

10 May 2022

Helen Algar
Chair
Waitaki District Health Services Ltd

Dear Helen

Waitaki District Health Services Ltd – Shareholder Letter of Expectation for 2022-23

I write on behalf of Waitaki District Council to convey the Council's expectation of Waitaki District Health Services Ltd for 2022-23, to help set WDHSL's strategic direction and inform the development of WDHSL's Statement of Intent.

Waitaki District Council exists for the benefit of the residents, communities, and businesses of the district. As such, the Council is focused on furthering the interests and wellbeing of the district and in doing this, the Council's expectation is that Council Controlled Organisations, such as WDHSL, are established and operate in support of delivering the Council's vision and objectives for the district.

The Council has adopted a Strategic Framework with a view to making Waitaki the Best Place to Be! In delivering this, the Framework focuses the Council's resources and effort on ensuring and delivering:

- a Prosperous District
- Strong Communities
- Quality Services
- A Valued Environment

In support of the Council delivering its vision and objectives for the district, the Council's specific expectations of WDHSL and the Board are as follows:

1. Stabilise the business and organisation

WDC recognises the difficult environment that WDHSL has been and continues to operate within. The challenges within funding from the Southern DHB, increasing demand for services, financial sustainability, and stability of leadership at Executive and Board level have been compounded by the arrival of COVID-19 within our communities and the impact of health reforms.

WDC expects the WDHSL Board and Executive Team to prioritise the stability of the organisation for staff and users of the services and to give assurances around direction and leadership. WDC remains committed to working with the WDHSL Board and Executive Team to provide the support necessary to enable success in this regard.

As part of the stabilisation of the organisation, WDC expects an improvement to systems and processes, particularly in respect of production of accounts and meeting the needs of the audit process. WDC expects WDHSL to adhere to upcoming audit schedules when these are published by WDC for the annual audit. Furthermore, WDC anticipates WDHSL is proactively addressing the issues raised in the prior year's audit.

2. Develop and implement a plan for the business that ensures financial sustainability

WDC recognises that WDHSL need to move to a financially sustainable footing and therefore expects WDHSL to develop a new plan for the business that sets a realistic path to achieving this. In addition to ensuring good levels of cost control and efficient use of resources, WDC expects opportunities to be explored for generating additional income to support the business and deliver services to the community including but not limited to:

- Opportunities for cost recovery from ACC and Southern DHB
- The opportunity for development of new services, such as within primary care and within complimentary health areas, that will generate income and may also bring wider health access, equality, and outcome benefits
- The potential for a greater community role in raising funds to support the hospital and services, such as a Friends of Group.
- The opportunity from the health reforms to provide a wider range of services within the district including those not traditionally operated from a hospital environment.

3. Develop an Integrated Health & Care Partnership and a Locality Network with partners

WDC considers that there is an opportunity to build on the Stronger Waitaki model, international best practice, and the learnings from COVID-19 to build a more integrated system of health and care that delivers better health outcomes for residents and in particular, some of the more vulnerable members of our communities. WDC expects that WDHSL will provide leadership towards developing an Integrated Health and Care Partnership in Waitaki that removes traditional divisions between hospitals and family doctors, between physical and mental health, and between health, council, government, Te Rūnanga o Moeraki, and community sector services. These divisions mean that too many people experience disjointed care. A new partnership between the organisations should aim to meet health and care needs across the district, to coordinate services, and to plan in a way that improves population health, improves access to health and reduces inequalities between different groups in terms of health services and health outcomes. It should aim to develop and deepen the relationship between health providers, Council, Te Rūnanga o Moeraki, government agencies and the local voluntary, community, and social enterprise organisations with the objective of developing better and more convenient services, investing in keeping people healthy and out of hospital and setting shared priorities for the future.

As part of the health reforms the opportunity to develop a Locality Network for Waitaki may exist. This could assist significantly in the aim of having an Integrated Health and Care Partnership and system within Waitaki. WDC expects WDHSL to work with Te Rūnanga o Moeraki and other partners locally to seek to secure and then establish a Locality Network and ensure its success.

4. Engage in the Health Reforms with the objective of ensuring the best health outcomes and services for Waitaki communities

Past health reforms have not met the needs of the Waitaki communities, putting services at risk within the district and placing many services a considerable travel distance away from where residents live. The current health reforms, whilst presenting a risk of further distancing services from residents, also open the potential to achieve better services and improved health outcomes for Waitaki residents.

WDC expects that WDHSL will engage fully in the health reforms and work with WDC and other partners to secure the best outcome for the district and its residents in the form of: improved and more accessible services; reduced barriers to services by sections of the community; greater investment in improved health and preventative services; and reduction in inequalities of health outcome.

5. Develop and undertake business activities in support of the Council's wellbeing objectives

WDC expects WDHSL to develop and undertake its business activities in a manner that supports the overall well-being of the district. In particular, WDC expects WDHSL to develop and implement approaches to the following:

- i. Developing local supply chains and maximising the use of businesses within the Waitaki, whilst ensuring competitiveness and best value
- ii. Providing cadetship and apprenticeship opportunities to the district's young people to develop their skills and to improve the availability of local trades and skills
- iii. Providing employment and training opportunities for the district's diverse communities
- iv. A workforce development plan that aspires to raise the overall skill level of the workforce as well as supporting improved physical and mental health of employees
- v. A workforce health and safety plan and culture that targets zero accidents at work and encourages reporting and learning
- vi. A corporate social responsibility policy and approach that in particular, defines how the company will support the Waitaki Community and the other communities in which it operates, being a good and responsible corporate citizen
- vii. An environmental management plan targeting reduction of the company's negative impact on the environment and supporting increased environmental sustainability

I would be grateful if WDHSL could respond to the expectations set out in this letter, including setting out some key milestones in delivering the expectations, performance measures and assessment of risk. It would be helpful if this was set out in the revised Statement of Intent.

Finally, on behalf of the Council I would like to thank you, the board and the senior team at WDHSL for all the work you are doing to further the interests of the company and Waitaki. These are challenging times and there has been significant change within the governance and senior team. However, there is an opportunity to start a new chapter in the history of WDHSL and I look forward to working with you and ensuring a strengthened partnership between WDC and WDHSL going forward.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'A. Parmley', with a horizontal line underneath.

Alex Parmley
Chief Executive

A handwritten signature in black ink, appearing to read 'Gary Kircher', with a horizontal line underneath.

Gary Kircher
Mayor for Waitaki