

MEMO

To: Board Members
From: Eric Sinclair, GM Finance & Performance
Date: 18 April 2018
Subject: Financial Report for February 2018

<i>Status</i>
This report contains:
<input checked="" type="checkbox"/> For decision
<input type="checkbox"/> Update
<input checked="" type="checkbox"/> Regular report
<input type="checkbox"/> For information

Overview

Financial Result



Budget Variance



Forecast Position



Cash Position



Capital Expenditure

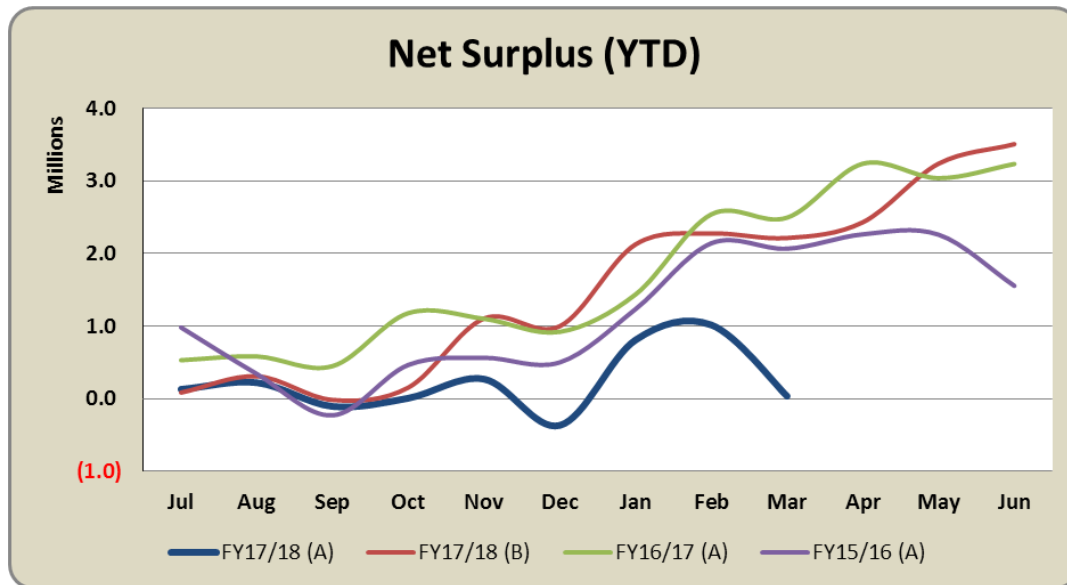


Commentary

A \$0.98M deficit (against the planned \$0.06M deficit) for the month has brought the 9 month result to a surplus of \$32k (against the planned surplus of \$2.20M). This gives a 9 month adverse variance to the plan of \$2.17M.

Detailed financial statements are included in the Appendix attached to this report.

March 2018 \$Ms				Year to Date \$Ms				Full Year \$Ms	
Actual	Budget	Budget Variance	Last Year Actual	Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
38.78	38.68	0.10	41.18	370.39	369.37	1.03	351.38	493.82	468.24
Revenue									
Expenditure									
14.61	13.87	(0.74)	16.65	138.35	137.51	(0.84)	130.04	184.30	175.32
6.54	6.31	(0.23)	6.63	63.36	60.36	(3.01)	55.14	80.29	72.90
13.09	13.02	(0.08)	12.94	118.65	119.29	0.64	115.30	159.04	153.41
3.69	3.69	(0.00)	3.42	34.00	33.24	(0.75)	32.66	44.32	43.41
37.93	36.89	(1.05)	39.63	354.36	350.39	(3.96)	333.13	467.95	445.04
0.85	1.79	(0.95)	1.54	16.04	18.97	(2.93)	18.25	25.86	23.19
1.83	1.86	0.03	1.59	16.01	16.77	0.77	15.76	22.36	19.96
(0.98)	(0.06)	(0.92)	(0.05)	0.03	2.20	(2.17)	2.49	3.50	3.23



Key messages for the month

- Whilst NMH continues to report a small surplus position the monthly result significantly eroded into the surplus report the end of February.
- The March result has a few key items to note:
 - The cost of outstanding annual leave for the SMO workforce was revalued during March with the final part of the MECA implementation. This forms part of the cost of settlement and resulted in an additional one-off cost of approx. \$150k within the month.
 - RMO costs were \$80k adverse to plan in the month which reflects the additional RMOs necessary to meet the roster requirements of the RDA MECA settlement over the planned levels.
 - Workforce costs (aggregating employed and contracted/locum) for medical (excluding the items mentioned previously) and nursing were both adverse to the planned levels for the month, \$168k and \$255k respectively. In both cases FTEs for the month were higher than expected and we are still completing the investigation into the causes.
 - Pharmaceuticals within the hospital continue to track adverse to plan with the variance \$174k for the month bringing the YTD adverse variance to \$1,016k. Community pharmaceutical costs were also high in March resulting in an adverse variance of \$293k and \$797k for the YTD. We have received the February forecast from Pharmac and it showed little movement from the November forecast.

Eric Sinclair
GM Finance and Performance

RECOMMENDATIONS:

THAT THE BOARD RECEIVES THE FINANCIAL REPORT.

Appendix A – Detailed Financial Statements

Statement of Financial Performance

March 2018 \$000s				Year to Date \$000s				Full Year \$000s	
Actual	Budget	Budget Variance	Last Year Actual	Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
Revenue									
34,740	34,681	59	36,984	331,646	330,501	1,145	314,592	442,001	418,471
1,704	1,759	(55)	1,878	17,210	17,608	(399)	16,246	23,530	22,090
1,272	1,277	(4)	1,110	12,055	12,061	(6)	11,430	16,007	15,243
1,066	965	100	1,203	9,483	9,197	286	9,113	12,278	12,433
38,782	38,682	100	41,176	370,394	369,367	1,027	351,382	493,817	468,237
Expenditure									
14,280	13,765	(516)	16,337	135,592	136,529	937	127,173	182,993	171,259
326	102	(224)	310	2,756	980	(1,777)	2,870	1,306	4,060
14,607	13,867	(740)	16,647	138,348	137,509	(840)	130,043	184,299	175,319
Total Workforce									
1,382	1,313	(68)	896	12,102	11,912	(189)	8,186	15,875	10,561
3,106	2,666	(439)	3,242	28,092	25,430	(2,662)	26,108	34,028	35,623
2,054	2,333	279	2,488	23,170	23,013	(156)	20,841	30,390	26,718
13,092	13,015	(77)	12,940	118,648	119,289	641	115,296	159,040	153,409
3,694	3,693	(1)	3,420	33,995	33,241	(754)	32,655	44,321	43,412
37,935	36,888	(1,047)	39,633	354,355	350,394	(3,961)	333,130	467,953	445,043
847	1,794	(946)	1,542	16,039	18,973	(2,934)	18,252	25,864	23,194
Surplus/(Deficit) before IDCC									
29	19	(9)	27	261	189	(72)	1,839	252	1,914
1,019	1,058	39	982	8,712	9,568	856	8,743	12,757	11,631
780	780	(1)	579	7,034	7,016	(18)	5,178	9,355	6,418
1,828	1,857	29	1,588	16,007	16,773	766	15,760	22,364	19,964
(981)	(63)	(918)	(46)	32	2,200	(2,168)	2,492	3,500	3,230
Surplus/(Deficit) after IDCC									
(973)	(836)	(138)	2,490	9,716	8,719	997	3,327	12,970	4,560
38	37	1	(22)	461	289	171	(15)	355	(115)
(45)	736	(781)	(2,515)	(10,144)	(6,808)	(3,336)	(821)	(9,824)	(1,215)
(981)	(63)	(918)	(46)	32	2,200	(2,168)	2,492	3,500	3,230

Financial Performance by Division

March 2018 \$000s			
Actual	Budget	Budget Variance	Last Year Actual
35,552	35,474	78	37,776
354	354	0	353
22,615	22,456	160	21,972
(19,739)	(19,601)	(138)	(18,926)
38,782	38,682	100	41,176
36,525	36,310	(215)	35,286
316	317	1	375
22,660	21,719	(941)	24,487
(19,739)	(19,601)	138	(18,926)
39,763	38,745	(1,018)	41,221
(973)	(836)	(138)	2,490
38	37	1	(22)
(45)	736	(781)	(2,515)
(981)	(63)	(918)	(46)

Revenue

Funds	339,255	337,656	1,599	321,581	451,541	427,945
Governance and Funding Administration	3,206	3,210	(5)	3,209	4,281	4,270
Provider	204,829	204,910	(81)	196,895	273,208	262,585
Eliminations	(176,896)	(176,409)	(487)	(170,303)	(235,212)	(226,563)

Total Revenue

Expenditure

Funds	329,539	328,937	(602)	318,253	438,571	423,385
Governance and Funding Administration	2,745	2,921	176	3,224	3,926	4,385
Provider	214,974	211,718	(3,256)	197,715	283,032	263,800
Eliminations	(176,896)	(176,409)	487	(170,303)	(235,212)	(226,563)

Total Expenditure

Net Contribution

Funds	9,716	8,719	997	3,327	12,970	4,560
Governance and Funding Administration	461	289	171	(15)	355	(115)
Provider	(10,144)	(6,808)	(3,336)	(821)	(9,824)	(1,215)

Net Surplus/(Deficit)

Year to Date \$000s				Full Year \$000s	
Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
339,255	337,656	1,599	321,581	451,541	427,945
3,206	3,210	(5)	3,209	4,281	4,270
204,829	204,910	(81)	196,895	273,208	262,585
(176,896)	(176,409)	(487)	(170,303)	(235,212)	(226,563)
370,394	369,367	1,027	351,382	493,817	468,237
329,539	328,937	(602)	318,253	438,571	423,385
2,745	2,921	176	3,224	3,926	4,385
214,974	211,718	(3,256)	197,715	283,032	263,800
(176,896)	(176,409)	487	(170,303)	(235,212)	(226,563)
370,362	367,167	(3,195)	348,889	490,317	465,006
9,716	8,719	997	3,327	12,970	4,560
461	289	171	(15)	355	(115)
(10,144)	(6,808)	(3,336)	(821)	(9,824)	(1,215)
32	2,200	(2,168)	2,492	3,500	3,230

Statement of Financial Position

\$000s	June 2017 Actual	Mar Actual	Mar Budget	Variance	Annual Budget
Current Assets					
Bank	21,561	30,671	27,542	3,129	30,156
Deposits > 3 months	19,301	19,950	18,950	1,000	18,950
Debtors & Prepayments	18,140	18,657	15,000	3,657	15,000
Stock	2,700	2,624	2,770	(146)	2,770
Assets Held for Sale	465	465	191	274	465
Current Assets	62,167	72,367	64,453	7,914	67,341
Current Liabilities					
Creditors	28,534	35,913	29,804	(6,109)	29,804
Employee Entitlements	33,201	37,281	32,000	(5,281)	32,000
Term Debt - Current Portion	477	486	500	14	500
Current Liabilities	62,212	73,681	62,304	(11,377)	62,304
Working Capital	(46)	(1,314)	2,149	(3,463)	5,037
Non Current Assets					
Property Plant and Equipment	171,589	172,460	170,378	2,082	168,227
Other Non Current Assets	3,881	3,949	3,980	(31)	3,998
Non Current Assets	175,470	176,409	174,358	2,051	172,225
Employee Entitlements	9,923	9,923	10,200	277	10,200
Term Debt	8,663	8,296	7,300	(996)	7,300
Non Current Liabilities	18,586	18,219	17,500	(719)	17,500
Net Assets	156,838	156,876	159,007	(2,131)	159,762
Equity					
Crown Equity	83,015	83,015	83,014	1	82,467
Revaluation Reserve	53,213	53,213	53,213	0	53,213
Retained Earnings:					
General	19,789	18,622	21,977	(3,355)	23,831
DSS	(52)	647	432	215	17
Mental Health	873	1,378	371	1,007	234
Total Retained Earnings	20,611	20,647	22,780	(2,133)	24,082
Total Crown Equity	156,838	156,876	159,007	(2,131)	159,762

Statement of Cash Flows

Mar			Year to Date			Full Year
Actual	Budget	Variance	Actual	Budget	Variance	AP
Operating Cash Flow						
Receipts						
39,942	37,717	2,225	359,689	360,173	(484)	481,490
152	167	(15)	1,268	1,500	(232)	2,000
971	965	6	7,971	9,193	(1,222)	12,274
41,065	38,849	2,216	368,928	370,866	(1,938)	495,764
Payments						
13,850	13,743	(107)	131,513	136,387	4,874	182,783
22,795	21,662	(1,133)	213,357	215,072	1,715	283,291
-	-	-	4,693	4,677	(16)	9,355
68	19	(49)	1,269	189	(1,080)	252
36,713	35,424	(1,289)	350,832	356,325	5,493	475,681
4,352	3,425	927	18,096	14,541	3,555	20,083
Net Cash Inflow/(Outflow) from Operating Activities						
Cash Flow from Investing Activities						
Receipts						
(4)	-	(4)	100	-	100	-
(4)	-	(4)	100	-	100	-
Payments						
960	4,700	3,740	9,671	15,950	6,279	17,550
-	-	-	(585)	-	585	-
960	4,700	3,740	9,086	15,950	6,864	17,550
(964)	(4,700)	3,736	(8,986)	(15,950)	6,964	(17,550)
Net Cash Inflow/(Outflow) from Investing Activities						
Net Cash Inflow/(Outflow) from Financing Activities						
3,388	(1,275)	4,663	9,110	(1,409)	10,519	1,986
27,283	28,037	(754)	21,561	28,171	(6,610)	28,171
30,671	26,762	3,909	30,671	26,762	3,909	30,157
Closing Balance						

12-Month Rolling Cash Forecast

Consolidated 12 Month Rolling Statement of Cash Flows \$000s	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Cash Flow												
Receipts												
Government & Crown Agency Received	39,048	43,600	38,669	40,690	40,690	40,690	40,690	40,690	40,690	40,690	40,690	40,690
Interest Received	167	167	167	167	167	167	167	167	167	167	167	167
Other Revenue Received	969	1,133	978	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034
Total Receipts	40,184	44,900	39,814	41,891	41,891	41,891	41,891	41,891	41,891	41,891	41,891	41,891
Payments												
Personnel	14,936	17,023	14,437	15,348	15,348	15,348	15,348	15,348	15,348	15,348	15,348	15,348
Payments to Suppliers and Providers	23,156	25,178	23,004	23,876	23,876	23,876	23,876	23,876	23,876	23,876	23,876	23,876
Capital Charge	-	-	4,677	-	-	-	-	-	4,677	-	-	-
Interest Paid	19	24	19	32	32	32	32	32	32	32	32	32
Total Payments	38,111	42,225	42,137	39,256	39,256	39,256	39,256	39,256	43,933	39,256	39,256	39,256
Net Cash Inflow/(Outflow) from Operating Activities	2,073	2,675	(2,323)	2,635	2,635	2,635	2,635	2,635	(2,042)	2,635	2,635	2,635
Cash Flow from Investing Activities												
Receipts												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital Expenditure	3,300	3,600	3,100	100	500	500	700	250	1,100	600	800	1,250
Increase in Investments	3,300	3,600	3,100	100	500	500	700	250	1,100	600	800	1,250
Total Payments	(3,300)	(3,600)	(3,100)	(100)	(500)	(500)	(700)	(250)	(1,100)	(600)	(800)	(1,250)
Net Cash Inflow/(Outflow) from Investing Activities	-	-	(547)	-	-	-	-	-	-	-	-	-
Net Cash Inflow/(Outflow) from Financing Activities												
Net Increase/(Decrease) in Cash Held	(1,227)	(925)	(5,970)	2,535	2,135	2,135	1,935	2,385	(3,142)	2,035	1,835	1,385
Plus Opening Balance	30,671	29,444	28,519	22,549	25,084	27,219	29,354	31,289	33,674	30,532	32,567	34,402
Closing Balance	29,444	28,519	22,549	25,084	27,219	29,354	31,289	33,674	30,532	32,567	34,402	35,787