

MEMO

To: Board Members
From: Eric Sinclair
 GM Finance, Performance & Facilities
Date: 20 February 2019
Subject: Financial Report for January 2019

Status

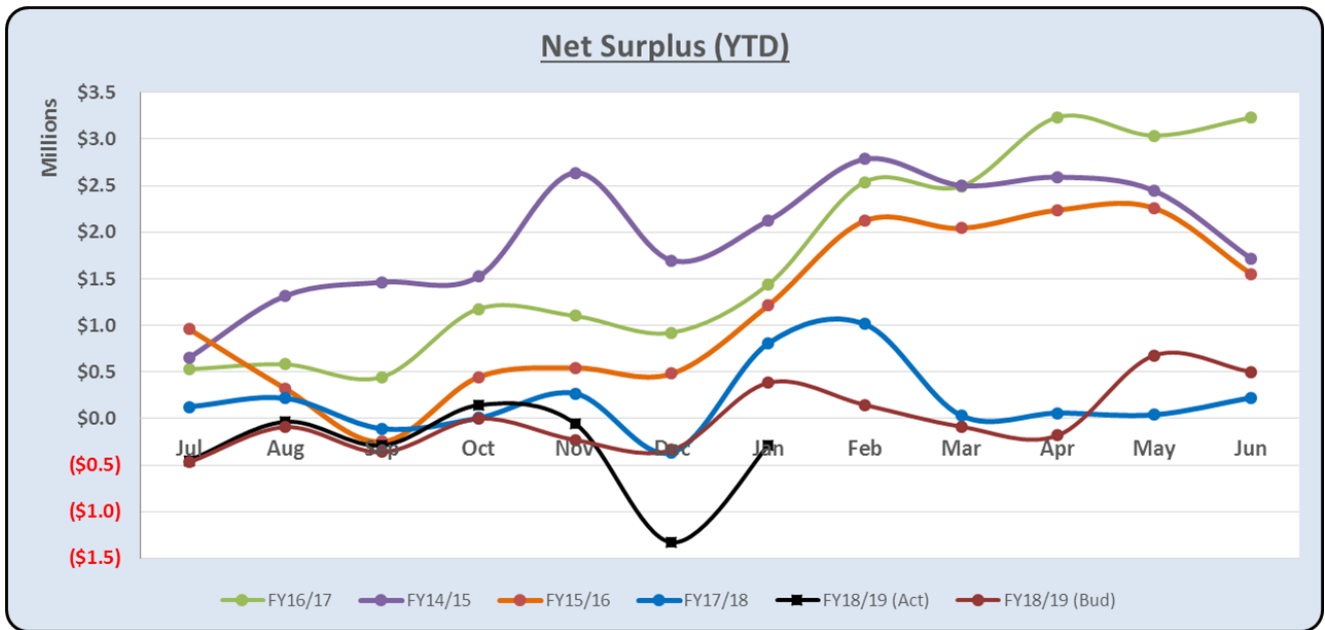
This report contains:

- For decision
- Update
- Regular report
- For information

Overview

The operating result for the YTD shows a small surplus of \$0.44M (favourable by \$0.06M) prior to the MECA impacts of \$0.78M as noted to the Board last month. This results in a net deficit result of \$0.29M for the YTD which is \$0.67M adverse to our planned result.

It is pleasing that the result for January was a \$1.04M surplus (\$0.31M favourable) which brings the DHB back towards our planned result.



January 2019 \$000s			
Actual	Budget	Budget Variance	Last Year Actual
42,762	42,695	66	41,452
3,315	2,488	828	2,354
432	505	(73)	378
836	834	2	980
1,083	1,100	(16)	880
48,429	47,622	806	46,044
18,812	19,302	490	18,038
662	154	(508)	317
19,474	19,456	(18)	18,355
1,521	1,459	(62)	1,406
2,441	2,493	52	2,194
3,903	4,016	113	4,450
260	263	3	285
2,841	2,876	35	2,835
10,178	10,394	216	9,833
3,902	3,900	(2)	3,708
44,521	44,858	337	43,067
3,907	2,764	1,143	2,978
28	24	(3)	29
1,117	1,109	(8)	996
1,726	910	(816)	780
2,870	2,043	(827)	1,805
1,037	721	316	1,172
0	0	0	0
0	0	0	0
1,037	721	316	1,172

Revenue

MOH devolved funding
 MOH non-devolved funding
 ACC Revenue
 Other government & DHBs
 Other income

Total Revenue

Expenditure

Employed Workforce
 Outsourced Workforce

Total Workforce

Outsourced Services
 Clinical Supplies
 Pharmaceuticals
 Air Ambulance
 Non-Clinical Supplies
 External Provider Payments
 Inter District Flows

Total Expenditure before IDCC

Surplus/(Deficit) before IDCC

Interest Expense
 Depreciation
 Capital Charge

Total IDCC

Operating Surplus/(Deficit)

MECA Settlements
 Impairment of NOS Asset

Net Surplus /(Deficit)

Year to Date \$000s				Full Year \$000s	
Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
275,426	273,229	2,196	261,189	463,268	444,601
14,699	13,978	721	13,792	23,322	23,088
3,364	3,514	(150)	2,931	6,034	5,264
6,017	5,932	86	6,422	10,173	10,845
8,221	7,307	914	7,177	12,368	14,456
307,727	303,960	3,767	291,511	515,165	498,254
113,716	115,883	2,167	106,818	196,196	184,566
3,408	1,012	(2,396)	2,105	1,676	4,131
117,125	116,896	(229)	108,923	197,873	188,697
10,203	9,817	(386)	9,438	16,716	16,352
16,411	15,435	(976)	15,187	25,890	26,703
27,234	27,213	(21)	27,748	45,958	47,174
2,291	1,807	(484)	1,719	3,089	3,162
19,488	18,841	(647)	18,693	31,204	27,302
72,979	72,785	(194)	70,126	124,362	121,804
27,324	27,300	(24)	26,407	46,801	45,330
293,055	290,095	(2,960)	278,242	491,891	476,524
14,672	13,866	807	13,269	23,274	21,729
195	150	(45)	204	252	346
7,752	7,690	(62)	6,787	13,056	11,784
6,282	5,643	(640)	5,473	9,465	9,376
14,230	13,483	(747)	12,464	22,773	21,506
442	382	60	806	500	223
735	0	(735)	0	0	0
0	0	0	0	0	2,255
(293)	382	(675)	806	500	(2,032)

Key messages for the month

- Revenue from the MOH is showing as favourable by \$0.8M for the month which is offset by the higher than planned capital charge expense. The revaluation of our property assets that occurred as at 30 June 2018 resulted in a higher net asset position and therefore attracts a higher capital charge expense. Current policy within the health sector is additional capital charge expenses arising from property/asset revaluations will be funded with the funds received in May or June. This provides a net nil position both within the DHB and more broadly for the Crown financial statements.
- Although ACC revenue is lower than planned in the month, through lower ACC surgical cases and the continued success of the falls prevention programme, the income from non-residents (i.e. patients from countries where there is no reciprocal arrangement and are therefore not eligible for publicly funded health care in NZ) was up significantly within the month and is now well ahead of the budgeted level. The challenge now is ensuring that the revenue is realised as often there are write-offs of the non-resident income as it can be very difficult to track the individual once they have left NZ and secure the cash.
- Most of the expense lines are favourable to plan which is reflective of lower hospital activity, for example, surgical caseweights for January were 63 lower than planned however attendances to the emergency department were 654 higher than planned. The lower surgical caseweight numbers, especially within orthopaedics is the main driver of the favourable clinical supply costs.

Eric Sinclair
GM Finance Performance & Facilities

RECOMMENDATIONS:

THAT THE BOARD RECEIVES THE FINANCIAL REPORT.

Appendix A – Detailed Financial Statements

Financial Performance by Division

January 2019 \$000s					Year to Date \$000s			
Actual	Budget	Budget Variance	Last Year Actual		Actual	Budget	Budget Variance	Last Year Actual
				Revenue				
43,558	43,498	60	42,274	Funds	281,154	278,845	2,309	267,174
408	411	(3)	354	Governance and Funding Administration	2,529	2,551	(22)	2,499
28,911	27,984	927	23,132	Provider	176,655	173,039	3,617	159,331
(24,447)	(24,270)	(177)	(19,715)	Eliminations	(152,611)	(150,475)	(2,136)	(137,493)
48,429	47,622	806	46,044	Total Revenue	307,727	303,960	3,767	291,511
				Expenditure				
41,927	41,850	(77)	36,877	Funds	277,149	273,241	(3,908)	256,851
325	327	2	282	Governance and Funding Administration	2,463	2,175	(287)	2,111
29,588	28,995	(593)	27,428	Provider	181,020	178,637	(2,383)	169,237
(24,447)	(24,270)	177	(19,715)	Eliminations	(152,611)	(150,475)	2,136	(137,493)
47,392	46,901	(490)	44,872	Total Expenditure	308,020	303,578	(4,442)	290,705
				Net Contribution				
1,631	1,648	(17)	5,397	Funds	4,005	5,605	(1,599)	10,323
83	84	(1)	72	Governance and Funding Administration	66	376	(310)	388
(677)	(1,011)	334	(4,296)	Provider	(4,364)	(5,598)	1,234	(9,905)
1,037	721	316	1,172	Net Surplus/(Deficit)	(293)	382	(675)	806

Statement of Financial Position

\$000s	June 2018 Actual	Jan Actual	Jan Budget	Variance	Annual Budget
Current Assets					
Bank	18,468	18,704	21,978	(3,274)	20,841
Deposits > 3 months	19,950	21,284	19,950	1,334	19,950
Debtors & Prepayments	18,436	20,082	18,436	1,646	18,636
Stock	2,715	2,600	2,715	(115)	2,715
Assets Held for Sale	465	465	465	(0)	-
Current Assets	60,034	63,135	63,544	(409)	62,142
Current Liabilities					
Creditors	27,437	27,974	31,718	3,744	32,086
Employee Entitlements	37,032	39,039	34,851	(4,188)	34,851
Term Debt - Current Portion	490	497	501	4	507
Current Liabilities	64,958	67,510	67,070	(440)	67,444
Working Capital	(4,924)	(4,376)	(3,526)	(850)	(5,302)
Non Current Assets					
Property Plant and Equipment	208,262	207,125	206,925	200	208,111
Other Non Current Assets	1,762	1,763	1,763	(0)	1,763
Non Current Assets	210,024	208,888	208,688	200	209,874
Employee Entitlements	9,406	9,406	9,406	-	9,406
Term Debt	8,172	7,877	7,892	15	7,692
Non Current Liabilities	17,578	17,283	17,298	15	17,098
Net Assets	187,522	187,229	187,864	(635)	187,474
Equity					
Crown Equity	82,467	82,467	82,468	(1)	81,920
Revaluation Reserve	86,476	86,476	86,475	1	86,475
Retained Earnings:					
General	19,028	17,526	19,041	(1,515)	19,557
DSS	160	496	(47)	543	(51)
Mental Health	(610)	264	(73)	337	(427)
Total Retained Earnings	18,579	18,286	18,921	(635)	19,079
Total Crown Equity	187,522	187,229	187,864	(635)	187,474

Statement of Cash Flows

	Year to Date			Full Year
	Actual	Budget	Variance	AP
Operating Cash Flow				
Receipts				
Government & Crown Agency Received	298,286	296,653	1,633	502,797
Interest Received	935	1,167	(232)	2,000
Other Revenue Received	7,318	7,305	13	12,363
Total Receipts	306,539	305,125	1,414	517,160
Payments				
Personnel	113,956	115,845	1,889	195,964
Payments to Suppliers and Providers	178,366	176,268	(2,098)	298,597
Capital Charge	5,554	4,733	(821)	9,465
Interest Paid	482	-	(482)	-
Total Payments	298,358	296,846	(1,512)	504,026
Net Cash Inflow/(Outflow) from Operating Activities	8,181	8,279	(98)	13,134
Cash Flow from Investing Activities				
Receipts				
Sale of Fixed Assets	69	-	69	-
Total Receipts	69	-	69	-
Payments				
Capital Expenditure	6,680	4,350	(2,330)	9,500
Increase in Investments	1,334	-	(1,334)	-
Total Payments	8,014	4,350	(3,664)	9,500
Net Cash Inflow/(Outflow) from Investing Activities	(7,945)	(4,350)	(3,595)	(9,500)
Net Cash Inflow/(Outflow) from Financing Activities	-	(419)	419	(1,262)
Net Increase/(Decrease) in Cash Held	236	3,510	(3,274)	2,372
Plus Opening Balance	18,468	18,468	-	18,468
Closing Balance	18,704	21,978	(3,274)	20,840

Consolidated 12 Month Rolling Statement of Cash Flows \$000s	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Cash Flow												
Receipts												
Government & Crown Agency Received	40,082	39,556	39,609	46,582	40,316	44,500	42,900	42,900	42,900	42,900	42,900	42,900
Interest Received	167	167	167	167	167	169	169	169	169	169	169	169
Other Revenue Received	978	977	983	1,130	990	1,043	1,043	1,043	1,043	1,043	1,043	1,043
Total Receipts	41,227	40,700	40,759	47,879	41,473	45,712	44,112	44,112	44,112	44,112	44,112	44,112
Payments												
Personnel	15,936	14,842	14,813	19,091	15,438	16,865	16,865	16,865	16,865	16,865	16,865	16,865
Payments to Suppliers and Providers	24,557	25,016	25,199	26,666	20,891	25,123	25,123	25,123	25,123	25,123	25,123	25,123
Capital Charge	-	-	-	-	5,532	-	-	-	-	-	5,580	-
Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-
Total Payments	40,493	39,858	40,012	45,757	41,861	41,989	41,990	41,991	41,992	41,993	47,574	41,995
Net Cash Inflow/(Outflow) from Operating Activities	734	842	747	2,122	(388)	3,723	2,122	2,121	2,120	2,119	(3,462)	2,117
Cash Flow from Investing Activities												
Receipts												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital Expenditure	750	1,900	500	1,050	950	1,017	217	467	667	1,367	1,267	767
Increase in Investments	750	1,900	500	1,050	950	1,017	217	467	667	1,367	1,267	767
Total Payments	(750)	(1,900)	(500)	(1,050)	(950)	(1,017)	(217)	(467)	(667)	(1,367)	(1,267)	(767)
Net Cash Inflow/(Outflow) from Investing Activities	(58)	(57)	(58)	(63)	(605)	(60)	(60)	(60)	(60)	(60)	(60)	(60)
Net Cash Inflow/(Outflow) from Financing Activities												
Net Increase/(Decrease) in Cash Held	(74)	(1,115)	189	1,009	(1,943)	2,646	1,845	1,594	1,393	692	(4,789)	1,290
Plus Opening Balance	19,188	19,114	17,999	18,188	19,197	17,254	19,900	21,745	23,339	24,732	25,424	20,635
Closing Balance	19,114	17,999	18,188	19,197	17,254	19,900	21,745	23,339	24,732	25,424	20,635	21,925