



Eastern
Health

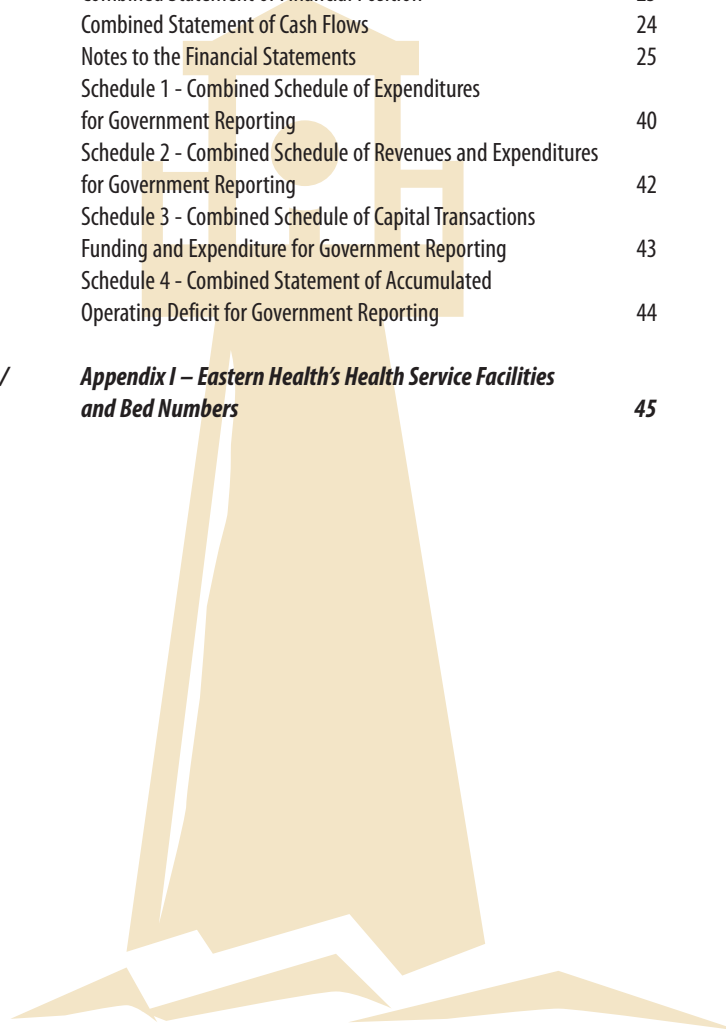


***Annual Performance
Report 2006-07***

Eastern Regional Health Authority

Table of Contents

1/	Message from the Board of Trustees	1	8/	Audited Financial Statements	20
2/	Overview	2		Auditor's Report	20
	2.1 / Finances	3		Combined Statement of Operations	21
	2.2 / Performance Indicators	4		Combined Statement of Changes in Fund Balances	22
	2.3 / Vision	6		Combined Statement of Financial Position	23
	2.4 / Mission	6		Combined Statement of Cash Flows	24
	2.5 / Values	6		Notes to the Financial Statements	25
	2.6 / Lines of Business	6		Schedule 1 - Combined Schedule of Expenditures for Government Reporting	40
	2.6.1 / Promote Health and Wellbeing	6		Schedule 2 - Combined Schedule of Revenues and Expenditures for Government Reporting	42
	2.6.2 / Provide Supportive Care	7		Schedule 3 - Combined Schedule of Capital Transactions Funding and Expenditure for Government Reporting	43
	2.6.3 / Treat Illness and Injury	7		Schedule 4 - Combined Statement of Accumulated Operating Deficit for Government Reporting	44
	2.6.4 / Advance Knowledge	7			
3/	Shared Commitments	8	9/	Appendix I – Eastern Health's Health Service Facilities and Bed Numbers	45
4/	Highlights	9			
5/	Outcomes of Objectives	13			
	5.1 / Budget/ Fiscal Responsibilities	13			
	5.2 / Infrastructure and Equipment Plan	14			
	5.3 / Community Health Needs Assessment	15			
	5.4 / Policy Governance Model	16			
6/	Objectives for 2007-08	17			
	6.1 / Budget/Fiscal Responsibilities	17			
	6.2 / Infrastructure and Equipment Plan	17			
	6.3 / Community Health Needs Assessment	17			
	6.4 / Policy Governance Model	18			
	6.5 / Promoting and Supporting a Patient Safety Culture	18			
7/	Opportunities and Challenges	19			



1 / Message from the Board of Trustees

Eastern Health marked its second anniversary in 2006-07. At this early stage of development, the organization is building a solid, supportive organizational infrastructure as our health providers continue to offer high quality health and community services to our clients, patients and residents. We are proud of our staff, physicians, volunteers and community partners who are dedicated to the well-being of the people and the communities that we serve. Every day, their hard work and commitment has a significant impact on the people of our region and the province.

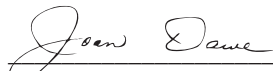
In 2005-06, the Board of Trustees of Eastern Health embarked on its first strategic planning cycle. This *2006-07 Annual Performance Report* outlines the progress the organization has made towards the goals outlined in the Strategic Plan. We are working hard to bring the values of the organization alive and we have made significant progress towards achieving our mission and vision.

We have also made a substantial contribution to the strategic directions outlined by the Department of Health and Community Services. As one of four regional health authorities and the provincial tertiary centre for health services, we understand our role in contributing to the health and well-being of the province.

In the upcoming year, the Board will be embarking on its next strategic planning process. We will be engaging internally and externally with our many stakeholders as we reaffirm the organization's values and determine its strategic priorities for our next planning cycle, 2008-11.

Within the complex health and community services sector, there are challenges that must be faced. In 2006-07, estrogen and progesterone testing was at the forefront of media attention and caused great concern for the public. Similarly, towards the end of the fiscal year, concerns were being expressed regarding the interpretation of radiology exams on the Burin Peninsula. These issues are being dealt with and as a Board, we are committed to strengthening public confidence in the quality care that we continue to provide.

The Board of Trustees of Eastern Health is accountable for the preparation of this annual performance report and the results achieved by Eastern Health in the 2006-07 fiscal year.



Joan Dawe
Chair, Board of Trustees





Eastern Health is the largest integrated health authority in Newfoundland and Labrador and offers the full continuum of health and community services, including public health, long-term care, community services, hospital care and unique provincial programs and services. The organization was created on April 1, 2005 through the merger of seven health organizations.

The Eastern Health region extends east from Port Blandford and includes the Avalon, Burin and Bonavista Peninsulas as well as Bell Island—a population of over 290,000. With a geographic territory of approximately 21,000 square kilometres, the boundaries of Eastern Health include 111 incorporated municipalities, 69 local service districts and 66 unincorporated municipal units.

Eastern Health has the provincial responsibility for providing tertiary level health services through its academic healthcare facilities and provincial programs such as the Provincial Genetics and Provincial Perinatal Program.

The organization has approximately 12,000 staff, 27 health service facilities and community-based offices in 30 communities including: Bay Roberts, Bell Island, Bonavista, Burin, Carbonear, Clarenville, Come by Chance, Ferryland, Grand Bank, Harbour Grace, Heart's Delight, Holyrood, Lethbridge, Mount Carmel, Mount Pearl, Norman's Cove, Old Perlican, Placentia, Portugal Cove, St. Lawrence, St. Bernard's, St. Bride's, St. John's, St. Joseph's, St. Mary's, Trepassey, Torbay, Trinity, Whitbourne, and Witless Bay (See Appendix I).

The organization partners with many organizations, particularly Memorial University of Newfoundland. Eastern Health and Memorial University collaborate on the creation of new knowledge through many research activities and work together to provide solid education and work experience for the next generation of health providers.

Within its facilities, the organization operates:

- seven acute care facilities
- six community health centres
- twelve long-term care facilities
- provincial cancer care and rehabilitation centres
- 871 acute care beds
- 87 critical care beds
- 9 holding beds
- 1,684 long-term care beds



2.1 / Finances

In 2006-07, approximately \$40 million was added to Eastern Health's operating budget for program enhancements, consistent with the organization's strategic and operational directions as well as the Department of Health and Community Services' strategic directions. The major components of these program enhancements include:

- Building capacity in home and community care: \$16 million
- Enhancing child protection services: \$1.2 million
- Improving access to priority services: \$12.4 million
- Preventing and treating of cancer: \$7.8 million
- Enhancing child care services: \$1.6 million

Plans for these enhancements are in varying stages of implementation.

The audited financial statements for 2006-07 are included in this annual performance report. They indicate that the organization finished the fourth quarter of its fiscal year with a \$5.9 million surplus against a balanced budget. With total revenues of \$920.8 million, this surplus of 0.6% represents a break-even position.

As outlined in Figure 1, 87% of Eastern Health's revenue comes from the provincial plan. Figure 2 shows the distribution of expenditures with 61% spent on patient, resident, client, medical and ambulatory services.

Figure 1
Revenue by Source, Fiscal Year 2006-07

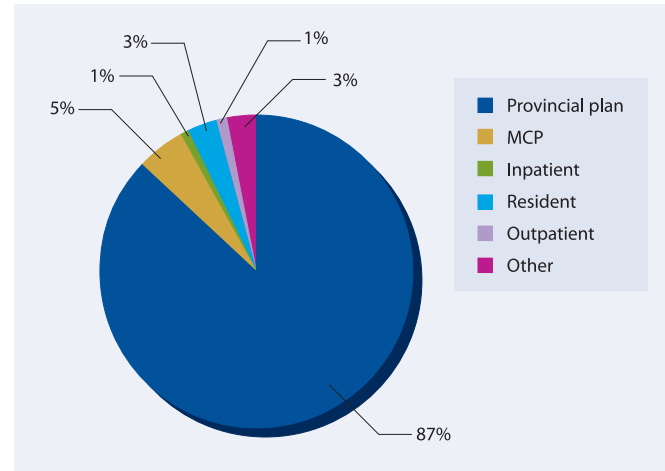
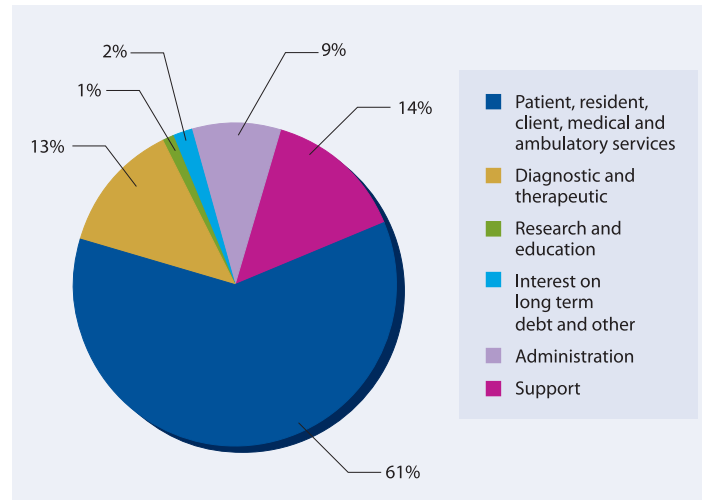


Figure 2
Expenditure By Source, Fiscal Year 2006-07



2.2 / Performance Indicators

It is extremely important for Eastern Health to monitor its performance as an organization. Indicators are a part of that process and can help to monitor and evaluate the quality of care that is provided with a focus on continuous improvement. Eastern Health monitors a number of indicators, including those outlined in its strategic plan, those specified in departmental operational plans and those reported on at Quality Council. As a new organization, Eastern Health is developing an integrated performance management process and a working group has been established to oversee this process.

As seen in Figures 3 and 4, acute care admissions from 2005-06 to 2006-07 decreased by 2.3%; however, acute care inpatient days increased by 1.06%. The reduction in admissions did not translate into a similar reduction in inpatient days due to the increased numbers of alternate level of care patients (patients who are occupying acute care beds due to the unavailability of services in other more appropriate settings) as well as the increased acuity of patients in our hospitals.

Figure 3
Acute Care Admissions

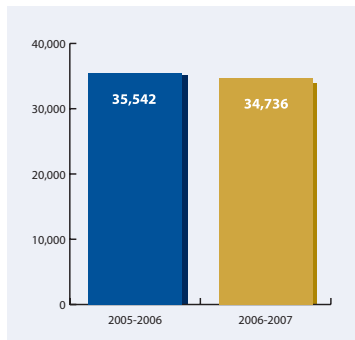


Figure 4
Acute Care Inpatient Days

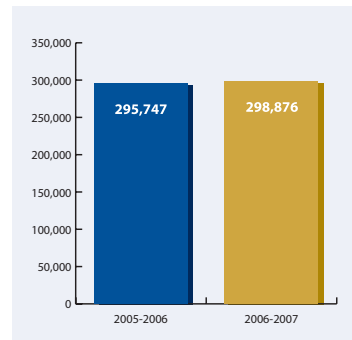


Figure 5
Ambulatory Encounters

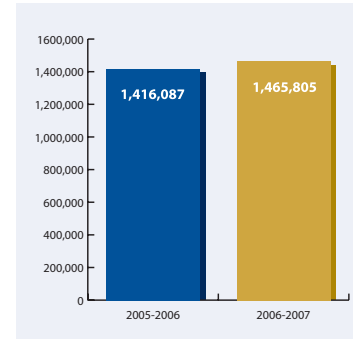
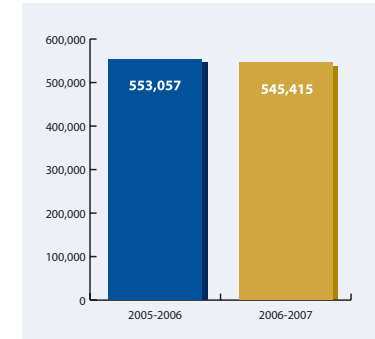


Figure 6
LTC Resident Days



In terms of community health service events (defined as the episodes when the provider documents service or supplementary documentation around a visit), Figure 7 shows that number increased by 3.0% from 2005-06 to 2006-07.

Figure 7
Community Health - Service Events

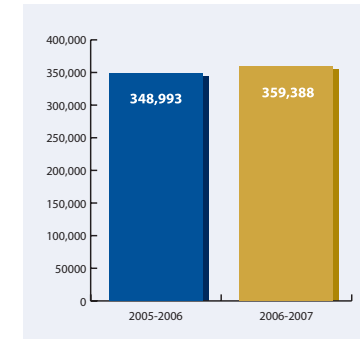


Figure 5 shows an increase of acute care ambulatory encounters of 3.5% over 2005-06. This includes all outpatient activity in Eastern Health's acute care sites—people who come in for any of our outpatient services, from blood tests to x-rays to day surgery. Eastern Health's long-term care facilities are operating at 96% occupancy and long-term care resident days were 1.4% lower than in 2005-06 as indicated in Figure 6.

Statistics from Eastern Health's hospitals and primary health care centres, community health services events and long-term care resident days are noted below.

Figure 8
Statistics From a Three-Year Period

	2004-05	2005-06	2006-07
Hospitals and Primary Health Care Centres			
Patient Days	295,714	294,637	298,876
Emergency Room Visits	220,124	228,127	220,723
Surgical Daycare	38,737	42,558	43,248
Births	2,765	2,872	2,810
Ambulatory Encounters	1,306,543	1,416,087	1,465,805
Community Health Service Events+			
Mental Health*	22,292	26,494	27,992
Continuing Care/ Community Support	143,536	162,992	172,616
Addictions*	6,554	7,948	7,206
Rehabilitation	2,900	3,529	1,842
Community Youth Corrections	5,567	5,357	4,491
Child Youth and Family	89,891	105,788	95,975
Health Promotion and Protection	55,965	38,218	43,951
Long-Term Care Resident Days			
St. John's Area	379,796	378,961	372,141
Rural Eastern	177,086	174,096	173,274

+ A service event is a surrogate for a patient or client visit. It is calculated by entries into the Client Referral Management System (CRMS), an electronic database system. Previous reporting of these service events involved various methods of capturing data from Eastern Health's legacy organizations. The numbers have been revised to capture only what was recorded in the Client Referral Management System (CRMS).

* Mental Health and Addictions numbers for the St. John's area are estimates.

2.3 / Vision

The Vision of Eastern Health is *Healthy People, Healthy Communities*.

Our vision is rooted in the recognition that as an organization we must focus upon both individual and community approaches to health. Healthy communities enhance our prospect for individual health, and when individuals are healthy, communities are healthy.

Eastern Health recognizes that many things impact the health of a person and a community. We believe that our communities have the strengths, knowledge and skills necessary to develop programs to promote healthy living. Eastern Health is committed to working with our partners towards our vision of *Healthy People, Healthy Communities*.

2.4 / Mission

By March 31, 2011, Eastern Health will provide health and community services along an integrated continuum within both its regional and provincial mandates and available resources to improve the health of people and communities.

2.5 / Values

The core values of Eastern Health offer principles and a guiding framework for all employees as they work in their various capacities to provide quality programs and services. The Board of Trustees of Eastern Health has identified the following values for the organization:

Collaboration Each person consults, cooperates, works and advocates with partners to improve services and the health of people and communities.

Confidentiality Each person ensures individual privacy within policy and legal frameworks.

Excellence

Each person strives for leadership through sound judgment, decision making and competency, adhering to the principle of life-long learning.

Growth

Each person helps individuals and communities achieve their potential.

Integrity

Each person conducts himself or herself in an honest, just, fair and accountable manner.

Respect

Each person treats others with compassion and understanding manifested in their attitudes and actions.

2.6 / Lines of Business

Eastern Health has four primary lines of business: to promote health and well-being; to provide supportive care; to treat illness and injury and to advance knowledge.

2.6.1 / Promote Health and Wellbeing

Eastern Health implements measures that promote and protect population health and help prevent disease or injury. The main categories of programs in this line of business include: *Health Protection – Disease Prevention, Health Promotion and Child Protection*.

Health Protection – Disease Prevention - This program is directed towards decreasing the probability of individuals, families, and communities experiencing health problems, assisting with the changes in physical and social environments needed to improve health, and implementing legislation/regulations to support improvements.



Eastern Health is committed to working with our partners towards our vision of *Healthy People, Healthy Communities*.

Health Promotion - This program is responsible for the development, implementation and evaluation of a comprehensive range of population health and community development programs. These services are aimed at enabling and fostering individuals, families and communities to take control of and improve their health. This is accomplished through information sharing, community mobilization and capacity building, group facilitation, advocacy, and the provision of resource materials and the improvement of health status in our communities. These services can be conducted in partnership with other providers or provided to supplement services offered by other agencies.

Child Protection - This program focuses on promoting the safety, well-being and protection of children.

2.6.2 / Provide Supportive Care

Eastern Health provides community-based support and continuing care, residential care options, home support and nursing home care for individuals with assessed needs. These services are provided in select locations and are means-tested and criteria-based. In many cases, there is a relationship with other Government departments such as Human Resources, Labour and Employment for subsidized funding to supplement program funding. The main categories of programs in this line of business are *Individual, Family and Community Supportive Services, Short-term Residential Care and Long-Term Adult Residential Care*.

Individual, Family and Community Supportive Services - These programs provide financial and supportive services and case management for individuals of all ages with assessed need. The program focuses on supporting individuals/families/caregivers and promoting independence, community inclusion, safety and well-being. Services are limited and provision is based upon financial assessment and the individual's ability to pay.

Short-term Adult Residential Care - These programs provide short respite and/or transitional stays for individuals. The services are offered in selected locations.

Long-term Adult Residential Care - These programs are responsible for residential nursing home care that is provided to individuals who require on-going support due to their frailty, disability or chronic illness. Access to services is through the single entry system where an individual's needs are assessed and matched with appropriate available placements.

2.6.3 / Treat Illness and Injury

Eastern Health investigates, treats, rehabilitates and cares for individuals with illness or injury. The clinical intent of these services is to treat illness and injuries, relieve symptoms, reduce the severity of an illness or injury, and educate patients. In addition, we provide care at the beginning of life (newborn care) and at the end of life (palliative care). These services are offered in a variety of locations throughout the region. The location of specific services is dependent upon multiple factors including the level of care (primary, secondary and tertiary), access to health professionals and access to appropriate facilities. For certain services people can self-refer, while other services require a referral from a specific health professional. Eastern Health offers services through a variety of mechanisms.

2.6.4 / Advance Knowledge

Eastern Health is committed to advancing research, education and knowledge dissemination. The organization has a vital role in ensuring that the next generation of health professionals has an appropriate educational experience. We encourage staff and physicians to seek the best information and knowledge from multiple sources and to incorporate the evidence into their practice and standards. We are committed to ensuring that the challenges and issues we face in our day-to-day practice drives new research and education that leads to innovation. Education and research are collaborative endeavours, and our overall success is dependent upon our partnerships with affiliated organizations and in particular Memorial University of Newfoundland. Eastern Health also has permanent representation on the Board of Directors of the Newfoundland and Labrador Centre for Applied Health Research and the Newfoundland and Labrador Centre for Health Information. As new knowledge is created we will seek opportunities to promote knowledge transfer throughout the organization.



3 / Shared Commitments

Eastern Health's vision and values clearly illustrate the importance that the organization places on partnerships. The depth and breadth of those partnerships is extremely broad and varied.



Eastern Health works very closely with officials from the Department of Health and Community Services on a variety of activities, from providing financial and waitlist information to having input into provincial strategies such as the Healthy Aging Strategy and the Oral Health Strategy. The four regional health authorities in the province work closely together at all levels. In fact, the regional health authorities along with the Departments of Health and Community Services and Human Resources, Labour and Employment have a Liaison Committee to discuss and resolve common issues.

Education and research are collaborative endeavours. Eastern Health has partnerships with over 40 education institutions and organizations to help educate the next generation of health providers. The organization has a particularly strong affiliation with Memorial University of Newfoundland for both its education and research initiatives. Our organization has permanent representation on the Board of Directors of the Newfoundland and Labrador Centre for Applied Health Research and the Newfoundland and Labrador Centre for Health Information.

Eastern Health works hard at engaging as many community partners as possible. This is demonstrated in a number of ways, from board/community stakeholder meetings throughout the region to health forums. On the Bonavista Peninsula, for example, the *Celebrate Rural Health Forum* brought together youth and seniors from throughout the peninsula to provide an opportunity to develop positive relationships between these two groups and show how they can partner and support each other in their communities.

Our volunteers play a critical role in supporting our organization. Auxiliaries, volunteers and volunteers add tremendous value to the health sector and greatly enhance the quality of life for our patients, residents, clients and their families. From providing pastoral care to operating a gift shop to painting a mural on a wall, over 3,200 volunteers selflessly contribute their time and talents to help others.

Similarly, our foundations play a tremendous role in the health care sector by fund-raising for health care equipment. We acknowledge the role of the board of directors and staff of our foundations: Burin Peninsula Health Care Foundation, Discovery Health Care Foundation, Trinity Conception Placentia Health Foundation, Health Care Foundation, Waterford Foundation, Dr. H. Bliss Murphy Cancer Care Foundation and the Janeway Children's Hospital Foundation. During the past year, their fund-raising efforts have been put toward purchasing medical equipment for the Orthopaedic Surgery Program and the Ears, Nose and Throat Program. They have made contributions to the Janeway MRI and refurbishing a birthing room. These foundations and their many volunteers and donors enrich the services that are provided to our population.

Eastern Health has a unique relationship with faith- and fraternity-based owner boards for the delivery of long-term care services in St. John's and Clarke's Beach and we work closely with them to ensure quality of care to our residents.

We continue to work with a number of organizations that have been devolved to Eastern Health and we look forward to enhancing our relationship with them. In 2006-07, for example, plans were made to bring the open-custody homes together to discuss opportunities and challenges.

Eastern Health has a special relationship with the hospital/health centres in Saint-Pierre et Miquelon and has a tripartite agreement with Caisse de Prévoyance Sociale (CPS) and Centre Hospitalier F. Dunan (CHFD) to provide services to that population.

4 / Highlights

Eastern Health has worked diligently towards its mission in the past two years. A review of the previous year's activities shows that the hard work by our staff, physicians and volunteers is moving the organization forward. Eastern Health has also made progress on government's strategic directions (as described in the Department of Health and Community Services' Strategic Plan). This section notes some of the organization's highlights in 2006-07.

Integration

As a relatively new health services organization, Eastern Health is building a solid integrated administrative base from which to build an integrated clinical approach. This past year, many administrative building blocks have been put into place. Departmental directors are reporting on the progress of their operational plans every six months. An information management plan is in place. Strategies such as a Healthy Workplace Strategy, an Employee Recognition Strategy, a Leadership and Management Development Framework and an Employee and Family Assistance Program have been drafted. A Capital Infrastructure Committee has been established to co-ordinate the process of assessing buildings and equipment infrastructure needs. We have also initiated work on developing the culture of Eastern Health.

From integrated, administrative building blocks comes co-ordinated clinical integration. Already, within two years of the organization's birth, we are seeing progress in this area. Regional networks have been established in the areas of mental health, child health, long-term care and supportive services, dialysis, public health, palliative care and child youth and family services.

While substantial work remains, the progress of integrating seven health care organizations into one has been encouraging.

Accreditation Preparation

The benefits of integration are being seen through the accreditation process. Accreditation is a voluntary process that enables organizations to evaluate and improve the quality of their services. The Canadian Council on Health Services Accreditation is the major national accreditation body for health services. In 2006/07, our 23 quality teams began the self-assessment component of accreditation. Through the self-assessment component, each

team identifies their strengths and areas for improvement. Many of the teams are regional in nature. Team participants are learning from their colleagues in other parts of the region and the synergy will have positive results for the whole of the organization.

Two of Eastern Health's legacy organizations were outside of their normal three-year accreditation cycle and three teams were required to participate in an Interim Survey Process in 2006-07. Interim accreditation status was awarded to the Cancer Care Team and the Information Management team from the Cancer Care Group and the Peninsulas' Surgical Care Team.

Eastern Health also participates in other accreditation processes such as the Canadian Association of Schools of Nursing, the Canadian Radiology Association for Mammography, the Commission on Dental Accreditation and the Intersocietal Commission for the Accreditation of Vascular Laboratories. Participation in such accreditation processes helps the organization to enhance its strengths and to identify areas for improvement.

An Emphasis on Quality

This past year, the Department of Quality and Risk Management established a Quality and Risk Management Framework that outlines a portfolio-based model. This model incorporates ongoing monitoring and reporting of quality and risk issues within each portfolio of the organization. Eastern Health has established several structures that have quality improvement and risk management as key elements of their mandate. These include a Regional Quality Council along with its subcommittee structures, Portfolio Quality and Safety Committees, Program and Departmental Leadership Teams and Quality Improvement Teams.

In 2006-07, the organization introduced the *Lighthouse Grants for Innovation* as a way to encourage quality and innovation. Through an internal application process, 10 groups were awarded \$88,000 to fund their proposals. The topics ranged from developing a community-based diabetes prevention program to extending the Psychosis Intervention/Early Recovery Program's initiative to implement emerging treatment approaches through the use of distance communications technology.



A review of the previous year's activities shows that the hard work by our staff, physicians and volunteers is moving the organization forward.

Patient/Resident/Client Safety

The Board of Trustees added a fifth goal in its strategic plan. They have implemented a board policy to ensure the safety of clients, patients and residents as an integral part of the organization and they initiated a Safety and Quality Improvement Committee. The purpose of this committee is to assist the Board in fulfilling their responsibilities in ensuring safety and quality improvements.

Throughout the year, Eastern Health participated in numerous activities associated with supporting a culture of safety, including: Patient Safety Week initiatives; participation as a pilot site for a Canadian Council on Health Services Accreditation patient safety indicators project; participation in a Canadian Patient Safety Institute national collaborative project on medication safety indicators; and enrolment in the *Safer Healthcare Now* initiative.

Committees, programs and activities are in place to promote health, safety and well-being, such as the Regional Infection Control Committee and the Client Safety Committee within the Child Youth and Family Services program. A pilot program has also begun to track post-discharge surgical site infections in colorectal surgery patient in St. John's.

The organization also works hard at promoting the safety of its staff through programs such as the Return to Work Program, Occupational Health and Safety Committees, Employee Wellness Division, Respectful Workplace and Healthy Workplace Strategy.

In May 2005, Dr. P. Markesteyn undertook a review and investigation of the circumstances surrounding the death of Zachary Turner, a child who had received support from various departments in Eastern Health before his life ended in August 2003. The Turner Report and Investigation, September 2005, included a number of recommendations. Eastern Health has moved forward with strategies to address the issues identified in the delivery of Child Youth and Family Services.



Government Strategic Directions

Eastern Health is committed to the four strategic priorities outlined in the Department of Health and Community Services' Strategic Plan: improved population health; strengthened public health capacity; improved accessibility to priority services; and improved accountability and stability in the delivery of health and community services within available resources.

Improved Population Health – High rates of some chronic diseases, particularly heart disease, obesity and diabetes, combined with low rates of self-care preventative measures emphasizes the importance of improving population health. In the 2006-07 fiscal year, Eastern Health made the following accomplishments towards government's strategic priority of improved population health:

- Identified a number of wellness priority areas which will form the basis of a regional Health Promotion Plan to be released in the Fall of 2007.
- Organized, in collaboration with the Newfoundland and Labrador Kidney Foundation, the first annual Provincial Kidney Education Day.
- Continued to work on the development of a provincial pandemic influenza response plan with many partners
- Initiated a Rheumatic Health Day Unit pilot project to help clients better understand their arthritis and learn ways to cope with chronic pain.
- Hosted a Diabetes Planning Day in Rural Avalon with key stakeholders and formed a Rural Avalon Diabetes Steering Committee.
- Launched the Provincial Cervical Screening Initiatives Program in Rural Eastern and St. John's with a goal to increase participation rates in cervical screening.
- Held a Rural Women's Health Day in Placentia which provided participants with practical information about healthy eating, sexuality and menopause.
- Provided service to over 300 clients with diabetes through collaborative approaches to chronic disease prevention and management. These collaboratives have been established through our primary health care initiatives in Bonavista, Placentia, St. Mary's, St. Bride's and St. John's.

Strengthened Public Health Capacity - Population health assessment, health surveillance, prevention, health promotion and health protection are key components of strengthened public health capacity. In the 2006-07 fiscal year, Eastern Health made the following accomplishments towards government's strategic priority of strengthened public health capacity:

- Added additional public health nurses throughout the region.
- Formed the Bereavement Advisory Committee to Eastern Health to build capacity for bereavement support counselling and to promote education for professionals.
- Conducted needs assessments on the Burin Peninsula and the Southern Avalon from a determinants of health perspective using primary and secondary research. The findings of the needs assessments and their recommendations resulted in a prioritized lens for response to the issues in that area.
- Submitted a primary health care proposal for the Burin Peninsula to the Department of Health and Community Services for funding.
- Submitted a primary health care proposal for Downtown St. John's and began implementation of this proposal.
- Hosted a *Celebrate Rural Health Forum* on the Bonavista Peninsula to establish linkages with communities and develop partnerships to create healthy communities.
- Offered a Rural Mental Health Interdisciplinary Training Program in Bonavista and Placentia.
- Implemented a Hand Hygiene Campaign to increase awareness of the importance of handwashing to decrease the risk of infection.
- Participated in a health fair at a shopping mall in St. John's to promote a number of Eastern Health's services, including the provincial perinatal program, cervical screening initiative, the Janeway Lifestyles Program and Addictions Services.
- Provided an evening of wellness topics in the Bonavista area, focusing on the care of the whole person – mind, body and soul.
- Administered vaccines for the 0-2 population in the urban area of the region, increasing the vaccine rate by 9% from 69.5% in 2005-06 to 78.6% in 2006-07.
- Eliminated waitlists for child health clinics in all parts of the St. John's area (except Mt. Pearl) due to an increase in public health resources.
- Continued to support education in the area of public health. Sixteen nurses wrote and passed the Canadian Nurses Association Exam for Community Health Nursing, among the first nurses in Canada to receive this certification.

Improved Accessibility to Priority Services - Maintaining health and community services in a province with vast geography and a declining and aging population is very challenging. In the 2006-07 fiscal year, Eastern Health made the following accomplishments to work towards government's strategic priority of improved accessibility to priority services:

- Expanded Pre-Admission Clinic for Pediatric Surgery.
- Increased surgical capacity in areas such as urology and orthopedic surgery.
- Added more mental health case managers for people with chronic mental illness.
- Installed and commissioned a CT scanner at the Burin Peninsula Health Care Centre.
- Broke ground to begin construction of two new radiation bunkers that will house two additional radiation treatment machines at the Dr. H. Bliss Murphy Cancer Centre.
- Purchased a second Navigator Lymphatic Mapping System for the General Hospital which will mean more breast cancer patients will have access to this innovative method of treatment.
- Opened a newly renovated Cancer Care Centre at the James Paton Memorial Hospital, Gander, in collaboration with Central Health, which can accommodate three additional patients in a more aesthetically pleasing environment.
- Incorporated the Home Infusion Program in Gander as well as in Grand-Falls-Windsor.
- Launched High-Dose-Rate Brachytherapy in the Cancer Care Program, which can deliver a more precise radiation dose to a tumour, resulting in shorter treatment times for patients.
- Implemented changes and made staffing adjustments to decrease patient registration wait times at St. John's hospitals.
- Initiated a number of waitlist management initiatives, including: adult surgical waitlist developed and implemented; diagnostic imaging waitlist processes developed; ambulatory clinical waitlist processes developed for Mental Health; and initial waitlist management initiating phases for rheumatology and endoscopy services.
- Completed an ambulance review that resulted in changes in the delivery of ambulance services in St. John's.
- Opened a dialysis family room at the Health Sciences Centre.
- Introduced nocturnal dialysis which involves dialysing people for longer, slower periods of time (a more beneficial process for certain patients) while they sleep at home.
- Began work on establishing a dialysis program at the Burin Peninsula Health Care Centre.
- Implemented a Heart Failure Clinic.
- Partnered with Chancellor Park to increase capacity for residential long-term care.
- Expanded the Home Intravenous Therapy Program in St. John's and began providing Lovenox in the community for clients post-hip and knee replacement surgery.





Improved accountability and stability in the delivery of health and community services within available resources

The health and community services system consumes almost half of all Government program expenditures. Government and public bodies must be accountable to ensure the wise and prudent use of public resources and demonstrate performance achievements. In the 2006-07 fiscal year, Eastern Health has supported government's strategic priority of improved accountability through the following accomplishments:

- Held six community stakeholders meetings with the Board of Trustees throughout the year, at St. Mary's, Burin, Carbonear, St. John's, Clarenville, Ferryland.
- Completed a Service Delivery and Infrastructure Plan for the delivery of long-term care services in the northeast Avalon.
- Formed a number of long-term care committees (ie. LTC Network, Placement Services Committees, Healthy Aging Strategy, Committee, Clinical Leadership Teams, Budget Committee, Human Resources Planning Committee, Equipment Planning Committee, etc.) to support regional practice and plan for the overall service needs of the population served by Long Term Care.
- Conducted a comprehensive risk self-assessment process and developed action plans arising from the process.
- Developed Shared Learnings Bulletins to share learnings about risk and client safety information based on learnings from follow up to occurrence reports.
- Initiated a regional review of the Child, Youth and Family Services Program and initiated a regional safety committee within that program area.
- Established a process to have an ethics lens applied to all policy development and review.
- Established five Clinical Ethics Committees, an Administrative Ethics Committee, an Ethics Advisory Committee and Ethics Consultation Services to aid in making good ethical decisions.
- Provided numerous education opportunities to staff, including an Ethics Education Certificate Course and Using Evidence to Improve Decision Making in Clinical Practice developed by the Evidence Based Practice Council.
- Established a Child Care Advisory Committee in the St. John's area to work with stakeholders to resolve policy and program issues.
- Introduced Ventilator Associated Pneumonia (VAP) strategies in the Intensive Care Units at both the Health Sciences Centre and St. Clare's Hospital which have resulted in significant decreases in the rate of ventilated associated pneumonia.
- Initiated a pilot program to track post discharge surgical site infections in colorectal surgery patients.
- Implemented a cardiac care database (APPROACH) within the Cardiac/Critical Care Program to measure clinical and administrative outcomes for cardiac care.

- Established link with Emergency/ Ambulatory Care in St. John's with community health services through representation on an interagency committee.
- Reported quarterly wait time data to the Department of Health and Community Services for specific areas as defined by the department: cancer care, cardiac care, joint replacement, breast screening and site restoration.
- Participated in a national paediatric wait time strategy. The Janeway is one of 16 paediatric health centres across Canada participating.
- Formed a Regional Reprocessing Committee to monitor single use items and reprocessing of reusable devices.
- Established several committees and working groups on confidentiality and revised the policy on confidentiality.
- Developed and implemented plans for recruitment and retention of difficult to recruit areas such as pharmacy, psychology, nursing, social work, occupational therapy and physiotherapy.
- Initiated review of waste management handling and recycling program throughout the region.
- Sought feedback from clients in numerous ways, including through the Southern Avalon Needs Assessment, focus groups on the Community Support Program, and satisfaction surveys in a number of program areas.

Eastern Health is committed to the four strategic priorities outlined in the Department of Health and Community Services' Strategic Plan and has made significant progress in these areas.

5 / Outcomes of Objectives

Eastern Health's first strategic plan was developed in February 2006 and approved by government in February 2007. Significant progress was made this past year to achieve the goals as outlined in the plan.

5.1 / Budget/ Fiscal Responsibilities

Eastern Health is committed to the sustainability of the health and community services sector. It will operate within a balanced budget in line with the Transparency and Accountability Act and as outlined in its Strategic Plan.

Goal:	By March 31, 2008 Eastern Health will operate within a balanced budget, unless directed otherwise by the Department of Health and Community Services.
Objective:	By March 31, 2007 Eastern Health will have implemented an approved budget plan that results in a balanced budget, unless otherwise directed by Government.
2006-07 Progress:	A balanced budget for 2006-07 has been achieved.

Eastern Health is accountable for the public funds that it spends and takes great pride and effort in ensuring that the organization maintains a balanced budget. As the indicators and their progress made in 2006-07 demonstrate, Eastern Health has established many internal processes and maintains open and ongoing communication with the Department of Health and Community Services regarding its financial situation.

Indicators as Outlined in the Strategic Plan	2006-07 Progress
Plan established that identifies adjustments to service levels within acceptable standards and available funding.	The balanced budget for 2006-07 was consistent with the portfolio specific operating plans as developed by each Vice President and Chief Operating Officer.
Decision making process established to support achieving a balanced budget.	<p>The organization has a comprehensive budgeting process. In the Fall of each year, the planning cycle begins and departmental directors review the strategic priorities of the Board and their operational plans in order to develop their budget for upcoming priorities.</p> <p>As part of the budgeting process, each director meets with representatives from the Departments of Budgeting, Corporate Strategy and Research, and Human Resources to ensure that budget requests are consistent with the organization's strategic priorities and to address human resources issues.</p> <p>The Budgeting Department reviews all requests from each director and an analysis is presented to the individual COOs and VPs who determine whether the identified needs are moved forward to the Executive Team level.</p> <p>Budget requests are then reviewed by the Executive Team and organizational priorities are established. The budget is reviewed by the Finance Committee of the Board of Trustees and approved by the Board for submission to government. The budget request to government is accompanied by briefing notes and supporting documentation.</p>
Systems established to monitor and correct variances to the plan.	Monthly financial reports are provided to each director and variances are analyzed.
Reporting structure established to ensure governance level decisions associated with the fiscal sustainability of the organization are consistently measured.	The Finance Committee of the Board reviews and advises the Board on the financial aspects of the operations of the organization.
No increase in the accumulated deficit unless approved by Government.	There has not been an increase in the accumulated deficit.
Structures established to regularly inform the Minister of status of the organization's fiscal situation.	A number of structures have been established to regularly inform the Minister of the status of the organization's fiscal situation, including monthly teledata submissions of expenditures relative to the budget along with operating statistics. Quarterly interim financial statements are also forwarded and regular liaison meetings on budget issues occur between Eastern Health and the Department of Health and Community Services.

Eastern Health made significant investment in providing infrastructure assessments and developing a bio-medical equipment replacement plan.

5.2 / Infrastructure and Equipment Plan

Eastern Health is dependent upon a large network of facilities and equipment to provide a complex array of health and community services for the citizens of the region and the province. Ongoing advances in health equipment means that Eastern Health must have a medical technology plan to ensure equipment is consistently upgraded, replaced and purchased to enhance quality service.

Goal:	By March 31, 2008 Eastern Health will have a comprehensive infrastructure plan and an equipment plan with ongoing implementation of approved components initiated.
Objective:	By March 31, 2007 Eastern Health will have submitted a capital infrastructure plan and an equipment plan submitted to government.
2006-07 Progress:	<p>Submissions have been made to the provincial government to address deficient infrastructure areas. Replacement plans for equipment and infrastructure requirements are submitted to government on an annual basis.</p> <p>A 4-year replacement plan for biomedical equipment is ongoing with a presentation of the final plan to be presented to the Board's Finance Committee in September 2007. Equipment planning in our legacy boards was not done on best practice principles and was often based on updating past departmental equipment requests. The approach taken by Eastern Health—to establish a baseline for equipment, compile an electronic inventory, establish useful life projections and develop budgets for replacement costs for over 20,000 pieces of equipment—was a sizable undertaking but will result in a comprehensive plan that references industry benchmarks.</p>

As the indicators and their progress made in 2006-07 demonstrate, Eastern Health made significant investment in providing infrastructure assessments and developing a bio-medical equipment replacement plan.

Indicators as Outlined in the Strategic Plan	2006-07 Progress
Board approved plan that identifies the long term capital infrastructure needs of the organization.	By March 31, 2007 Eastern Health will have submitted a capital infrastructure plan and an equipment plan submitted to government.
Board approved plan for the replacement and purchase of equipment.	<p>Equipment plans are submitted to government on a yearly basis.</p> <p>An electronic inventory of biomedical equipment for the entirety of Eastern Health was completed in December 2006. A credible expected useful life for each piece of equipment based on indicators available from ECRI and on our internal assessment of the state of the particular item was developed. Once an expected life and date was established, budgets were developed based on best estimates as to replacement costs. The final phase of equipment planning will be an organization-wide scan of anticipated new technology. This scan will be incorporated into the 4-year replacement plan presentation to the Board's Finance Committee in September 2007. Policies and procedures were developed and implemented for the addition of new equipment and the removal of equipment no longer in use.</p>

5.3 / Community Health Needs Assessment

To enhance the understanding of the health issues facing people living in the Eastern Health region, the organization will complete community health needs assessments. The assessment process will help ensure that the organization anticipates the future needs of communities and identifies innovative strategies to meet needs.

Goal:	By March 2008, Eastern Health will have completed a needs assessment of select areas of the region in support of the development of a regional health services plan.
Objective:	By March 31, 2007 Eastern Health will have completed needs assessments in Burin and Placentia/St. Mary's.
2006-07 Progress:	<i>Navigating the Way: The Burin Peninsula Community Health Needs Assessment</i> was presented to the public on June 28, 2006. <i>On the Path to Health and Wellness: The Southern Avalon Needs Assessment</i> will be presented to the public on June 27, 2007.

As the indicators and their progress made in 2006-07 demonstrate, Eastern Health has a comprehensive understanding of the community health needs of the people on the Burin Peninsula and the Southern Avalon. The organization has invested in maintaining open communication with the communities in the needs assessment catchment areas and engaging them in the process as well as informing them of the outcomes.

Indicators as Outlined in the Strategic Plan	2006-07 Progress
Final reports submitted to the Board in accordance with an approved model and work plan for the specific regional assessment.	<p>The final report for the Burin Peninsula Community Health Needs Assessment was submitted to the Board on May 24, 2006.</p> <p>The Southern Avalon Community Health Needs Assessment will be submitted to the Board on April 25, 2007.</p> <p>In the case of both assessments, a determinants of health model was followed. Two beliefs permeated throughout the report: communities have the strengths, knowledge and skills necessary to originate programs which influence the determinants of health and which promote overall health and well-being; and, individuals have an important role to play in making communities a healthier place to live. In the case of both needs assessments, Community Advisory Committees were struck to have input into the process.</p>
Findings communicated to the public in the assessed areas.	<p><i>Navigating the Way Together: The Burin Peninsula Community Health Needs Assessment</i> was unveiled to the public on June 28, 2006. A number of communication activities occurred to inform the public about the findings. These included: distributing a brochure to all households in the catchment area; distributing a news releases and conducting media interviews; making the report available on CD, the organization's website and in public libraries. Education sessions about the findings occurred with staff throughout the region.</p> <p><i>On the Path to Health and Wellness: The Southern Avalon Needs Assessment</i> will be presented to the public on June 27, 2007. The efforts to communicate the findings will follow a similar model as the Burin Peninsula needs assessment, including distributing flyers and news releases, conducting media interviews, providing education sessions to staff and making the report available on the organization's website, on CD and in public libraries.</p>

5.4 / Policy Governance Model

The Board of Trustees of Eastern Health operates under a Policy Governance model. The Board is committed to having an outward focus and establishing a governance model that enables it to focus upon the achievement of successful outcomes.

Goal:	By March 31, 2008 Eastern Health will have a fully implemented Policy Governance Model.
Objective:	By March 31, 2007 Eastern Health will have a monitoring framework in place for policy governance areas.
2006-07 Progress:	Eastern Health has implemented a Policy Governance Model.

As the indicators and their progress made in 2006-07 demonstrate, Eastern Health's Board of Trustees has developed their policies and initiated the compliance reporting.

Indicators as Outlined in the Strategic Plan	2006-07 Progress
Policies in all four quadrants established and approved by the Board	Policies have been established and approved by the Board in all four quadrants: Ends; Executive Limitations; Board Governance; Board Staff Relations.
Compliance reporting based on: Board policies; Ends policies; Executive limitations; Board/CEO relationships	A schedule of reports on Board policies, Ends Policies, Executive Limitations and Board/CEO Relationships has been developed. The Board is receiving reports as scheduled.

The Board is committed to having an outward focus and establishing a governance model that enables it to focus upon the achievement of successful outcomes.

6 / Objectives for 2007-08

The Strategic Plan 2006-08 clearly outlines the goals, objectives, measures and indicators that the organization will be working towards in 2007-08.

6.1 / Budget/Fiscal Responsibilities

Goal:	By March 31, 2008 Eastern Health will operate within a balanced budget, unless directed otherwise by the Department of Health and Community Services.
Objective:	By March 31, 2008 Eastern Health will have implemented an approved budget plan that results in a balanced budget, unless otherwise directed by Government.
Measure:	Balanced budget.
Indicators:	<p>Plan established that identifies adjustments to service levels within acceptable standards and available funding.</p> <p>Decision making process established to support achieving a balance budget.</p> <p>Systems established to monitor and correct variances to the plan.</p> <p>Reporting structure established to ensure governance level decisions associated with the fiscal sustainability of the organization are consistently measured.</p> <p>No increase in the accumulated deficit unless approved by Government. Structures established to regularly inform the Minister of status of the organization's fiscal situation.</p>

6.2 / Infrastructure and Equipment Plan

Goal:	By March 31, 2008 Eastern Health will have a comprehensive infrastructure plan and an equipment plan with ongoing implementation of approved components initiated.
Objective:	By March 31, 2008 Eastern Health will have implemented approved components of the capital infrastructure and capital equipment plan.
Measure:	Implementation of approved components.
Indicator:	Approved components implemented.

6.3 / Community Health Needs Assessment

Goal:	By March 2008, Eastern Health will have completed a needs assessment of select areas of the region in support of the development of a regional health services plan.
Objective:	By March 31, 2008 Eastern Health will have completed needs assessments in Conception Bay North and the southern shore of the Avalon Peninsula.
Measure:	Needs assessment completed.
Indicators:	<p>Final reports submitted to the Board in accordance with an approved model and work plan for the specific regional assessment.</p> <p>Findings communicated to the public in the assessed areas.</p>

The Board of Trustees is committed to supporting and enhancing a culture of safety.

6.4 / Policy Governance Model

Goal:	By March 31, 2008 Eastern Health will have a fully implemented Policy Governance Model.
Objective:	By March 31, 2008 Eastern Health will have reviewed and revised policy governance areas leading to full implementation.
Measure:	Reviewed and revised policies.
Indicators:	Compliance with an approved schedule for review and revision of all Board policies. Evidence of the review process documented.

6.5 / Promoting and Supporting a Patient Safety Culture

On April 25, 2007, the Board of Trustees added a new goal to its strategic plan around the issue of a patient safety culture.

The Board of Trustees is committed to supporting and enhancing patient safety. The successful implementation of a new Board committee and the establishment of regular reporting on an Executive Limitation Policy will help promote patient safety initiatives throughout the organization.

Goal:	By March 31, 2008, Eastern Health will have implemented a board policy (Executive Limitations) to ensure that the safety of our clients, patients and residents is an integral part of our organization.
Objective:	By March 2008, the Board of Trustees will receive regular reports in accordance with the Patient Safety Executive Limitations.
Measure:	Executive Limitations EL-11 reported to the Board. ¹
Indicators:	Signed reports by the President and Chief Executive Officer being tabled at the Board meetings. An annual update to the Board on the organization's progress on the Safer Healthcare Now Initiative. One Board education session on patient safety.

¹ As per a Policy Governance Model, an Executive Limitations policy states clearly what the Board will not allow. Eastern Health's EL-11 focuses on safety and quality improvement.

7 / Opportunities and Challenges

The mission of the organization is to provide health and community services along an integrated continuum. Clinical and administrative integration will therefore continue to be a primary focus for the organization. Administrative issues currently at the forefront that will receive significant attention during the next year are the management of information, performance management, transition agreements with unions and the development of an organizational culture. Clinically, the organization will continue to develop its policy networks.

Financially, the organization has maintained a balanced budget and has made contributions to the organization's debt, which now stands at \$71.9 million. Eastern Health operates in a very dynamic environment and constant vigilance is necessary in order to ensure the financial sustainability of the organization, particularly given the debt facing the organization and the many needs being identified. Key budgetary pressures are being experienced in the adult acute care sector and in the Child Youth and Family Services area. New technology, drugs and treatments as well as external environmental factors can drive up costs and challenge budgets. The organization continues to be taxed in the area of infrastructure, particularly in the areas of acute care in St. John's and long-term care.

As a fairly new organization, it can be frustrating for people to navigate through the organization and the health and community services sector in general. This difficulty is exacerbated for seniors and people with literacy challenges. The organization has an opportunity to review its systems/processes from the perspective of providing services along the continuum and to find innovation solutions to this challenge.

Eastern Health has been under increasing public scrutiny due to the Turner Report, the ER/PR judicial inquiry and class action lawsuit, and the Burin Peninsula radiology review. These issues have undoubtedly shaken the confidence of the general public in the health care system.

Restoring public confidence is a priority for the Board of Trustees and the organization. Eastern Health will continue to ensure a safe environment with open, honest and timely communication with all stakeholders.

As the province's population gets older due to declining birth rates and outmigration, it is anticipated that the changing demographics will have an impact on health care services.

Rural areas of the region are feeling the impact of the demographic shift with many seniors living alone without traditional family support. The Northeast Avalon continues to grow and put pressure on services within the urban area. This is particularly being felt in acute care, St. John's, and in long-term care. Understanding the demographics and its impact allows the organization to review its current services and service delivery models and to find innovative ways to meet the needs of the population to be served. The demographic changes in the province also challenge the organization's ability to recruit and retain health care workers throughout the region. This can result in vacancy-related issues or pressure to introduce market differentials.

The Board of Eastern Health has demonstrated its commitment to community partnerships in a number of ways during the past two years. This emphasis will continue, particularly as it relates to Eastern Health's devolved services and the faith- and fraternity-based owner boards of long-term care services in St. John's and Clarke's Beach. The organization will be developing Memorandums of Understanding with these groups in order to ensure the continuation of quality care.

The health care sector is no doubt a challenging but rewarding one. The workforce of Eastern Health is committed to environmental-scanning to be cognizant of the opportunities and challenges that exist and to respond to them as appropriate.



The workforce of Eastern Health is committed to environmental-scanning to be cognizant of the opportunities and challenges that exist and to respond to them as appropriate.



Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

Tel: (709) 576-8480
Fax: (709) 576-8460
www.deloitte.ca

AUDITORS' REPORT

To the Board of Trustees of
Eastern Regional Health Authority

We have audited the combined statement of financial position of Eastern Regional Health Authority – Operating Fund as at March 31, 2007 and the combined statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 8, 2007

Member of
Deloitte Touche Tohmatsu

Combined Statement of Operations

Year Ended March 31, 2007 (in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
REVENUE		
Provincial plan	801,066	755,435
MCP	45,440	42,651
Inpatient	12,550	11,563
Resident	26,218	25,482
Outpatient	6,601	6,183
Other	28,974	27,769
	920,849	869,083
EXPENDITURES		
Administration	84,578	82,616
Support	123,274	117,118
Patient and resident services	250,873	239,788
Ambulatory care	90,118	83,600
Diagnostic and therapeutic	118,300	122,339
Client services	149,696	127,524
Medical services	62,538	58,660
Research and education	12,972	13,444
Interest on long-term debt	10,585	10,753
Other	6,897	6,173
	909,831	862,015
SURPLUS ON OPERATIONS	11,018	7,068
ADJUSTMENTS FOR NON-SHAREABLE ITEMS:		
Amortization of deferred capital contributions	17,073	15,958
Amortization of capital assets	(26,623)	(26,435)
Accrued vacation	(2,346)	(458)
Accrued severance	(13,882)	(1,689)
Board Fund operations	14	(2)
EXCESS OF EXPENDITURES OVER REVENUE	(14,746)	(5,558)

Combined Statement of Changes in Fund Balances

Year Ended March 31, 2007 (in thousands of dollars)

	2007			2006	
	Net Investment in Capital Assets	Operating Fund	Board Equity	Total	Total
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	61,652	(201,527)	2,312	(137,563)	(132,005)
Excess of revenue over expenditures (expenditures over revenue)	-	(14,760)	14	(14,746)	(5,558)
Principal portion of capital leases	1,161	(1,161)	-	-	-
Repayment of long term debt	3,254	(3,254)	-	-	-
Increase in sinking fund	1,169	(1,169)	-	-	-
Disposal of capital assets	(3)	3	-	-	-
Transfer to capital grants	-	-	(16)	(16)	-
Amortization of deferred capital contributions	17,073	(17,073)	-	-	-
Amortization of capital assets	(26,623)	26,623	-	-	-
BALANCE, END OF YEAR	57,683	(212,318)	2,310	(152,325)	(137,563)

Combined Statement of Financial Position

Year Ended March 31, 2007 (in thousands of dollars)

	2007	2006
	\$	\$
ASSETS		
CURRENT		
Cash and temporary investments	2,752	322
Accounts receivable (Note 4)	30,910	26,849
Supplies inventory	7,787	8,627
Prepaid expenses	2,836	6,573
	44,285	42,371
DEFERRED CHARGES	395	498
CAPITAL ASSETS (Note 5)	306,171	312,868
GENERAL HOSPITAL HOSTEL ASSOCIATION LOANS	1,966	2,079
TRUST FUNDS	3,405	3,297
	356,222	361,113
LIABILITIES		
CURRENT		
Bank indebtedness (Note 6)	-	24,279
Accounts payable and accrued liabilities	81,770	67,718
Accrued vacation pay	30,822	28,483
Current portion of long-term debt (Note 7)	2,652	3,013
Current portion of obligations under capital leases (Note 8)	682	1,145
Current portion of accrued severance pay	3,400	3,673
Deferred revenue - operating	21,860	13,969
Deferred revenue - capital	14,912	16,306
	156,098	158,586
LONG-TERM DEBT (Note 7)	159,138	163,200
OBLIGATIONS UNDER CAPITAL LEASES (Note 8)	545	1,119
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	85,471	82,739
TRUST FUNDS	3,405	3,297
ACCRUED SEVERANCE PAY	103,890	89,735
	508,547	498,676
CONTINGENCIES (Note 11) COMMITMENTS (Note 12)		
NET ASSETS (DEFICIENCY)		
Net investment in capital assets	57,683	61,652
Deficit	(212,318)	(201,527)
Board equity	2,310	2,312
	(152,325)	(137,563)
	356,222	361,113

APPROVED BY THE BOARD

 Director
  Director

Combined Statement of Cash Flows
Year Ended March 31, 2007 (in thousands of dollars)

	2007	2006
	\$	\$
OPERATING ACTIVITIES		
Excess of expenditures over revenue	(14,746)	(5,558)
Adjustments for:		
Amortization of capital assets	26,623	26,435
Amortization of deferred capital contributions	(17,073)	(15,958)
Loss on disposal of capital assets	3	65
Increase in severance pay accrual	13,882	1,708
Decrease in deferred charges	103	104
Changes in non-cash working capital (Note 9)	23,404	9,641
	32,196	16,437
INVESTING ACTIVITIES		
Proceeds from disposal of capital assets	-	128
Building improvements and equipment purchases	(19,987)	(20,429)
	(19,987)	(20,301)
FINANCING ACTIVITIES		
Proceeds from long term debt	-	1,293
Proceeds from capital leasing	124	207
Transfer from Board equity	(16)	-
Repayment of long-term debt	(3,254)	(2,943)
Sinking fund payments	(1,169)	(1,119)
Repayment on General Hospital Hostel Association loan	113	111
Repayment of obligations under capital lease	(1,161)	(1,178)
Deferred building and equipment grants	19,863	19,136
	14,500	15,507
NET INCREASE IN CASH RESOURCES	26,709	11,643
BANK INDEBTEDNESS, BEGINNING OF YEAR	(23,957)	(35,600)
CASH (BANK INDEBTEDNESS), END OF YEAR	2,752	(23,957)
CASH (BANK INDEBTEDNESS) IS COMPRISED OF:		
Bank indebtedness	-	(24,279)
Cash and temporary investments	2,752	322
	2,752	(23,957)

1. NATURE OF OPERATIONS

The Eastern Regional Health Authority ("Eastern Health" or "the Authority") was created on April 1, 2005 to assume the responsibility of governance for health services in the Eastern Region of Newfoundland and Labrador.

The mandate of Eastern Health spans the full health continuum including primary and secondary level health and community services for the Eastern Region (Avalon, Bonavista and Burin Peninsulas, west to Port Blandford) as well as tertiary and other provincial programs/services for the whole Province. The organization also has a mandate to work to improve the overall health of the population through its focus on public health as well as on health promotion and prevention initiatives. Services are both community and institutional based. In addition to the provision of comprehensive health care services, Eastern Health also provides education and research in partnership with all stakeholders.

Eastern Health is a registered charity and, while registered, is exempt from tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles. The more significant accounting policies of the Authority are as follows:

Agreements With Nursing Homes

Eastern Health has memoranda of understanding/governance agreements with the following nursing home owner/operators ("homes") in the region:

- Masonic Park – Nursing Home
- Saint Luke's Homes (A Division of Anglican Home Inc.)
- St. Patrick's Mercy Home
- The Agnes Pratt Home
- The Salvation Army Glenbrook Lodge
- The Pentecostal Assemblies Benevolent Association of Newfoundland and Labrador
Clarke's Beach Senior Citizen's Home

Eastern Health is responsible for policy direction, distribution of operating funds and capital grants, and providing certain services to homes, which are individually controlled entities. As a result of this relationship, the financial statements of these homes are combined with the financial statements of Eastern Health. Ultimate ownership of assets and liabilities rests with the individual homes or the respective governing bodies.

Fund Accounting

The Authority applies fund accounting principles in recording its financial transactions in the Operating Fund.

The Operating Fund contains all the operating assets, liabilities, revenue and expenditures of the Authority related to the provision of health care services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Authority.

Inventory

Inventory is valued at average cost, determined on a first-in first-out basis.

Notes to the Financial Statements

March 31, 2007 (in thousands of dollars)

Capital Assets

Capital assets are recorded at cost, although title to certain of these assets rests with the Government of Newfoundland and Labrador. Contributed capital assets are recorded at fair market value at the date of contribution. Minor equipment purchases are charged to operations in the year of acquisition.

Amortization is calculated on a straight-line basis and declining balance basis at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets less estimated salvage value over the useful life of the assets.

Buildings and renovations	2% - 5%
Equipment	15% - 20%
Equipment under capital leases	14.3% - 25%
Land improvements	10% - 20%

Gains and losses on disposal of individual assets are recognized in income in the year of disposal.

Construction in progress is not amortized until the project is substantially complete at which time the project costs are transferred to buildings and renovations and amortized accordingly.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Capital and Operating Leases

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other similar capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Capital Contributions

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis and using the same rates as the amortization expense related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in net assets.

Severance Pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service with the Board or another public sector employer, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

Revenue Recognition

Provincial plan revenues are recognized in the period in which entitlement arises. MCP, inpatient, outpatient and residential revenues are recognized in the period services are provided. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pension Costs

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Authority. The annual contributions for pensions are recognized in the accounts on a current basis.

Debenture Discount and Commission

The debenture discount and financing fees are amortized on a straight-line basis over the term of the debenture.

Sinking Funds

Sinking funds established for the retirement of debentures are held and administered in trust by the Government of Newfoundland and Labrador.

Deferred Charges

Deferred charges include costs incurred relating to an energy performance contract as disclosed in Note 12. The deferred charges are being amortized over the 9.75 year life of the energy performance contract.

Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year to assist Eastern Health in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

Use Of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

3. CONTROL OF NOT-FOR-PROFIT ENTITIES

The Authority controls the Health Care Foundation of St. John's Inc., Janeway Children's Hospital Foundation, Waterford Foundation Inc., Trinity Conception Foundation, Burin Peninsula Health Care Foundation, Discovery Foundation and the Dr. H. Bliss Murphy Foundation. These Foundations raise funds from the community for the capital equipment needs of the Authority. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Authority also controls the General Hospital Hostel Association, Northwest Rotary-Janeway Hostel Corporation, Lions Manor Inc., TCRHB Housing Complex Inc., Blue Crest Cottages and Golden Heights Manor Cottages. These entities were established to provide accommodations for family members of patients and housing to senior citizens.

As of March 31, 2003, the prior Board of Directors approved a resolution that the assets, liabilities and net assets of the Board Fund (excluding those relating to the capital campaign) be transferred to the Operating Fund. The net assets of \$3,274,000 were transferred to the Operating Fund as a capital grant and included in deferred capital contributions.

On November 1, 2003, the Health Care Foundation of St. John's Inc. assumed the operations of the General Hospital Health Foundation, the St. Clare's Mercy Hospital Foundation and the Capital Campaign Fund. The Waterford Foundation Inc. continues to operate as a separate entity, but reports to the Board of Directors of the Health Care Foundation of St. John's Inc.

The Capital Campaign Fund consisted of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds by the Government of Newfoundland and Labrador. The funds have been used to purchase equipment for various hospital sites of the Authority. This fund was reported as part of Eastern Health.

Notes to the Financial Statements
 March 31, 2007 (in thousands of dollars)

These not-for-profit entities have not been consolidated in the Authority's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2007 and 2006 and for the years then ended are as follows (in thousands of dollars):

	Foundations		Hostels	
	2007	2006	2007	2006
	\$	\$	\$	\$
Financial position				
Total assets	9,453	9,232	12,747	13,090
Total liabilities	2,280	3,849	12,856	13,159
Total net assets	7,173	5,384	(109)	(69)
	9,453	9,233	12,747	13,090
Results of Operations				
Total revenues	9,406	9,495	2,215	2,164
Total expenditures	7,116	8,610	2,246	2,265
Excess of revenues over expenditures (expenditures over revenue)	2,290	885	(31)	(101)
Cash Flows				
Cash from operations	463	(1,142)	502	369
Cash used in financing and investing activities	(297)	(3,153)	(321)	(302)
Increase (decrease) in cash	166	(4,295)	181	67

Notes to the Financial Statements

March 31, 2007 (in thousands of dollars)

4. ACCOUNTS RECEIVABLE

	<u>2007</u>	<u>2006</u>
	\$	\$
Government of Newfoundland and Labrador	10,343	4,777
Services to patients, residents and clients	12,398	14,314
Other	8,169	7,758
	30,910	26,849

5. CAPITAL ASSETS

	<u>2007</u>			<u>2006</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land and land improvements	3,708	501	3,207	3,234
Buildings and renovations	372,676	135,110	237,566	240,064
Equipment	307,038	250,014	57,024	61,289
Equipment under capital leases	15,032	13,333	1,699	2,120
Construction in progress	6,675	-	6,675	6,161
	705,129	398,958	306,171	312,868

6. BANK INDEBTEDNESS

The Authority has access to lines of credit totaling \$64,000,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution. The authority to borrow has been approved by the Minister of Health and Community Services.

7. LONG-TERM DEBT

	<u>2007</u>	<u>2006</u>
	\$	\$
Sinking Fund Debenture, Series HCCL, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15	130,000	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan for 15 year term maturing May 2014, payable in monthly instalments of principal and interest of \$101,670	7,077	7,843
Royal Bank of Canada (Veterans Pavilion), 5.03% loan for 5 year term maturing April 2008, payable in monthly instalment of principal and interest of \$10,877	127	248
Bank of Montreal, 3.82% loan for 5 year term maturing June, 2010, payable in monthly instalments of principal and interest of \$23,699	868	1,114
Newfoundland and Labrador Housing Corporation ("NLHC") mortgage bearing interest at 4.97% due June 1, 2007, secured by land and buildings at the Masonic Park facility and repayable in blended monthly instalments of \$3,769 with an amortization period to January, 2017	351	379
NLHC mortgage bearing interest at 4.97%, due June 1, 2007 secured by land and buildings at Masonic Park facility and repayable in blended monthly instalments of \$3,060 with an amortization period to June 1, 2018	313	333
NLHC mortgage bearing interest at 7.63%, due April 1, 2027, secured by first specific charge on buildings at the Glenbrook Lodge facility, repayable in blended monthly instalments of \$13,317	1,655	1,689
NLHC mortgage bearing interest at 8% due in 2027 secured by land and buildings at the Saint Luke's Home facility, repayable in blended monthly instalments of \$3,714	450	459

Notes to the Financial Statements

March 31, 2007 (in thousands of dollars)

	<u>2007</u> \$	<u>2006</u> \$
NLHC mortgage bearing interest at 5.13% due in 2010 secured by land and buildings at the Saint Luke's Home Facility, repayable in blended semi-annual instalments of \$13,988	77	101
NLHC mortgage bearing interest at 4.33%, due in 2009 secured by registered first mortgage providing a fixed charge on land and buildings, registered chattel mortgage providing a first charge over all existing and acquired chattels, equipment and vehicles at the St. Patrick's Mercy Home facility, NLHC Form 530 dated May 20, 1983 undertaking to insure a maximum loan amount of \$8,696,934, and an assignment of fire insurance, repayable in blended monthly instalments of \$49,576 with an amortization period to August 1, 2019	5,714	6,056
The Roman Catholic Episcopal Corporation of St. John's, Archdiocese - non-interest bearing loan with no set terms of repayment	1,955	1,955
Royal Bank mortgage bearing interest at 4.34%, due January 1, 2010, secured by a first charge against the land, buildings and contents of the Agnes Pratt Home facility, repayable in blended monthly instalments of \$54,445 with an amortization period to February 1, 2023	7,493	7,816
Canadian Imperial Bank of Commerce's prime lending rate less 0.625 basis points borrowing to finance the construction of a new facility at Old Perlican. Loan is repayable in monthly instalments of \$21,200 plus interest, matures in 2016 and is unsecured	2,393	2,647
6.22% Newfoundland and Labrador Housing Corporation mortgage, payable in blended monthly instalments of \$22,177. The mortgage matures in December 2020 and is secured by land and building	2,446	2,576
10% Newfoundland and Labrador Housing Corporation mortgage, payable in blended monthly instalments of \$8,955. The mortgage matures in December 2028 and is secured by land and building	968	979

Notes to the Financial Statements

March 31, 2007 (in thousands of dollars)

	<u>2007</u>	<u>2006</u>
	\$	\$
5.35% Toronto Dominion Bank term loan, amortized to December 2018, repayable in blended monthly instalments of principal and interest of \$4,030	423	448
6.45% Newfoundland and Labrador Housing Corporation mortgage, amortized to July 1, 2020, repayable in blended monthly instalments of principal and interest of \$1,293, secured by the property to which it relates	137	145
Newfoundland and Labrador Housing Corporation, 5.88% mortgage repayable in blended semi-annual instalments of principal and interest of \$8,360, maturing in 2007	9	24
Newfoundland and Labrador Housing Corporation 6.88% mortgage repayable in blended semi-annual instalments of principal and interest of \$7,978, maturing in 2009	37	50
CMHC mortgages on land and buildings -		
8%, on Blue Crest Home; repayable in blended monthly instalments of principal and interest of \$7,777, maturing November 2007	912	933
10.5% on Golden Heights Manor, repayable in blended monthly instalments of principal and interest of \$7,549; maturing August 2027	773	784
3.88% on Golden Heights Manor, repayable in blended monthly instalments of principal and interest of \$22,085, maturing June 2023	3,210	3,336
Royal Bank of Canada (Centre for Nursing Studies) repaid during the year	-	393
Toronto Dominion Bank term loan repaid during the year	-	334
	167,388	170,642
Less: Current portion	2,652	3,013
	164,736	167,629
Less: Sinking Funds available	5,598	4,429
	159,138	163,200

Notes to the Financial Statements

March 31, 2007 (in thousands of dollars)

Annual principal repayments of long-term debt are as follows:

	\$
2008	2,652
2009	2,631
2010	2,746
2011	2,624
2012	2,675
Thereafter	154,060

8. OBLIGATIONS UNDER CAPITAL LEASES

The Authority has acquired medical and surgical equipment under the terms of capital leases. Payments under the leases, scheduled to expire at various dates to March 31, 2009, are as follows:

Fiscal year ended	\$
2008	709
2009	619
	<hr/> 1,328
Less: amount representing interest (ranging from 0.0% to 9.0%)	101
	<hr/> 1,227
Less: current portion	682
	<hr/> <hr/> 545

9. SUPPLEMENTAL CASH FLOW INFORMATION

	<u>2007</u>	<u>2006</u>
	\$	\$
Change in non-cash operating working capital		
Accounts receivable	(4,061)	(1,824)
Supplies inventory	840	(803)
Prepaid expenses	3,737	(2,098)
Accounts payable and accrued liabilities	14,052	3,120
Accrued vacation pay	2,339	263
Deferred revenue - operating	7,891	3,147
Deferred revenue - capital	(1,394)	7,807
	23,404	9,612
Interest paid	10,585	10,753

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions related to capital assets, which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization for the related asset purchased.

The changes in deferred capital contributions balance for the year are as follows:

	<u>2007</u>	<u>2006</u>
	\$	\$
Balance, beginning of the year	82,739	79,561
Grants received	19,863	19,136
Disposal of assets	(58)	-
Amortization	(17,073)	(15,958)
Balance, end of the year	85,471	82,739

11. CONTINGENCIES

Guarantees

The Authority has guaranteed a first mortgage of the General Hospital Hostel Association ("the Association") held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2007 was \$1,523,541 (2006 - \$1,607,162).

The Authority has guaranteed an additional term loan of the Association held by the Royal Bank of Canada. The balance of the loan outstanding at March 31, 2007 was \$901,994 (2006 - \$940,938).

Management believes the Authority will not be called upon to honour these guarantees.

Other

At year end, a number of claims have been filed against the Authority. Subsequent to year end, a class action suit has been certified by the courts against the Authority. An estimate of loss, if any, relative to these matters, is not determinable at this time and no provision has been recorded in the accounts for these matters. In the view of management, the Authority's insurance program adequately addresses the issue of risk of loss in these matters.

12. COMMITMENTS

Operating Leases

Under the terms of several long-term operating leases related to hospital and office equipment, the Authority is committed to make approximate annual lease payments to March 31, 2012 as follows:

	\$
2008	3,577
2009	2,737
2010	2,614
2011	1,861
2012	458
	<hr/>
	11,247

Energy Performance Contract

The Authority entered into an Energy Performance Contract with Honeywell Ltd. for the design and implementation of measures to improve energy efficiency, wherein Honeywell Ltd. guaranteed the energy savings component.

The final contract amount was \$10,515,625 and is to be repaid from operating and energy savings over a seven year period to September, 2007, at the rate of \$161,810 per month, including principal and interest.

As of March 31, 2007 the balance of the expenditures financed through the Bank of Nova Scotia amounted to \$944,425. As support for the financing, Honeywell Ltd. has assigned to the bank any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority, the guaranteed energy savings component by Honeywell Ltd. is an offset to any obligation of the Authority under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Authority at March 31, 2007.

The Authority entered into an Energy Performance contract on August 11, 1998 with The Enerplan/Rose Group for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract was \$5,605,094. Lump sum amounts aggregating \$1,008,555 have been paid and recorded as deferred charges with the remaining balance of \$4,596,439 being financed by the Enerplan/Rose Group through CitiCapital Technology Finance Limited. The deferred charge amount is being amortized at \$103,442 annually for 9.75 years while the payments to the Enerplan/Rose Group are \$56,833 per month over a period of 9.75 years.

The Enerplan/Rose Group has assigned its payments under the contract to CitiCapital Technology Finance Limited. As at March 31, 2007 the outstanding balance of the financing through the Enerplan/Rose Group was \$2,496,155. The Authority's obligation for payment is limited to actual cost savings as the Enerplan/Rose Group has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments and the amortization of the deferred charges relating to lump sum amounts under the contract are being reported in the Authority's operating statements as a normal operating cost.

13. RELATED PARTY TRANSACTIONS

Contributions to the Authority during the year are as follows:

	2007	2006
	\$	\$
Janeway Children's Hospital Foundation	1,430	1,172
Dr. H. Bliss Murphy Cancer Care Foundation	384	59
General Hospital Hostel Association	361	361
Health Care Foundation of St. John's Inc.	300	1,692
Peninsulas Health Care Corporation Foundation	293	134
Masonic Park Apartments	187	187
Trinity-Conception-Placentia Health Foundation	146	88
Family Housing - A Division of Anglican Homes Inc.	102	101
Bishop Meaden Manor - A Division of Anglican Homes Inc.	87	78
Discovery Health Care Foundation	44	7
Lions Manor Inc.	28	20
TCRHB Housing Complex Inc.	2	2
Waterford Foundation Inc.	-	3
	3,364	3,904

Notes to the Financial Statements
 March 31, 2007 (in thousands of dollars)

At year end, the amounts receivable from related parties are as follows:

	<u>2007</u>	<u>2006</u>
	\$	\$
Northwest Rotary - Janeway Hostel Corporation	995	872
Peninsulas Health Care Corporation Foundation	500	432
Dr. H. Bliss Murphy Cancer Care Foundation	402	189
Health Care Foundation of St. John's Inc.	384	1,418
Janeway Children's Hospital Foundation	285	896
Golden Heights Manor Cottages	154	126
Waterford Foundation Inc.	110	58
Blue Crest Cottages	105	133
General Hospital Hostel Association	94	110
Masonic Park Apartments	41	72
Salvation Army Headquarters	33	33
Family Housing - A Division of Anglican Homes Inc.	15	10
Bishop Meaden Manor - A Division of Anglican Homes Inc.	2	4
Discovery Health Care Foundation	(1)	-
	3,119	4,353

Other

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fund raising activities to provide operating and capital donations to further the objectives of the Authority.

Transactions between these related parties are measured at their exchange value.

14. FINANCIAL INSTRUMENTS

The carrying value of the Authority's financial instruments, included in current assets and current liabilities, approximates fair value due to the relatively short-term nature of these instruments.

Long-term debt and obligations under capital leases reflect fair value based on current borrowing rates available to the Authority.

15. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current presentation.

Combined Schedule of Expenditures for Government Reporting
 Year Ended March 31, 2007 (in thousands of dollars)

SCHEDULE 1

	2007	2006
	\$	\$
ADMINISTRATION		
Executive offices	13,072	16,901
Finance and budgeting	7,249	6,300
Human resources	8,236	7,528
Systems support	11,396	10,341
Materials management	17,531	17,001
Other administrative	27,094	24,545
	84,578	82,616
SUPPORT		
Housekeeping	24,825	23,321
Laundry and linen	8,542	8,352
Facilities management	42,851	42,118
Food services	31,080	30,069
Other support	15,976	13,258
	123,274	117,118
PATIENT AND RESIDENT SERVICES		
Acute care	142,960	138,277
Long term care	92,586	90,157
Other patient and resident services	15,327	11,354
	250,873	239,788
AMBULATORY CARE		
Emergency	20,389	19,503
Outpatient clinics	54,519	49,634
Dialysis	10,565	9,658
Other ambulatory	4,645	4,805
	90,118	83,600

	<u>2007</u>	2006
	\$	\$
DIAGNOSTIC AND THERAPEUTIC		
Clinical laboratory	31,176	41,029
Diagnostic imaging	34,697	31,419
Other diagnostic and therapeutic	52,427	49,891
	118,300	122,339
CLIENT SERVICES		
Continuing care	30,775	28,200
Child, youth and family	39,678	33,417
Family and rehabilitation	54,817	47,360
Other client services	24,426	18,547
	149,696	127,524
MEDICAL SERVICES		
Physician services	49,808	46,305
Interns and residents	12,730	12,355
	62,538	58,660
RESEARCH AND EDUCATION		
Research	2,168	2,325
Education	10,804	11,119
	12,972	13,444
INTEREST ON LONG-TERM DEBT		
Interest on long-term debt	10,585	10,753
	10,585	10,753
OTHER		
Undistributed	6,897	6,173
	6,897	6,173
Total shareable expenditures	909,831	862,015

Combined Schedule of Revenues and Expenditures for Government Reporting
 Year Ended March 31, 2007 (in thousands of dollars)

SCHEDULE 2

	<u>2007</u>	<u>2006</u>
	\$	\$
REVENUE		
Provincial plan	801,066	755,435
MCP	45,440	42,651
Inpatient	12,550	11,563
Resident	26,218	25,482
Outpatient	6,601	6,183
Other	28,974	27,769
	920,849	869,083
EXPENDITURES		
Salaries	511,326	486,517
Employee benefits	86,934	85,043
Supplies - regular	141,846	134,416
Supplies - drugs	33,719	29,322
Supplies - medical and surgical	41,363	38,794
Client services	84,058	77,170
Lease - interest	73	109
Lease - principal	1,161	994
Long-term debt - interest	10,512	10,644
Long-term debt - principal	4,002	3,655
	914,994	866,664
SURPLUS ON OPERATIONS	5,855	2,419
LEASE - PRINCIPAL	1,161	994
LONG-TERM DEBT - PRINCIPAL	4,002	3,655
SURPLUS BEFORE NON-SHARABLE ITEMS	11,018	7,068
ADJUSTMENTS FOR NON-SHAREABLE ITEMS:		
Amortization of deferred capital contributions	17,073	15,958
Amortization of capital assets	(26,623)	(26,435)
Accrued vacation	(2,346)	(458)
Accrued severance	(13,882)	(1,689)
Board Fund operations	14	(2)
EXCESS OF EXPENDITURES OVER REVENUE	(14,746)	(5,558)

**Combined Schedule of Capital Transactions Funding and Expenditures
for Government Reporting** Year Ended March 31, 2007 (in thousands of dollars)

SCHEDULE 3

	<u>2007</u>	<u>2006</u>
	\$	\$
REVENUE		
Provincial plan	13,467	16,259
Deferred grants previous year	16,306	8,499
Board funds	23	28
Capital Campaign	38	5,776
Foundations and auxiliaries	1,336	3,248
Infoway	1,800	-
Transfer from operations	1,698	1,441
Proceeds from long-term debt	-	1,293
Proceeds from leases	124	207
Other	107	191
Deferred grant current year	(14,912)	(16,306)
	19,987	20,636
EXPENDITURES		
Buildings	5,551	2,378
Equipment	13,532	15,865
Vehicles	271	116
Equipment under capital leases	120	-
Construction in progress	513	2,070
	19,987	20,429
SURPLUS ON CAPITAL TRANSACTIONS	-	207

Combined Schedule of Accumulated Operating Deficit for Government Reporting
 Year Ended March 31, 2007 (in thousands of dollars)

SCHEDULE 4

	<u>2007</u>	<u>2006</u>
	\$	\$
ASSETS		
CURRENT		
Cash and temporary investments	2,752	322
Accounts receivable	30,910	26,849
Supplies inventory	7,787	8,627
Prepaid expenses	2,836	6,573
	<hr/>	
	44,285	42,371
DEFERRED CHARGES		
	395	498
GENERAL HOSPITAL HOSTEL ASSOCIATION LOANS	1,966	2,079
	<hr/>	
	46,646	44,948
LIABILITIES		
CURRENT		
Bank indebtedness	-	24,279
Accounts payable and accrued liabilities	81,770	67,718
Deferred revenue - operating	21,860	13,969
Deferred revenue - capital	14,912	16,306
	<hr/>	
	118,542	122,272
<hr/>		
Accumulated deficit for government reporting	(71,896)	(77,324)

Eastern Health's Health Service Facilities and Bed Numbers (as of May 2007)

Eastern Health	Acute Care	Critical Care	Holding	Bassennettes	Long-Term Care	Beds Total	Hostel
Janeway Children's Health and Rehabilitation Centre	78	25	0		0	78	
General Hospital	337	32	0	30	0	337	
Leonard A. Miller Centre	58	0	0		74	132	
St. Clare's Mercy Hospital	203	16	0		0	203	
Waterford Hospital	67	0	0		104	167	
Dr. Walter Templeman Health Centre	8	0	0		12	20	
Salvation Army Glenbrook Lodge	0	0	0		113	113	
St. Patrick's Mercy Home	0	0	0		213	213	
Saint Luke's Homes	0	0	0		127	127	
The Agnes Pratt Home	0	0	0		128	128	
Masonic Park Nursing Home	0	0	0		40	40	
Hoyles-Escasoni Complex	0	0	0		369	369	
Carbonear General Hospital	80	6	0	10	0	80	
Harbour Lodge Nursing Home	0	0	0		107	107	
Carbonear Interfaith Seniors Citizen Home	0	0	0		54	54	
Pentecostal Senior Citizen's Home	0	0	0		75	75	
Placentia Health Centre/Lions Manor Nursing Home	10	0	0		75	85	
Dr. G. B. Cross Memorial Hospital	42	4	0	9	15	71	
Burin Peninsula Health Care Centre	38	4	0		0	51	
U.S. Memorial Health Centre	0	0	2		30	32	
Bonavista Peninsula Health Centre	10	0	0		13	23	
Golden Heights Manor	0	0	0		65	65	
Dr. William H. Newhook Community Health Centre	0	0	3		0	3	
Dr. A.A. Wilkinson Health Centre	0	0	3		0	3	
Grand Bank Community Health Centre	0	0	4		0	4	
Blue Crest Nursing Home	0	0	0		61	61	
Hostel – Agnes Cowan Hostel							120
TOTAL	871	87	9		1684	2651	120



Eastern
Health



**Healthy People,
Healthy Communities**

www.easternhealth.ca



Administrative Office
Waterford Bridge Road
St. John's, NL A1E 4J8

www.easternhealth.ca