to our overall financial position for the year.

A pandemic on the scale of COVID-19 is a once in a 100-year event. No sector has been left untouched, but the impact on the travel industry in particular has been considerable and we, like many other organisations, needed to resize and reshape the business to ensure our future sustainability.

When it came to supporting our customers, we are proud of our pandemic response and we believe it was market-leading. We continue to assist people still overseas, and those from overseas who have remained in New Zealand through our Visiting New Zealand and International Student policies. This has provided revenue at a time when outbound international travel has not been possible.

We have also been proactive in offering refunds for policies and waiving cancellation fees for customers that have not been able to travel due to the ongoing global travel restrictions.

Despite international travel being severely reduced, we've worked hard on our customer service and processes ready for when the market reopens. This has included responding to changing travel trends and preparing to launch a domestic travel insurance product, written in plain language. This will launch in August 2020.

We have also launched an upgrade of our website to improve the digital customer experience and help to make the claims process smoother for our customers.

SCTI sold more than 211,000 policies and received more than 31,000 claims (across both New Zealand and Australia), the majority of which were purchased before COVID-19 impacted New Zealand and Australia. We also removed Seasonal Worker (September 2019) and Critical Care (November 2019) from our policy portfolio to invest our resource into our core product offering.

To future-proof our business we have continued to work on our risk management strategy and our data and reporting capability.

We were also proud to continue our award-winning performance with the following accolades:

- Canstar 2020 Travel Insurance Award - International Travel
- Reader's Digest Quality Service Award - Gold
- ProductReview Australia Travel Insurance Award.



# 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 2020 are:

Gregory Gent (Chairman)  
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 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.

## DELEGATION FRAMEWORK

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.

## COMMITTEES

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

### Audit and Risk Committee

The Audit and Risk Committee's objectives are to assist the Board in discharging its responsibilities to exercise due care, diligence and skill in relation to oversight of financial functions, internal and external audit functions and risk management.

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

The Audit and Risk Committee comprises Catherine Drayton (Chair), Greg Gent, Martin Misur 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), Murray Jordan, Martin Misur and 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 2020:

	Trust Board	Audit and Risk Committee	Remuneration and HR Committee	Strategic Meetings
Number of Meetings in FY20:	9	3	1	3
Greg Gent	9	3	1	3
Catherine Drayton	9	3	N/A	3
Murray Jordan (Note 1)	9	N/A	1	3
Dr Martin Misur (Note 2)	9	2	1	3
Dr Arthur Morris (Note 3)	9	1	1	3
Keith Taylor (Note 4)	8	2	N/A	3
Elizabeth Hickey (Note 5)	4	1	N/A	1

**Note 1** - M Jordan joined the Trust Board on 1 September 2019 and was appointed a member of the the Remuneration and Human Resources Committee on 1 January 2020.

**Note 2** - Dr M Misur was appointed to the Audit and Risk Committee on 1 January 2020

**Note 3** - Dr A Morris stepped down from the Audit and Risk Committee and joined the Remuneration and Human Resources Committee on 1 January 2020.

**Note 4** - K Taylor stepped down from the Remuneration and Human Resources Committee on 1 January 2020.

**Note 5** - Ms E Hickey retired from the Trust Board on 31 December 2019.

# 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. He is chair of Dairy Holdings Limited and Real Living Group. From 2001-2011 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. 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 a professional, non-executive director on a variety of boards. She is Chair of Christchurch International Airport; and chair of the Audit Risk Committees of Genesis Energy, BECA Group Limited and the Guardians of New Zealand Superannuation. 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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## MURRAY JORDAN

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**MProp**

Murray Jordan joined the Trust Board in 2019 and is also a Director of subsidiaries Southern Cross Hospitals and Southern Cross Benefits. He is a former Managing Director of Foodstuffs North Island – one of New Zealand's largest businesses - and an experienced company director. He currently serves on the Boards of Metcash Limited (an ASX listed company), Chorus, SkyCity, Stevenson Group, MetlifeCare Limited and Starship Foundation. His early career was in the property sector, and he holds a Masters degree in Property Administration from the University of Auckland. Mr Jordan 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 Anaesthetic 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. Dr Misur is also a Director of Southern Cross Medical Care Society.



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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 Royal Australasian College of Pathologists Quality Assurance Programmes Limited. He is a trustee of the Auckland School of Medicine Foundation and University of Auckland 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 joined the Trust Boards in 2010 and is also a Director 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 Port Marlborough and Dwell Housing Trust. He is also a director of Resolution Life Australia and AMP Life. He 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. 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 2020 financial statements.

- 13 Consolidated Statement of Comprehensive Revenue and Expense
- 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 REVENUE AND EXPENSE for the year ended 30 June 2020

	2020 \$000	2019* \$000
Revenue	371,016	383,772
Operating expenses	(357,672)	(353,537)
Other income	23,435	6,428
Share of profit from equity accounted investments	13,592	11,001
Impairment of assets	-	(390)
<b>Surplus before interest, income tax, depreciation and amortisation</b>	<b>50,371</b>	<b>47,274</b>
Depreciation	(21,438)	(20,314)
Amortisation	(1,764)	(1,253)
Finance income	1,250	2,199
Finance costs	(137)	(110)
<b>Surplus from continuing operations</b>	<b>28,282</b>	<b>27,796</b>
Surplus from discontinued operation	8,301	1,363
<b>Net surplus for the year</b>	<b>36,583</b>	<b>29,159</b>
<b>Other comprehensive revenue and expense</b>		
Movement in foreign currency translation reserve	342	(401)
<b>Total comprehensive revenue and expense</b>	<b>36,925</b>	<b>28,758</b>
<b>Total comprehensive revenue and expense attributable to:</b>		
Owners of the Group	36,926	28,758
Non-controlling interests	(1)	-
<b>Total comprehensive revenue and expense</b>	<b>36,925</b>	<b>28,758</b>

\*2019 comparatives have been restated to separate out the results of discontinued operations from the continuing business.

## Southern Cross Health Trust

### CONSOLIDATED STATEMENT OF CHANGES IN TRUST FUNDS for the year ended 30 June 2020

	Retained surpluses \$000	Capital reserve \$000	Non- controlling interests \$000	Foreign currency translation reserve \$000	Total Trust funds \$000
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>-</b>	<b>(1,523)</b>	<b>413,434</b>
Balance at 1 July 2019	414,707	250	-	(1,523)	413,434
Net surplus	36,583	-	(1)	-	36,582
Arising on the acquisition of EAPworks Ltd	-	-	6	-	6
Total other comprehensive revenue and expenses	-	-	-	342	342
<b>Balance at 30 June 2020</b>	<b>451,290</b>	<b>250</b>	<b>5</b>	<b>(1,181)</b>	<b>450,364</b>



# Southern Cross Health Trust

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2020

	2020 \$000	2019 \$000
<b>Current assets</b>		
Cash and cash equivalents	43,602	45,293
Trade and other receivables	42,308	41,560
Other financial assets	47,288	53,218
Inventories	5,998	4,944
<b>Total current assets</b>	<b>139,196</b>	<b>145,015</b>
<b>Non-current assets</b>		
Equity accounted investments	62,934	53,740
Property, plant and equipment	278,888	275,355
Intangible assets	6,326	4,829
Goodwill	16,388	15,569
Other financial assets	1,115	1,288
<b>Total non-current assets</b>	<b>365,651</b>	<b>350,781</b>
<b>Total assets</b>	<b>504,847</b>	<b>495,796</b>
<b>Current liabilities</b>		
Payables and accruals	30,239	27,374
Employee entitlements	12,233	11,871
Insurance contract liabilities	11,972	43,117
<b>Total current liabilities</b>	<b>54,444</b>	<b>82,362</b>
<b>Non-current liabilities</b>		
Deferred settlement	39	-
<b>Total non-current liabilities</b>	<b>39</b>	<b>-</b>
<b>Total liabilities</b>	<b>54,483</b>	<b>82,362</b>
<b>Net assets</b>	<b>450,364</b>	<b>413,434</b>
<b>Trust funds</b>		
Retained surpluses	451,290	414,707
Capital reserve	250	250
Non-controlling interests	5	-
Foreign currency translation reserve	(1,181)	(1,523)
<b>Total Trust funds</b>	<b>450,364</b>	<b>413,434</b>

# Southern Cross Health Trust

## CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 30 June 2020

	2020 \$000	2019* \$000
<b>Cash flows from/(used in) operating activities</b>		
Receipts from customers	362,582	383,738
Payments to employees and suppliers	(329,820)	(312,439)
Payment of claims	(27,820)	(38,192)
Payment of reinsurance premiums	(4,701)	(5,881)
Receipt of reinsurance recoveries	-	3,770
Operating income from discontinued operations	947	1883
Interest received	1,252	2,134
Dividends received	2	2
Rental income received	5,433	5,170
Other income received	4,657	728
<b>Net cash flows from operating activities</b>	<b>12,532</b>	<b>40,913</b>
<b>Cash flows from/(used in) investing activities</b>		
Proceeds from sale of property, plant and equipment	890	14
Purchase of property, plant and equipment	(25,579)	(32,222)
Distributions from joint ventures and associates	7,690	7,458
(Investment)/disposal of financial assets	6,190	8,495
Investment in joint ventures	(3,292)	(6,607)
Acquisition of business	(1,001)	-
Purchase of intangible assets	(3,971)	(1,946)
Repayment/(advances) to related parties	212	(890)
Disposal of discontinued operation, net of cash disposed of	4,666	-
<b>Net cash flows used in investing activities</b>	<b>(14,195)</b>	<b>(25,698)</b>
<b>Net cash flow</b>	<b>(1,663)</b>	<b>15,215</b>
Add: cash at the beginning of the year	45,293	30,226
Add: cash received on acquisition of subsidiary	66	-
Add: effect of exchange revaluation on foreign currency balances	(94)	(148)
<b>Cash at the end of the year</b>	<b>43,602</b>	<b>45,293</b>
Bank balances	32,302	35,493
Call deposits	11,300	9,800
<b>Cash at the end of the year</b>	<b>43,602</b>	<b>45,293</b>

\*2019 comparatives have been restated to separate out the results of discontinued operations from the continuing business.



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