

MEMO

To: Board Members
From: Eric Sinclair, GM Finance, Performance & Facilities
Date: 19 September 2018
Subject: Financial Report for August 2018

Status
 This report contains:
 For decision
 Update
 Regular report
 For information

Overview

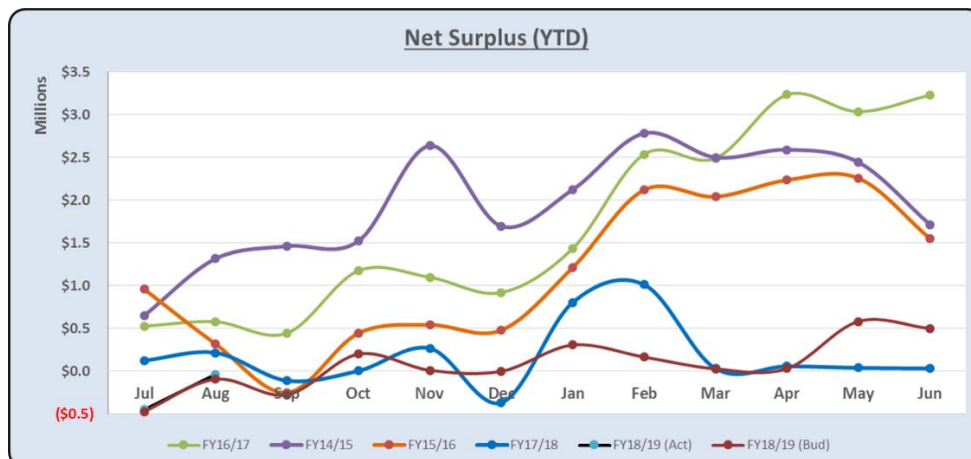
Period two of the new financial year has provided another small favourable variance to the Plan of \$38k. A surplus of \$416k vs the planned surplus of \$378k for the period has resulted in a year to date deficit of \$36k vs Planned deficit of \$93k.

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

August 2018 \$Ms			
Actual	Budget	Budget Variance	Last Year Actual
47.15	46.90	0.25	44.98
18.50	18.80	0.30	17.55
8.27	8.08	(0.19)	7.83
14.02	13.71	(0.31)	14.03
3.89	3.90	0.01	3.70
44.68	44.48	(0.20)	43.11
2.47	2.42	0.05	1.86
2.05	2.04	(0.01)	1.77
0.42	0.38	0.04	0.09

Revenue
Expenditure
 Workforce Costs
 Other Operating Costs
 External Provider Payments excluding IDFs
 Inter District Flows
Total Expenditure before IDCC
Surplus/(Deficit) before IDCC
 Capital Related Costs
Surplus/(Deficit)

Year to Date \$Ms			
Actual	Budget	Budget Variance	Last Year Actual
87.69	87.32	0.37	84.05
33.21	33.68	0.47	31.58
15.09	14.85	(0.24)	14.46
27.72	27.18	(0.54)	26.84
7.81	7.80	(0.01)	7.40
83.83	83.51	(0.32)	80.29
3.85	3.81	0.05	3.77
3.89	3.90	0.01	3.55
(0.04)	(0.09)	0.06	0.22



Key messages for the month

- The first two months of a new financial year tend to have a few transactions that can be a bit “messy” with the flow through of a number of year end transactions and wash-ups along with the changes that occur as the new year commences. To report a small favourable result is a pleasing way to commence the new year.
- A few comments on the month result:
 - The first tranche of new investments (total is \$1.7M) was released within the primary and community space totalling \$775k (for the full year). We are holding any further release until we have the first quarter results but expect that further tranches will be released in the coming months.
 - Clinical supplies were adverse in the month which reflects an element of catch-up of services following the nurses strike and higher volumes in the acute cardiac patients. We are continuing to monitor this to determine if this is just a timing issue or may become ongoing.
 - The latest Pharmac forecast shows an increase in the costs for NMH with the main area the oncology and gastroenterology drugs (i.e. the high cost ones). We are reviewing this further but are unlikely to see any change until the October Pharmac forecast is received.

Eric Sinclair
GM Finance and Performance

RECOMMENDATIONS:

THAT THE BOARD RECEIVES THE FINANCIAL REPORT.

Appendix A – Detailed Financial Statements

Statement of Financial Performance

August 2018 \$000s				Year to Date \$000s				
Actual	Budget	Budget Variance	Last Year Actual		Actual	Budget	Budget Variance	Last Year Actual
Revenue								
42,634	42,395	238	40,556	MOH devolved funding	78,899	78,456	443	75,289
1,943	1,997	(54)	1,972	MOH non-devolved funding	3,995	4,043	(47)	3,959
1,435	1,391	45	1,313	Other government & DHBs	2,648	2,707	(59)	2,668
1,139	1,122	16	1,135	Other income	2,144	2,114	30	2,136
47,150	46,905	246	44,975	Total Revenue	87,686	87,320	366	84,052
Expenditure								
18,033	18,632	599	17,216	Employed Workforce	32,380	33,382	1,002	31,033
462	163	(299)	337	Outsourced Workforce	830	300	(530)	548
18,496	18,796	300	17,553	Total Workforce	33,211	33,682	472	31,581
1,490	1,461	(29)	1,281	Outsourced Services	2,876	2,822	(54)	2,623
3,671	3,476	(195)	3,550	Clinical Supplies	6,522	6,320	(202)	6,261
3,108	3,144	36	2,995	Non-Clinical Supplies	5,691	5,705	14	5,581
14,021	13,707	(314)	14,031	External Provider Payments excluding IDFs	27,723	27,184	(539)	26,838
3,894	3,900	6	3,701	Inter District Flows	7,809	7,800	(9)	7,404
44,680	44,483	(197)	43,112	Total Expenditure before IDCC	83,832	83,514	(318)	80,287
2,470	2,421	49	1,863	Surplus/(Deficit) before IDCC	3,854	3,806	48	3,765
28	24	(4)	29	Interest Expense	56	44	(13)	59
1,116	1,109	(7)	960	Depreciation	2,196	2,217	22	1,925
910	910	0	782	Capital Charge	1,638	1,638	0	1,564
2,054	2,043	(11)	1,771	Total IDCC	3,890	3,899	9	3,548
416	378	38	92	Surplus/(Deficit) after IDCC	(36)	(93)	57	217

Financial Performance by Division

August 2018 \$000s			
<i>Actual</i>	<i>Budget</i>	<i>Budget Variance</i>	<i>Last Year Actual</i>
43,525	43,198	327	41,421
408	411	(3)	354
27,763	27,568	195	22,324
(24,545)	(24,272)	(274)	(19,123)
47,150	46,905	246	44,975
42,461	41,879	(582)	36,702
338	335	(3)	278
28,481	28,584	103	27,027
(24,545)	(24,272)	274	(19,123)
46,735	46,527	(208)	44,884
1,064	1,318	(254)	4,719
70	76	(6)	76
(718)	(1,016)	298	(4,703)
416	378	38	92

Revenue

Funds	
Governance and Funding Administration	
Provider	
Eliminations	

Total Revenue

Expenditure

Funds	
Governance and Funding Administration	
Provider	
Eliminations	

Total Expenditure

Net Contribution

Funds	
Governance and Funding Administration	
Provider	

Net Surplus/(Deficit)

Year to Date \$000s			
<i>Actual</i>	<i>Budget</i>	<i>Budget Variance</i>	<i>Last Year Actual</i>
80,593	80,061	532	76,939
734	741	(6)	728
50,766	50,205	561	44,572
(44,407)	(43,686)	(720)	(38,187)
87,686	87,320	366	84,052
79,939	78,671	(1,269)	72,436
680	618	(62)	649
51,510	51,811	302	48,938
(44,407)	(43,686)	720	(38,187)
87,722	87,413	(309)	83,835
654	1,390	(736)	4,504
54	123	(69)	80
(744)	(1,606)	862	(4,367)
(36)	(93)	57	217

Statement of Financial Position

	June 2018	Aug	Aug		Annual
\$000s	Actual	Actual	Budget	Variance	Budget
Current Assets					
Bank	18,468	25,695	20,841	4,854	20,841
Deposits > 3 months	19,950	19,950	19,950	-	19,950
Debtors & Prepayments	18,436	20,826	18,636	2,190	18,636
Stock	2,715	2,690	2,715	(25)	2,715
Assets Held for Sale	465	465	-	465	-
Current Assets	60,034	69,626	62,142	7,484	62,142
Current Liabilities					
Creditors	27,437	33,723	31,637	(2,086)	31,637
Employee Entitlements	37,032	40,085	34,851	(5,234)	34,851
Term Debt - Current Portion	490	493	507	14	507
Current Liabilities	64,958	74,301	66,995	(7,306)	66,995
Working Capital	(4,924)	(4,674)	(4,853)	179	(4,853)
Non Current Assets					
Property Plant and Equipment	220,095	219,728	212,504	7,224	212,504
Other Non Current Assets	3,827	3,824	3,826	(2)	3,826
Non Current Assets	223,922	223,552	216,330	7,222	216,330
Employee Entitlements	9,406	9,406	9,406	-	9,406
Term Debt	8,172	8,088	7,692	(396)	7,692
Non Current Liabilities	17,578	17,494	17,098	(396)	17,098
Net Assets	201,420	201,384	194,379	7,005	194,379
Equity					
Crown Equity	82,467	82,467	81,921	546	81,921
Revaluation Reserve	98,309	98,309	90,866	7,443	90,866
Retained Earnings:					
General	21,093	20,181	21,205	(1,024)	22,073
DSS	160	465	205	260	(52)
Mental Health	(610)	(38)	182	(220)	(429)
Total Retained Earnings	20,643	20,608	21,592	(984)	21,592
Total Crown Equity	201,420	201,384	194,379	7,005	194,379

Statement of Cash Flows

	Year to Date		
	Actual	Budget	Variance
Operating Cash Flow			
Receipts			
Government & Crown Agency Received	82,515	85,206	(2,691)
Interest Received	261	333	(72)
Other Revenue Received	1,822	2,114	(292)
Total Receipts	84,598	87,653	(3,055)
Payments			
Personnel	29,334	33,175	3,841
Payments to Suppliers and Providers	46,102	52,064	5,962
Capital Charge	(61)	-	61
Interest Paid	137	-	(137)
Total Payments	75,512	85,239	9,727
Net Cash Inflow/(Outflow) from Operating Activities	9,086	2,414	6,672
Cash Flow from Investing Activities			
Receipts			
Sale of Fixed Assets	30	-	30
Total Receipts	30	-	30
Payments			
Capital Expenditure	1,889	800	(1,089)
Increase in Investments	-	-	-
Total Payments	1,889	800	(1,089)
Net Cash Inflow/(Outflow) from Investing Activities	(1,859)	(800)	(1,059)
Net Cash Inflow/(Outflow) from Financing Activities	-	(120)	120
Net Increase/(Decrease) in Cash Held	7,227	1,494	5,733
Plus Opening Balance	18,468	18,468	-
Closing Balance	25,695	19,962	5,733

12-Month Rolling Cash Forecast

Consolidated 12 Month Rolling Statement of Cash Flows	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
\$000s												
Operating Cash Flow												
Receipts												
Government & Crown Agency Received	39,860	45,406	39,868	39,792	46,519	40,083	39,558	39,610	46,579	40,315	42,900	42,900
Interest Received	167	167	167	167	167	167	167	167	167	167	169	169
Other Revenue Received	998	1,137	982	981	1,100	979	978	984	1,131	991	1,044	1,044
Total Receipts	41,025	46,710	41,017	40,940	47,786	41,229	40,703	40,761	47,877	41,473	44,113	44,113
Payments												
Personnel	14,639	18,370	14,714	14,507	20,441	15,673	14,597	14,561	19,618	15,183	16,823	16,823
Payments to Suppliers and Providers	25,371	26,567	25,297	20,480	26,516	24,560	25,020	25,202	26,672	21,343	25,167	25,167
Capital Charge	-	-	-	4,733	-	-	-	-	-	4,732	797	797
Interest Paid	-	-	-	-	-	-	-	-	-	-	33	33
Total Payments	40,010	44,937	40,011	39,720	46,957	40,233	39,617	39,763	46,290	41,258	42,821	42,822
Net Cash Inflow/(Outflow) from Operating Activities	1,015	1,773	1,006	1,220	829	996	1,086	998	1,587	215	1,292	1,291
Cash Flow from Investing Activities												
Receipts												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital Expenditure	250	500	1,250	450	1,100	750	1,900	500	1,050	950	167	217
Increase in Investments	250	500	1,250	450	1,100	750	1,900	500	1,050	950	167	217
Total Payments	(250)	(500)	(1,250)	(450)	(1,100)	(750)	(1,900)	(500)	(1,050)	(950)	(167)	(217)
Net Cash Inflow/(Outflow) from Investing Activities	-	-	-	-	-	-	-	-	-	(547)	-	-
Net Cash Inflow/(Outflow) from Financing Activities												
Net Increase/(Decrease) in Cash Held	765	1,273	(244)	770	(271)	246	(814)	498	537	(1,282)	1,125	1,074
Plus Opening Balance	25,695	26,460	27,733	27,489	28,259	27,988	28,234	27,420	27,918	28,455	27,173	28,298
Closing Balance	26,460	27,733	27,489	28,259	27,988	28,234	27,420	27,918	28,455	27,173	28,298	29,372