

MEMO

To: Board Members
From: Eric Sinclair, GM Finance & Performance
Date: 21 June 2017
Subject: Financial Report for 2017

Status

This report contains:

- For decision
- Update
- Regular report
- For information

Overview

Financial Result



Budget Variance



Forecast Position



Cash Position



Capital Expenditure

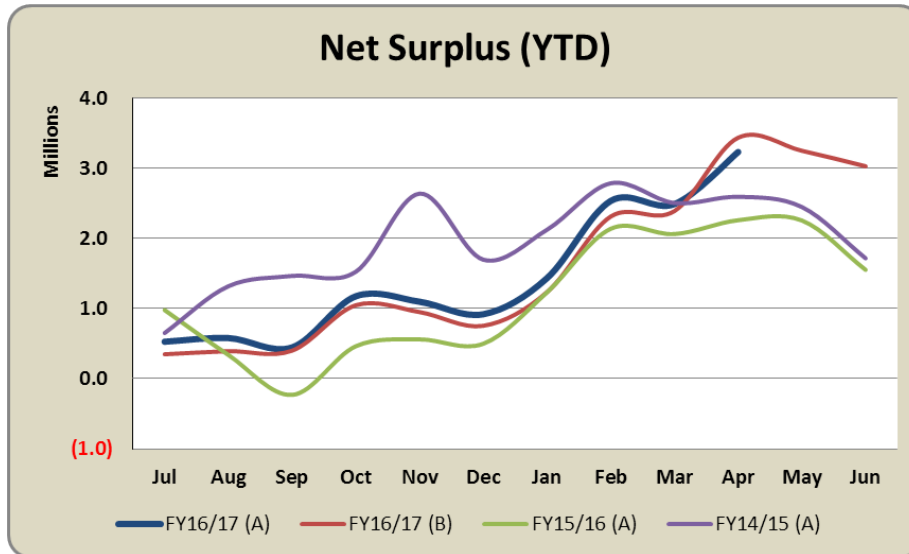


Commentary

As the summarised statement of financial performance (SFP), below, shows NMH has a surplus for the 11 months of \$3.0M which is adverse to the initial plan by \$0.2M and adverse to the agreed budget with the MOH by \$1.1M. The result for May was a small deficit of \$0.2M which was on track with our initial plan.

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

May 2017 \$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
41.50	41.61	(0.11)	37.28	430.39	432.54	(2.15)	418.66	470.53	461.57
Revenue									
Expenditure									
17.20	16.77	(0.43)	13.15	161.20	160.51	(0.70)	152.41	174.47	170.86
7.15	6.44	(0.71)	6.11	67.66	65.65	(2.01)	66.41	71.66	72.64
12.77	13.17	0.40	12.61	140.11	142.00	1.89	137.13	154.81	149.93
3.41	3.40	(0.01)	3.54	39.90	39.82	(0.08)	40.59	43.23	45.04
40.53	39.78	(0.75)	35.41	408.88	407.98	(0.90)	396.54	444.17	438.47
0.97	1.83	(0.86)	1.87	21.52	24.56	(3.05)	22.12	26.36	23.10
1.17	2.02	0.84	1.85	18.48	21.30	2.82	19.86	23.33	21.55
(0.20)	(0.18)	(0.02)	0.02	3.04	3.26	(0.22)	2.26	3.03	1.55
-	0.10	(0.10)	-	-	0.86	(0.86)	-	0.97	-
(0.20)	(0.08)	(0.12)	0.02	3.04	4.12	(1.08)	2.26	4.00	1.55



Key messages for the month

- Activity has been high in May which has driven nursing and clinical supplies costs higher than plan. This is seen in the summary SFP with the Workforce and Other Operating Costs lines both showing adverse variances. The higher activity includes a significant amount of work in the orthopaedic service to ensure the agreed volumes are completed. In addition we are seeing an unusually early winter season patient load with the day stay unit open for a significant number of nights through the month.
- The results include a favourable variance within the Mental Health service of \$928k and an adverse variance of \$449k within DSS.
- The key areas where significant adverse variances are arising this year are areas which have been addressed, in total or in part, in the FY17/18 budget.
- The forecast has been reviewed and I continue to forecast a surplus of \$3.2M for the year.
- The cash position remains strong with a balance of \$48.4M on hand.
- Capital expenditure approved during the year totals \$7.8M against the plan of \$10.9M. The unapproved items have been reviewed and a number are carried forward to the FY17/18 capital budget.

Also attached (as item 5.1) are the latest sector wide financial schedules received from the MOH for the 10 months to April 2017.

Eric Sinclair
GM Finance and Performance

RECOMMENDATION:

THAT THE BOARD RECEIVES THE FINANCIAL REPORT.

Appendix A – Detailed Financial Statements

Statement of Financial Performance

May 2017 \$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									
36,990	37,205	(215)	33,184	384,883	385,074	(191)	373,746	418,824	410,698
2,014	1,982	32	1,601	20,207	21,108	(900)	19,695	22,902	21,679
1,316	1,278	39	1,447	13,905	14,201	(296)	13,726	15,474	15,762
1,183	1,143	39	1,046	11,397	12,157	(759)	11,492	13,326	13,432
41,503	41,609	(106)	37,279	430,393	432,540	(2,147)	418,659	470,526	461,572
Total Revenue									
Expenditure									
16,682	16,648	(33)	12,904	157,396	159,286	1,890	149,212	173,130	167,362
520	119	(401)	246	3,807	1,220	(2,587)	3,200	1,338	3,499
17,202	16,767	(435)	13,150	161,203	160,507	(697)	152,412	174,468	170,862
866	856	(10)	912	9,994	9,321	(673)	9,706	10,166	10,711
3,651	3,206	(446)	2,956	32,223	31,246	(977)	31,604	33,972	35,199
2,632	2,375	(257)	2,242	25,440	25,079	(360)	25,100	27,520	26,725
12,768	13,170	402	12,612	140,112	141,999	1,887	137,130	154,813	149,934
3,410	3,402	(8)	3,536	39,903	39,825	(78)	40,588	43,227	45,039
40,529	39,776	(753)	35,409	408,876	407,977	(899)	396,540	444,166	438,469
974	1,833	(859)	1,870	21,517	24,563	(3,046)	22,120	26,360	23,102
Surplus/(Deficit) before IDCC									
27	249	222	250	1,887	2,737	850	2,768	2,986	3,005
980	1,106	126	947	10,671	11,292	621	9,944	12,407	10,744
165	661	496	652	5,922	7,276	1,353	7,149	7,937	7,801
1,172	2,016	844	1,849	18,480	21,305	2,824	19,862	23,330	21,549
(199)	(183)	(15)	21	3,037	3,258	(221)	2,258	3,030	1,553
Surplus/(Deficit) after IDCC									
0	108	(108)	0	0	862	(862)	0	970	0
(199)	(76)	(123)	21	3,037	4,120	(1,083)	2,258	4,000	1,553
Surplus/(Deficit) after MOH Efficiency Target									

Financial Performance by Division

May 2017 \$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									
37,830	37,952	(122)	33,902	393,517	393,293	224	381,552	427,790	419,631
354	356	(2)	427	3,916	3,925	(9)	4,720	4,281	5,147
22,124	22,261	(137)	22,048	240,665	243,892	(3,227)	240,840	265,986	264,862
(18,805)	(18,961)	156	(19,098)	(207,705)	(208,569)	864	(208,453)	(227,530)	(228,068)
41,503	41,609	(106)	37,279	430,393	432,540	(2,147)	418,659	470,526	461,572
Total Revenue									
Expenditure									
34,983	35,533	550	35,246	387,721	390,394	2,673	386,171	425,571	423,042
507	395	(112)	357	4,085	4,084	(1)	4,105	4,471	4,061
25,016	24,825	(191)	20,752	243,255	243,373	118	234,578	264,985	260,984
(18,805)	(18,961)	(156)	(19,098)	(207,705)	(208,569)	(864)	(208,453)	(227,530)	(228,068)
41,701	41,792	91	37,258	427,356	429,282	1,926	416,401	467,496	460,019
Total Expenditure									
Net Contribution									
2,847	2,420	428	(1,345)	5,796	2,899	2,897	(4,620)	2,219	(3,411)
(154)	(39)	(115)	69	(169)	(159)	(9)	616	(191)	1,086
(2,892)	(2,564)	(328)	1,296	(2,590)	518	(3,109)	6,262	1,001	3,878
0	108	(108)	0	0	862	(862)	0	970	0
(199)	(76)	(123)	21	3,037	4,120	(1,083)	2,258	4,000	1,553
Net Surplus/(Deficit)									

Statement of Financial Position

	June 2016	May	May		Annual
\$000s	Actual	Actual	Budget	Variance	Budget
Current Assets					
Bank - National Sweep	24,774	29,096	30,018	(922)	30,457
Deposits - Self-Invested	18,950	19,301	18,950	351	18,950
Debtors & Prepayments	14,740	16,944	14,123	2,821	14,123
Stock	2,723	2,689	2,723	(34)	2,723
Assets Held for Sale	487	465	487	(22)	487
Current Assets	61,675	68,496	66,301	2,195	66,740
Current Liabilities					
Creditors	31,445	33,913	31,284	(2,629)	31,247
Employee Entitlements	33,350	33,641	33,350	(291)	33,350
Term Debt - Current Portion	6,000	404	21,000	20,596	15,000
Current Liabilities	70,795	67,958	85,634	17,676	79,597
Working Capital	(9,120)	538	(19,333)	19,871	(12,857)
Non Current Assets					
Property Plant and Equipment	171,303	170,906	168,942	1,964	168,638
Other Non Current Assets	3,847	3,877	4,462	(585)	4,462
Non Current Assets	175,151	174,783	173,404	1,379	173,100
Non Current Liabilities					
Employee Entitlements	10,405	10,405	10,405	-	10,405
Term Debt	56,968	8,270	41,748	33,478	47,728
Non Current Liabilities	67,373	18,675	52,153	33,478	58,133
Net Assets	98,657	156,646	101,918	54,728	102,110
Equity					
Crown Equity	28,062	83,015	28,062	54,953	27,514
Revaluation Reserve	53,213	53,213	53,214	(1)	53,214
Retained Earnings:					
General	16,580	18,824	19,506	(682)	20,963
DSS	(87)	(87)	621	(708)	427
Mental Health	889	1,681	515	1,166	(8)
Total Retained Earnings	17,382	20,417	20,642	(225)	21,382
Total Crown Equity	98,657	156,646	101,918	54,728	102,110

Statement of Cash Flows

May				Year to Date			Full Year
Actual	Budget	Variance		Actual	Budget	Variance	AP
			Operating Cash Flow				
			Receipts				
37,225	40,505	(3,280)	Government & Crown Agency Received	421,737	420,956	781	457,847
151	188	(37)	Interest Received	1,670	2,063	(393)	2,250
1,090	1,101	(11)	Other Revenue Received	9,845	11,551	(1,706)	12,673
38,466	41,794	(3,328)	Total Receipts	433,252	434,570	(1,318)	472,770
			Payments				
17,998	16,652	(1,346)	Personnel	157,108	157,124	16	173,223
25,799	30,282	4,483	Payments to Suppliers and Providers	256,221	255,931	(290)	271,919
-	-	-	Capital Charge	3,441	3,900	459	7,937
80	249	169	Interest Paid	620	2,737	2,117	2,986
43,877	47,183	3,306	Total Payments	417,390	419,692	2,302	456,065
(5,411)	(5,389)	(22)	Net Cash Inflow/(Outflow) from Operating Activities	15,862	14,878	984	16,705
			Cash Flow from Investing Activities				
			Receipts				
(39)	-	(39)	Sale of Fixed Assets	265	150	115	150
(39)	-	(39)	Total Receipts	265	150	115	150
			Payments				
632	821	189	Capital Expenditure	9,447	9,029	(418)	9,850
-	-	-	Increase in Investments	-	-	-	-
632	821	189	Total Payments	9,447	9,029	(418)	9,850
(671)	(821)	150	Net Cash Inflow/(Outflow) from Investing Activities	(9,182)	(8,879)	(303)	(9,700)
			Net Cash Inflow/(Outflow) from Financing Activities	(2,358)	(756)	(1,602)	(1,323)
(6,630)	(6,230)	(400)	Net Increase/(Decrease) in Cash Held	4,322	5,243	(921)	5,682
35,726	36,248	(522)	Plus Opening Balance	24,774	24,775	(1)	24,775
29,096	30,018	(922)	Closing Balance	29,096	30,018	(922)	30,457

Statement of rolling 12-month cash flows

Consolidated 12 Month Rolling Statement of Cash Flows \$000s	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Cash Flow												
Receipts												
Government & Crown Agency Received	36,891	36,033	36,033	45,036	36,033	45,036	36,033	36,033	36,033	45,036	36,033	45,036
Interest Received	188	167	167	167	167	167	167	167	167	167	167	167
Other Revenue Received	1,121	1,023	1,023	1,148	1,023	1,148	1,023	1,023	1,023	1,148	1,023	1,148
Total Receipts	38,200	37,223	37,223	46,351	37,223	46,351	37,223	37,223	37,223	46,351	37,223	46,351
Payments												
Personnel	16,098	13,837	13,839	17,282	13,839	17,319	13,839	17,282	13,839	13,839	13,839	17,319
Payments to Suppliers	22,989	22,394	21,915	26,011	21,916	26,010	21,916	21,916	21,916	22,011	21,915	26,011
Capital Charge	2,977	-	-	-	-	-	3,000	-	-	-	-	-
Interest Paid	60	60	60	60	60	60	60	60	60	60	60	60
Total Payments	42,124	36,291	35,814	43,353	35,815	43,389	38,815	39,258	35,815	35,910	35,814	43,390
Net Cash Inflow/(Outflow) from Operating Activities	(3,924)	932	1,409	2,998	1,408	2,962	(1,592)	(2,035)	1,408	10,441	1,409	2,961
Cash Flow from Investing Activities												
Receipts												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital Expenditure	745	100	500	500	1,300	100	7,300	1,000	450	4,700	500	1,000
Total Payments	745	100	500	500	1,300	100	7,300	1,000	450	4,700	500	1,000
Net Cash Inflow/(Outflow) from Investing Activities	(745)	(100)	(500)	(500)	(1,300)	(100)	(7,300)	(1,000)	(450)	(4,700)	(500)	(1,000)
Net Cash Inflow/(Outflow) from Financing Activities	(567)	-	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash Held	(5,236)	832	909	2,498	108	2,862	(8,892)	(3,035)	958	5,741	909	1,961
Plus Opening Balance	29,096	23,860	24,692	25,601	28,099	28,207	31,069	22,177	19,142	20,100	25,841	26,750
Closing Balance	23,860	24,692	25,601	28,099	28,207	31,069	22,177	19,142	20,100	25,841	26,750	28,711

Capital Projects

A summary of the capital expenditure for the eight months is shown below.

Row Labels	Budget	Approved	Actual	Forecast	Variance Budget to Forecast
Baseline					
BUILDNG	2,873,000.00	1,752,709.06	368,599.33	2,693,709.06	179,290.94
EQUIP	3,265,886.00	2,201,497.50	1,204,137.55	3,597,361.96	- 331,475.96
IT	3,332,240.00	2,896,806.30	1,185,296.74	4,009,550.46	- 677,310.46
VEHICLES	400,000.00	397,670.00	391,965.72	397,670.00	2,330.00
WRSITE	-	67,771.00	-	67,771.00	- 67,771.00
Building	-	114,424.00	-	114,424.00	- 114,424.00
NNSITE	-	76,043.43	10,043.43	76,043.43	- 76,043.43
Baseline Total	9,871,126.00	7,506,921.29	3,160,042.77	10,956,529.91	- 1,085,403.91
Contingency					
BUILDNG	-	58,384.00	55,269.04	45,000.00	- 45,000.00
Contingency	1,007,946.00	-	-	1,007,946.00	-
EQUIP	-	147,219.00	211,319.98	146,001.48	- 146,001.48
IT	-	53,000.00	46,413.64	53,000.00	- 53,000.00
VEHICLES	-	25,000.00	20,293.87	25,000.00	- 25,000.00
Contingency Total	1,007,946.00	283,603.00	333,296.53	1,276,947.48	- 269,001.48
Grand Total	10,879,072.00	7,790,524.29	3,493,339.30	12,233,477.39	- 1,354,405.39