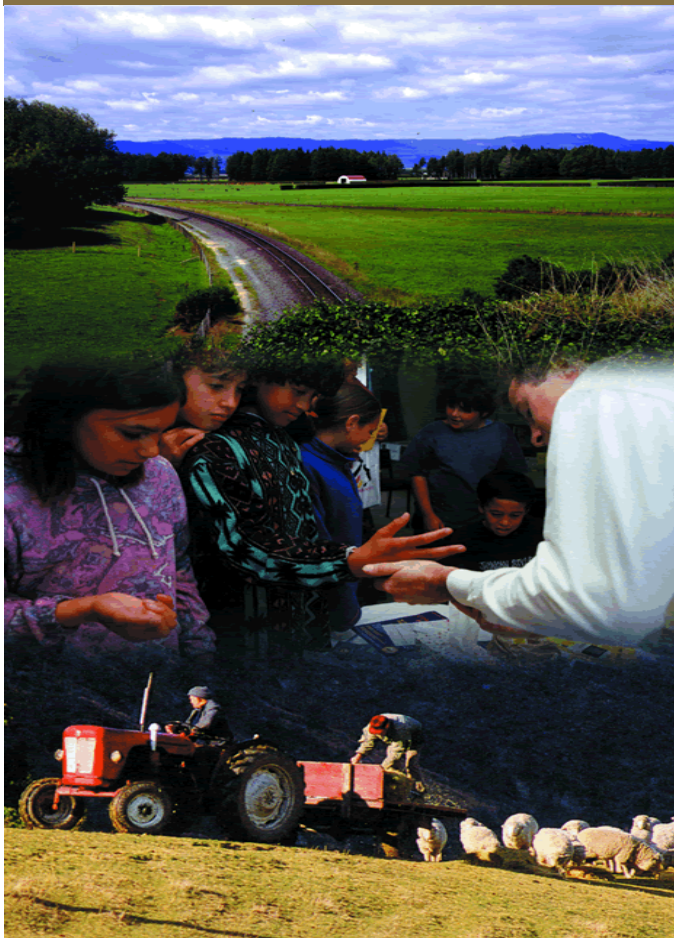




New Zealand
Institute of Rural Health
Te Pūtahi Hauora ki te Taiwhenua



Annual Report
July 2005 - June 2006

New Zealand Institute of Rural Health

9 Anzac Street
Cambridge

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For more information, visit our website:

www.nzirh.org.nz

Some of the information to be found on our website:

Our Trustees & Staff

More information about our staff and trustees and their involvement in rural New Zealand

Research

Information about research programmes being conducted and result of past research

Training & Education

Notices about forthcoming workshops and scholarship programmes

Community Involvement

Information on Institute activity

Working Rurally

Interested in working in rural New Zealand?

News

New developments and items of interest

Vision

To promote a healthy future for rural people living in New Zealand and partnering with rural communities to seek to establish a sustainable and effective health system.

Mission

Partnering with the community to build a healthy rural future.

Values

- Respect
- Professionalism
- Partnership
- Cultural responsiveness
- Integrity
- Independence



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Sponsors

THE INSTITUTE ACKNOWLEDGES WITH THANKS THE FOLLOWING SPONSORS:



The Institute's first and major sponsor



Joint sponsor in establishing the New Zealand Institute of Rural Health



THE UNIVERSITY OF AUCKLAND
NEW ZEALAND

Joint sponsor in establishing the New Zealand Institute of Rural Health



Sponsor of the New Zealand Institute of Rural Health



Sponsor of the New Zealand Institute of Rural Health

Chairman's Message

The 2005-2006 year has seen the consolidation of governance changes initiated in the 2004-2005 year with the Institute now having input and support from both the Universities of Auckland and Otago and Waikato and Otago District Health Boards. The addition of the two South Island entities has allowed national coverage of the Institute to gain real traction and has facilitated delivery on key national projects.

During the year Trustees have made decisions on the strategic direction of the organisation and significant business/service activity is occurring to develop the e-learning and website capability of the organisation. The purpose of these developments is to increase access to the Institutes 'constituency' - rural New Zealanders such that the staff and Trustees are ensured that the Institute's activity is reflective of rural views, aspirations and issues. The major impact of this planning and development will occur during the 2006-2007 year.

Achievements of the 2005-2006 year have included:

- Work with rural communities on health service delivery models
- The Rural Health Workforce Survey 2005 - undertaken on behalf of the Ministry of Health
- Delivery of the Post Graduate Diploma in Health Sciences (Advanced Nursing) Primary Health Care - Rural
- Coordination of the development and publication of the New Zealand Rural Health Care Standard Treatment Guideline First Edition
- Securing funding from Internal Affairs - Digital Strategy Community Partnership fund to undertake an e-learning pilot project

The Trustees and staff of the Institute wish to acknowledge with thanks the continuing sponsorship by the Gallagher Group - the support of this significant rural focused corporate is highly valued.

Our Patron, the Right Honourable James Bolger, ONZ, continues to provide advice and support for the endeavours of the Institute and we are grateful for this.

During the year Dr Jan White resigned as a Trustee. The Institute is indebted to Jan for her commitment, enthusiasm and leadership of the Institute since its inception in 2001. Jan was replaced by Mr Brent Wiseman. Thank you to all Trustees for your commitment over the year.

The Institute is indeed very fortunate to have a highly committed experienced staff who have worked tirelessly to achieve the vision we all have of a healthy future for rural people living in New Zealand. Thank you for your contribution!



Brian Rousseau
Acting Chairman

Mr Brian Rousseau



Brian Rousseau is Chief Executive of Otago District Health Board. Brian joined the New Zealand health services from the South African pharmaceutical industry in 1994. An industrial pharmacist and Master of Business Administration Graduate, Brian has a special interest in development of sustainable rural healthcare delivery models, with particular emphasis on human resources development and quality systems. Brian was recently appointed to the Minister of Health's Doctors in Training Roundtable.

Dr Paratene Ngata



Senior Medical Advisor and general practitioner working with Ngati Porou Hauora in Tolaga Bay. An experienced general practitioner, Dr Ngata spent four years in the Ministry of Health as the Community Medicine Registrar. Highly respected within his profession, he is a founding member of the Maori faculty of the Royal New Zealand College of General Practitioners. A major professional focus for many years has been involvement in designing programmes to stop violence and abuse. Dr Ngata is a Trustee on Hauora.com and the Tairāwhiti Community Trust.

Associate Professor Judy Kilpatrick



Head of School of Nursing Faculty of Medical & Health Sciences at the University of Auckland, Associate Professor Kilpatrick has experience through all branches of nursing and is a past Chairperson of the New Zealand Nursing Council. She is a Board member of the Centre for Evidence Based Nursing for both Counties Manukau and Auckland District Health Boards, an Executive Board member for International Association for Interprofessional Education and Collaborative Practice and a member of the Health Practitioners Disciplinary Board.

Sherrill Dackers



National President of Rural Women New Zealand which has the mission statement "to strengthen rural communities" she lives in Opononi, Hokianga and has represented the Kaurilands Regions - from Pukekohe to Cape Reinga - on the National Council of Rural Women New Zealand for five years, four years of which she has served as the National Health Convenor. As well as being a Trustee she is on the Consumer Reference Group for the Cervical Screening Programme and Breastscreen Aotearoa and was recently on the Expert Advisory Committee on the Implementation for the Extension of Breastscreening for the ages 49 to 65 years.



Associate Professor Jim Reid

Jim Reid graduated in medicine from the University of Otago Medical School in Dunedin New Zealand. He had previously trained as a pharmacist. He undertook Postgraduate work at the University of Miami in Florida. Currently he heads the Department of General Practice at the Dunedin School of Medicine and he is also Associate Dean for Postgraduate Education. The Department of General Practice is responsible for the teaching of rural medicine to undergraduate students and runs a popular and successful programme.

Jim is a Fellow of the Royal New Zealand College of General Practitioners and is also a Fellow of the American College of Chest Physicians. He has a special interest in Respiratory Medicine and has published widely on Asthma and COPD. He is a member of the Medical Advisory Panel of the Asthma and Respiratory Foundation and is a Director of the Best Practice Advocacy Centre New Zealand.



Professor Ross Lawrensen

Ross Lawrensen is the head of the Waikato Clinical School and Professor of Primary Care.

Ross spent five years in general practice and was the Medical Superintendent of the Wairoa Hospital before being appointed as the Medical Superintendent of Community Health Services for the Waikato Hospital Board in 1988. He then undertook specialist training in Public Health and managed a diabetes programme that became the subject of his thesis "Screening for diabetes in rural New Zealand".

In 1994 he moved back to the UK and became Professor of Primary Health Care and Head of the Postgraduate Medical School at the University of Surrey returning to Hamilton in 2005. He is particularly committed to supporting rural general practice, identifying and developing the roles for rural hospitals and providing environments where excellent clinical experience can be gained for the whole range of health professionals.



Dr Jan White (resigned July 2005)

Chief Executive of Accident Corporation Commission Jan was previously Chief Executive Officer of the Waikato District Health Board, Chair of the New Zealand group of District Health Board Chief Executive Officers and a member of the DHBNZ Executive. She has extensive experience in senior health sector reforms, positions and restructuring of health services in both Australia and New Zealand.



Brent Wiseman (appointed July 2005)

Brent Wiseman is currently Acting Chief Executive of the Waikato District Health Board. Brent is a qualified accountant with the New Zealand Institute of Chartered Accountants and has a Bachelor of Management Studies degree from the University of Waikato. After working in a variety of financial management positions in the Dairy Sector, Brent spent five years in the Aerospace Industry before moving to a role in the Health Sector in 1996. In 1999, Brent was appointed Chief Financial Officer of the Waikato DHB. Brent is Chair of the National DHB CFO Group and a Member of the National DHB Service Framework Group. He is also Trustee of the Waikato Health Trust and a Director of several organisations associated with the Waikato District Health Board.

Chief Executive's Report



The 2005-2006 year has seen significant progress on the nationalisation of the Institute, with governance and Trust Deed changes being completed. Operational activity on three major national projects has occurred - the 2005 Rural Workforce Survey, delivery of Post Graduate Diploma in Health Sciences (Advanced Nursing) Primary Health Care - Rural Focus, and the production of the New Zealand Health Care Standard Treatment Guidelines First Edition meaning that the Institute has interacted in many rural communities and with each rural health team in those communities.

To respond to this increasing scope of work new appointments have been made to the Professional Development Service, the School Careers Programme and to respond to strategic developments in the organisation, a Service Development Manager appointment has been made.

Just as the national health networks have grown so they have internationally. I was fortunate to visit the UK Institute of Rural Health which is located in Greynog Hall, Tregynon, Wales. Our UK colleagues work out of an amazing Tudor manor set on 180 acres of rolling countryside owned by the University of Wales. Their issues, challenges and barriers are very similar to ours - multiple definitions of rurality, struggles to gain funding for the Institute, slow progress on rapid electronic communication and shortages of rural health professionals.

In June the Institute secured the contract to survey the rural health workforce. This came after considerable lobbying from the sector. Given that the survey was last conducted in 2002 and with a changing priority focus from the Ministry there was little comparison with the 2005 information possible. However, the expansion of the survey to include rural nurses, pharmacists and midwives, while not without its challenges does now provide a new baseline. Further lobbying will be needed to ensure that further surveys are planned in a timely manner.

The Institute has coordinated activity with Australian and New Zealand practitioners to adapt the Central Australian Rural Practitioners Association (CARPA) Standard Treatment Manual to produce the New Zealand Health Care Standard Treatment Guidelines First Edition (NZ STG). This has been an exciting and large project. To be launched in November by the Minister of Health - the Honourable Pete Hodgson the NZ STG is designed for primary care practitioners in remote and rural communities in New Zealand. The Editorial Committee eagerly awaits feedback as planning is already underway for a review of this first edition.

During the year the Institute and other agencies have been working with the Clinical Training Agency to secure further funding for rural nurses to undertake post graduate studies. Thus it was rewarding when the Clinical Training Agency announced that it would fund the Institute to provide a further intake of the Post Graduate Diploma in Health Sciences (Advanced Nursing) Primary Health Care - Rural Focus in 2007. The completion of studies for the 2004 intake was a great milestone and cause for celebration. These 13 nurses, together with the approximately 70 that will follow, are now and will increasingly respond to the rural workforce shortages. Exciting times are ahead as these nurses work with their medical colleagues and other members of the health team in their rural communities.

It has been a successful year financially for the Institute with increased sponsorship of workshops and events possible. During the year Trustees agreed to strategic developments to place the Institute on the pathway to long term financial sustainability. This activity planned for implementation during the 2006-2007 year will see the Institute interacting directly with its constituents and increasing its education role.

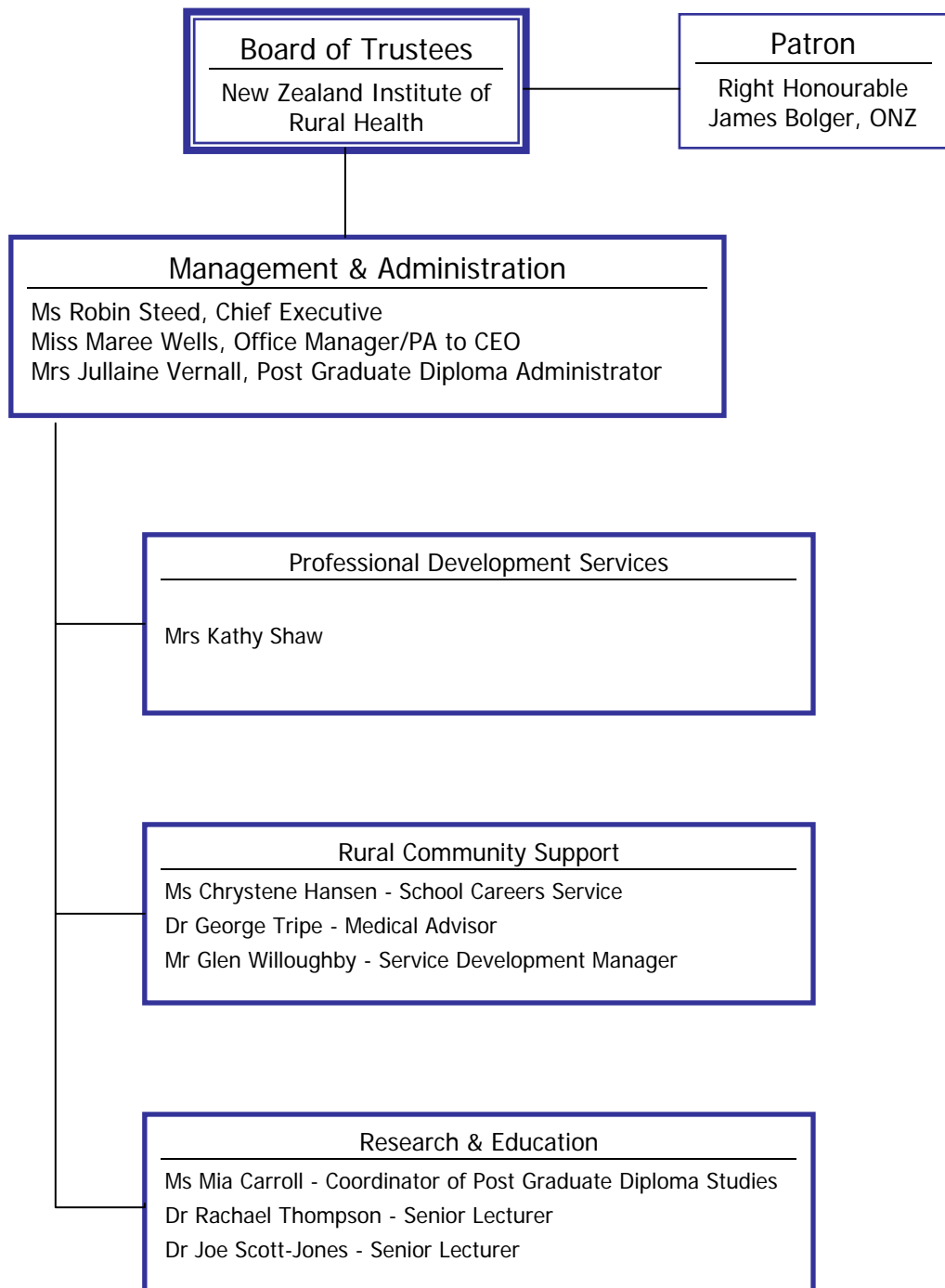
On behalf of the staff I wish to thank Trustees for their vision and direction of the Institute and their support of us during the year.

Finally I would like to sincerely thank all staff, who through a year of change and growth have never wavered in their commitment to and support of their rural colleagues and the communities they serve.

A handwritten signature in black ink, appearing to read 'Robin L Steed'. The signature is fluid and cursive, written on a white background.

Robin L Steed
Chief Executive

ORGANISATIONAL STRUCTURE



RESEARCH & EDUCATION

June 2006 saw the first 13 nurses complete their studies in the Post Graduate Diploma in Health Sciences (Advanced Nursing) Primary Health Care - Rural Focus. This programme of learning managed by the Institute in partnership with the University of Auckland has a targeted Access Fund from the Ministry of Health (via and Clinical Training Agency) to support participating nurses. This fund has been a critical factor for the nurses being able to study and achieve success. Full subsidised funding for course fees, travel and accommodation at residential sessions and reimbursement to the employer to release the nurse on salary has removed the financial barriers to study. However, the personal commitment of study time and the tyranny of distance posed many challenges for these 13 nurses. The second intake of 35 students commenced in January 2005 and the third intake of 25 commencing in January 2006.

The Ministry of Health awarded the contract to NZIRH to undertake the 2005 Rural Workforce Survey. Not undertaken since 2002, the survey was expanded to include, in addition to rural general practitioners, rural nurses, rural pharmacists and midwives. The Institute worked with University of Auckland and principal researcher Dr Felicity Goodyear-Smith to complete the research. Key findings included:

- significant changes in on call arrangements since 2002 survey
- the majority of rural GPs (57%) were trained overseas
- 73% of rural GPs and 72% of rural nurses were older than 40 years
- 34% of GPs, 25% of rural nurses, 46% of rural pharmacists and 60% of LMC (midwives) plan to leave rural practice within 5 years.

A survey of Waikato rural general practitioner spouses was undertaken with a view to identifying opportunities for support. This research has been forwarded to the New Zealand Rural General Practice Network for further development. Key findings were:

- a majority of spouses are involved in the general practice
- issues identified - privacy, confidentiality, friendship, medical services for the family

Together with the University of Auckland the Institute has appointed two part time senior lecturers in medicine. These rural General Practitioners are based out of the Waikato Clinical School.

During the year staff have each attended conferences and several papers have been presented.

Research projects completed during the year:

- Survey of Spouses/Partners of Rural General Practitioners (Hansen C)
- The 2005 Rural Health Workforce Survey (Goodyear-Smith F, Janes R, Steed R, Tucker A, London M)

RURAL COMMUNITY SUPPORT

Rural Community Support has continued through the year with all staff interacting with key contacts in rural communities.

The approach has been to respond to areas of identified need or respond to community requests for support.

Project work has included support and facilitation of workshops, mentoring and support for service delivery.

The negotiation of a contract with Waikato District Health Board saw a range of services promoting health science careers initiated. New promotional and updated written material was developed, general career expos attended and two day long health careers expos were attended by over 150 rural secondary high school students. Links to the education funded Gateway programme has seen over 20 students having access to health related work experience during the year.



Public Health Nurse Anne Greene promotes nursing at the Te Kuiti Health Expo

The Institute has been successful in securing a contract through the Department of Internal Affairs - Digital Strategy Community Partnership fund to undertake a pilot study - RuralHealthOnline - using a blended learning methodology (e-learning and face-to-face teaching) which will offer a training content and communication tools for rural healthcare workers. The pilot is now underway and will be completed by May 2007.

The Institute has been able to increase sponsorship of rural community focused events during the year including:

- Joint sponsorship of the 2005 Rural Summit
- The University of Otago Rural Research Workshop
- Medical Training Workshop
- Occupational Therapy/Wintec Workshop
- Sponsorship of one rural student to the Australian Rural Student Conference

PROFESSIONAL DEVELOPMENT SERVICES

Support of rural professional and community health worker continues as a major focus for the Institute.

Services through the year have included workshops which have focused on:

- mental health and personal wellbeing
- nurse led clinics
- the rural health team
- pre hospital Thrombolysis

Scholarships to the value of \$60,000 were again awarded in the Waikato District. Scholarship recipient from 2005, Linda Moore, states, *"Being a fifth year student of medicine at Otago University and paying \$11,000 per year in fees has been a huge financial burden on me. Receiving the full scholarship value of \$10,000 means I can focus my energies on studying rather than having to work part time. New Zealand has a GP shortage situation and we need more people from rural origins pursue their training as they are more likely to become rural GPs".*

May Griffin, an adult student in her final year of a Bachelor of Nursing degree at the Waiariki Institute of Technology in Rotorua and scholarship recipient of 2005, says that, *"It felt like some one had handed me a winning lotto ticket and I would really like to encourage other health science students to apply in 2006".*

"I'd always wanted to be a nurse, being awarded the NZ Institute of Rural Health scholarship has played a huge roll in ensuring I complete my degree and fulfil my dream. I'd like to thank them so much for this opportunity, because without it, I'd be struggling through my last year of study."

Work has recently been completed on the New Zealand Rural Health Care Standard Treatment Guidelines First Edition. The Institute has coordinated this production that has involved the input of rural health professionals, expert individuals and organisations.

The aim of the text is to provide guidelines for primary health care practitioners in remote and rural communities in New Zealand. The text is based on the CARPA Standard Treatment Manual (4th Edition).

This exercise has been a hugely effective networking exercise and has bought the Institute into contact with many amazing health professionals who work in and support rural communities.

Work will begin on the first review of the Guidelines in 2007.



George Tripe, Kate Baldwin & Robin Williams at work on producing the NZ STG

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE for the Year Ended 30 June 2006

	Notes	2006 Actual \$	2006 Budget \$	2005 Actual \$
Revenue		1,484,210	1,868,428	1,508,243
Expenses		1,340,920	1,833,808	967,883
Net Operating Surplus (Deficit)	1	143,290	34,620	540,360

STATEMENT OF MOVEMENT IN EQUITY for the year ended 30 June 2006

	Notes	2006 Actual \$	2006 Budget \$	2005 Actual \$
Opening Balance July 1		910,541	910,741	370,181
Net Operating Surplus for the year		143,290	34,620	540,360
Closing Balance June 30		1,053,831	945,361	910,541

The accompanying accounting policies and notes form an integral part of these financial statements.

Financial Statements

STATEMENT OF FINANCIAL POSITION as at 30 June 2006

	Notes	2006 Actual \$	2006 Budget \$	2005 Actual \$
Trust Capital	2	200	200	200
Retained Surplus		1,053,631	945,161	910,341
Public Equity		1,053,831	945,361	910,541
<i>Represented by:</i>				
Current Assets				
Cash Deposits	3	924,112	1,025,510	1,000,668
Receivables and Prepayments	4	208,093	114,000	122,267
Total Current Assets		1,132,205	1,139,510	1,122,935
Current Liabilities				
Accounts Payable	5	100,560	129,800	128,905
Income Received in Advance		29,090	120,000	121,140
Total Current Liabilities		129,650	249,800	250,045
Net Working Capital		1,002,555	889,710	872,890
Non-Current Assets				
Fixed Assets	6	51,276	55,651	37,651
Total Non-Current Assets		51,276	55,651	37,651
Net Assets		1,053,831	945,361	910,541

Chairman of the Board of Trustees
of the NZ Institute of Rural Health

Date: 7 November 2006

Trustee of the NZ Institute of Rural Health

Date: 7 November 2006

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Accounting Policies

For the year ended 30 June 2006

Reporting Entity

These financial statements are for the New Zealand Institute of Rural Health.

The New Zealand Institute of Rural Health is incorporated under the Charitable Trusts Act 1957. The Institute's financial statements are general purpose financial statements that have been presented in accordance with the Financial Reporting Standards issued by the Institute of Chartered Accountants of New Zealand, and as required by the Trust Deed.

Measurement Base

The general accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis have been followed.

Specific Accounting Policies

The following specific accounting policies that materially affect the measurement of financial performance and the financial position have been applied.

- (a) **Recognition of Income**
Interest and donations are recognised on an accrual basis.
- (b) **Accounts Receivable**
Accounts Receivable are stated at their anticipated realisable value. Bad debts are written off during the year as they are identified.
- (c) **Investments**
Investments are stated at the lower of cost and net realisable value.
- (d) **Income Tax**
The Institute is deemed to be a Charitable Trust and therefore is not subject to income tax.
- (e) **Goods and Services Tax (GST)**
The financial statements have been prepared on a GST exclusive basis. All items in the Statement of Financial Performance have been recorded exclusive of GST with the exception of Accounts Receivable, Income Received in Advance, and Accounts Payable, which are recorded in the Statement of Financial Position inclusive of GST. GST owing to or by the entity at balance date is recorded in the Statement of Financial Position, and has been determined on an accruals basis.
- (f) **Financial Instruments**
Financial instruments in the statement of financial position include cash balances, receivables and payables.
- (g) **Depreciation**
Depreciation has been calculated to allocate the cost or valuation of assets over their estimated useful lives at the following rates:

Plant and Equipment	22% to 48% DV
Furniture, Fixtures, Fittings	11.4% to 31.2% DV
Domain Name	10% SL
- (h) **Differential Reporting**
The Institute qualifies for differential reporting as it is not publicly accountable, and is not large as defined in the Framework for Differential Reporting. The Institute has taken advantage of all available differential reporting exemptions.
- (i) **Changes in Accounting Policies**
There have been no changes from the accounting policies adopted in the last audited financial statements. All policies have been applied on a basis consistent with the previous period.

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 30 June 2006

1 Net Operating Surplus	2006 Actual	2006 Budget	2005 Actual
After Charging:			
- Audit Fees	5,076	3,700	3,500
- Depreciation on Fixed Assets	15,386	12,000	13,340
- Board of Trustees Remuneration	5,000	15,000	10,000
- Rental & Operating Lease costs	16,020	16,800	5,902
- Loss on Disposal of Fixed Assets	69	0	0
After Crediting:			
- Interest	42,852	25,000	40,037
- Donations	25,000	25,000	25,000

2 Trust Capital

Opening Trust Capital Balance	200	200	200
Closing Trust Capital Balance	<u>200</u>	<u>200</u>	<u>200</u>

3 Cash Deposits

BNZ Cheque Account - 000	8,745	2,855
BNZ Cheque Account - 002	384,598	97,214
BNZ Business Advance Call Account	180,769	242,724
BNZ Term Investment @ 6.85% matures 25/08/06	50,000	250,000
BNZ Term Investment @ 6.85% matures 25/08/06	100,000	101,518
BNZ Term Investment @ 6.85% matures 25/08/06	100,000	306,357
BNZ Term Investment @ 6.85% matures 25/08/06	100,000	0
	<u>924,112</u>	<u>1,000,668</u>

4 Receivables and Prepayments

Accounts Receivable	208,093	121,527
GST Receivable	0	740
	<u>208,093</u>	<u>122,267</u>

5 Accounts Payable

	2006	
Accounts Payable	88,501	127,122
Credit Card Account	304	1,783
GST Payable	11,755	0
	<u>100,560</u>	<u>128,905</u>

6 Fixed Assets

	2006			2005		
	Cost/Value	Accum Deprn	Book Value	Cost/Value	Accum Deprn	Book Value
Furniture, Fixtures, Fittings	6,115	1,336	4,779	5,107	252	4,855
Plant & Equipment	89,807	43,864	45,943	61,938	29,764	32,174
Domain Name	679	125	554	679	57	622
	<u>96,601</u>	<u>45,325</u>	<u>51,276</u>	<u>67,724</u>	<u>30,073</u>	<u>37,651</u>

Depreciation	2006	2005
Furniture, Fixtures, Fittings	1,084	191
Plant & Equipment	14,234	13,092
Domain Name	68	57
	15,386	13,340

7 Commitments as at 30 June 2006

Lease commitments under non-cancellable operating leases:

	2006	2005
No later than one year	12,350	14,820
Later than one year and not later than two years	0	12,350
Later than two years	0	0
	12,350	27,170

The New Zealand Institute of Rural Health has entered into a lease agreement for a property situated at 9 Anzac Street, Cambridge. The lease has a renewal date of 1 May 2007, with a final expiry on 30 April 2010.

8 Contingent Liabilities as at 30 June 2006

There were no known contingent losses or gains outstanding as at 30 June 2005 (30 June 2004: Nil).

9 Related Party Transactions

The Institute received grants from the Waikato District Health Board and the University of Auckland.

The following related party transactions occurred during the year:

	2006	2005
	\$	\$
a. Revenue received from Waikato District Health board	431,668	273,680
b. Revenue received from the University of Auckland	1,002	12,836

10 Board of Trustees Remuneration

	2006	2005
Remuneration paid to the Board members	5,000	10,000
Other Expenses	9,114	3,369

The Board of Trustees fees were apportioned as follows:

Dr Tim Malloy	0	5,000
Mrs Sherrill Dackers	5,000	5,000
	5,000	10,000

11 Subsequent Events

There are no other matters or events that have arisen, or been discovered, subsequent to balance date that would require adjustment to, or disclosure in these financial statements.

**AUDIT REPORT
TO THE READERS OF
NEW ZEALAND INSTITUTE OF RURAL HEALTH'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

The Auditor-General is the auditor of New Zealand Institute of Rural Health (the Institute). The Auditor-General has appointed me, M G Taris, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Institute, on his behalf, for the year ended 30 June 2006.

Unqualified Opinion

In our opinion the financial statements of the Institute on pages 12 to 16:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Institute's financial position as at 30 June 2006; and
 - the results of its operations for the year ended on that date.

The audit was completed on 8 November 2006 and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Trustees and the Auditor

The Board of Trustees is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Institute as at 30 June 2006. They must also fairly reflect the results of its operations for the year ended on that date. The Board of Trustees' responsibilities arise from the New Zealand Institute of Rural Health Trust Deed.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Institute.



M G Taris
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of New Zealand Institute of Rural Health (the Institute) for the year ended 30 June 2006 included on the Institute's web site. The Institute's Board of Trustees are responsible for the maintenance and integrity of the Institute's web site. We have not been engaged to report on the integrity of the Institute's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 8 November 2006 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.