

# MEMO

**To:** Board Members  
**From:** Eric Sinclair, GM Finance & Performance  
**Date:** 19 July 2017  
**Subject:** Financial Report for June 2017

**Status**

This report contains:

- For decision
- Update
- Regular report
- For information

## Overview

**Financial Result**



**Budget Variance**



**Forecast Position**



**Cash Position**



**Capital Expenditure**

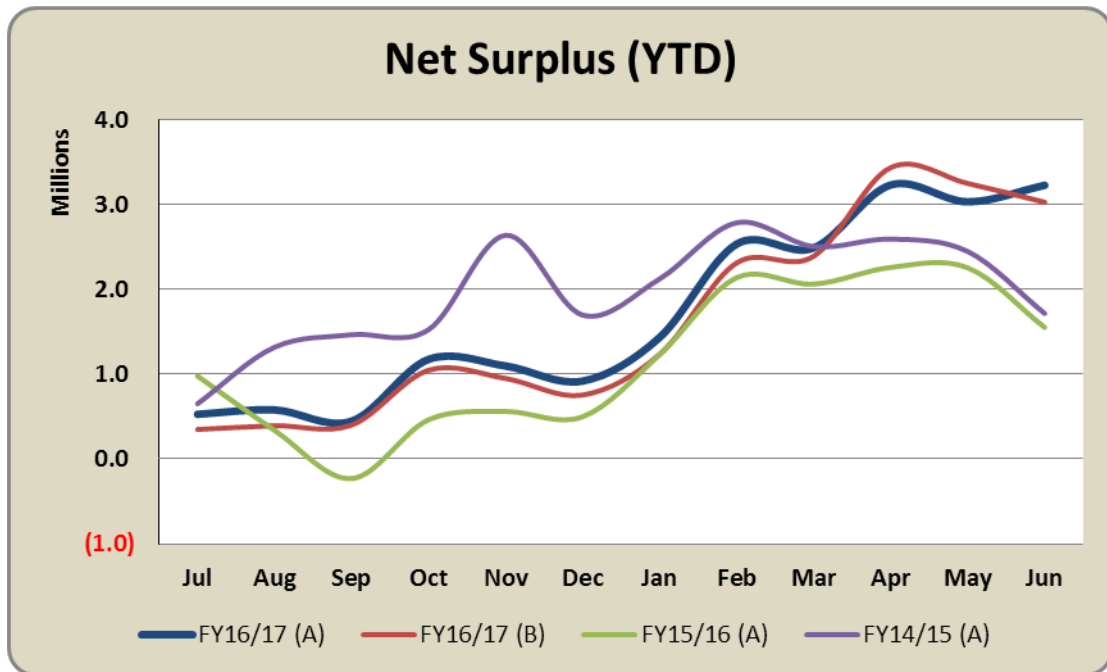


## Commentary

As the summarised statement of financial performance (SFP), below, shows NMH has a surplus for the year of \$3.23M in line with the forecasted result. The result is favourable to the initial plan by \$0.23M however it is adverse to the agreed budget with the MOH by \$0.77M. The result for June 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.

June 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
37.84	37.99	(0.14)	37.84	468.24	470.53	(2.29)	468.24	470.53	468.24
<b>Revenue</b>									
<b>Expenditure</b>									
14.12	13.96	(0.15)	14.12	175.32	174.47	(0.85)	175.32	174.47	175.32
5.25	6.01	0.77	5.25	72.90	71.66	(1.24)	72.90	71.66	72.90
13.30	12.81	(0.48)	13.30	153.41	154.81	1.40	153.41	154.81	153.41
3.51	3.40	(0.11)	3.51	43.41	43.23	(0.18)	43.41	43.23	43.41
<b>36.17</b>	<b>36.19</b>	<b>0.02</b>	<b>36.17</b>	<b>445.04</b>	<b>444.17</b>	<b>(0.88)</b>	<b>445.04</b>	<b>444.17</b>	<b>445.04</b>
<b>1.68</b>	<b>1.80</b>	<b>(0.12)</b>	<b>1.68</b>	<b>23.19</b>	<b>26.36</b>	<b>(3.17)</b>	<b>23.19</b>	<b>26.36</b>	<b>23.19</b>
<b>Surplus/(Deficit) before IDCC</b>									
1.48	2.03	0.54	1.48	19.96	23.33	3.37	19.96	23.33	19.96
<b>Capital Related Costs</b>									
<b>0.19</b>	<b>(0.23)</b>	<b>0.42</b>	<b>0.19</b>	<b>3.23</b>	<b>3.03</b>	<b>0.20</b>	<b>3.23</b>	<b>3.03</b>	<b>3.23</b>
<b>Surplus/(Deficit) after IDCC</b>									
-	0.10	(0.10)	-	-	0.97	(0.97)	-	0.97	-
<b>MOH efficiency target</b>									
<b>0.19</b>	<b>(0.13)</b>	<b>0.32</b>	<b>0.19</b>	<b>3.23</b>	<b>4.00</b>	<b>(0.77)</b>	<b>3.23</b>	<b>4.00</b>	<b>3.23</b>
<b>Surplus/(Deficit) after MOH efficiency target</b>									



### Key messages for the month

- Activity has not been as high in June as experienced in the previous couple of months however the activity was higher than planned with the push on electives to meet the ESPI targets and some of the “winter ills”. This has resulted in nursing and clinical supplies costs running at higher than planned levels
- As occurs in June there are a number of end of year adjustments required such as the employee entitlements valuation and the various programme funding and cost alignments
- The results include a favourable variance within the Mental Health service of \$882k and an adverse variance of \$479k within DSS
- A three month advance of funding has been received for the recent pay equity settlement which has been paid through to the various providers, with only the portion related to the staff under coverage within NMH DSS service retained. This payment was required by the MOH. As agreed with the auditors and the MOH, no revenue or cost is recognised within the SFP but both recognised on the Statement of Financial Position
- The cash position remains strong with a balance of \$41M on hand.

Also attached are the latest sector wide financial schedules received from the MOH for the 11 months to May 2017.

Eric Sinclair  
**GM Finance and Performance**

### **RECOMMENDATION:**

**THAT THE BOARD RECEIVES THE FINANCIAL REPORT.**

## Appendix A – Detailed Financial Statements

### Statement of Financial Performance

June 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
<b>Revenue</b>									
33,588	33,750	(163)	33,588	418,471	418,824	(354)	418,471	418,824	418,471
1,883	1,794	88	1,883	22,090	22,902	(812)	22,090	22,902	22,090
1,338	1,272	66	1,338	15,243	15,474	(230)	15,243	15,474	15,243
1,036	1,170	(134)	1,036	12,433	13,326	(893)	12,433	13,326	12,433
<b>37,844</b>	<b>37,986</b>	<b>(143)</b>	<b>37,844</b>	<b>468,237</b>	<b>470,526</b>	<b>(2,290)</b>	<b>468,237</b>	<b>470,526</b>	<b>468,237</b>
<b>Expenditure</b>									
13,863	13,844	(19)	13,863	171,259	173,130	1,871	171,259	173,130	171,259
253	118	(135)	253	4,060	1,338	(2,722)	4,060	1,338	4,060
14,116	13,961	(155)	14,116	175,319	174,468	(851)	175,319	174,468	175,319
567	845	278	567	10,561	10,166	(395)	10,561	10,166	10,561
3,400	2,726	(674)	3,400	35,623	33,972	(1,651)	35,623	33,972	35,623
1,279	2,441	1,162	1,279	26,718	27,520	802	26,718	27,520	26,718
13,297	12,814	(483)	13,297	153,409	154,813	1,404	153,409	154,813	153,409
3,509	3,402	(107)	3,509	43,412	43,227	(185)	43,412	43,227	43,412
<b>36,167</b>	<b>36,189</b>	<b>22</b>	<b>36,167</b>	<b>445,043</b>	<b>444,166</b>	<b>(876)</b>	<b>445,043</b>	<b>444,166</b>	<b>445,043</b>
<b>1,677</b>	<b>1,797</b>	<b>(121)</b>	<b>1,677</b>	<b>23,194</b>	<b>26,360</b>	<b>(3,166)</b>	<b>23,194</b>	<b>26,360</b>	<b>23,194</b>
27	249	222	27	1,914	2,986	1,072	1,914	2,986	1,914
960	1,115	155	960	11,631	12,407	776	11,631	12,407	11,631
496	661	165	496	6,418	7,937	1,519	6,418	7,937	6,418
1,483	2,025	542	1,483	19,964	23,330	3,366	19,964	23,330	19,964
<b>193</b>	<b>(228)</b>	<b>421</b>	<b>193</b>	<b>3,230</b>	<b>3,030</b>	<b>200</b>	<b>3,230</b>	<b>3,030</b>	<b>3,230</b>
0	108	(108)	0	0	970	(970)	0	970	0
<b>193</b>	<b>(120)</b>	<b>314</b>	<b>193</b>	<b>3,230</b>	<b>4,000</b>	<b>(770)</b>	<b>3,230</b>	<b>4,000</b>	<b>3,230</b>

## Financial Performance by Division

June 2017 \$000s			
Actual	Budget	Budget Variance	Last Year Actual
34,429	34,498	(69)	34,429
354	356	(2)	354
21,919	22,094	(175)	21,919
(18,858)	(18,961)	103	(18,858)
<b>37,844</b>	<b>37,986</b>	<b>(143)</b>	<b>37,844</b>
35,664	35,177	(487)	35,664
300	387	87	300
20,545	21,611	1,066	20,545
(18,858)	(18,961)	(103)	(18,858)
<b>37,651</b>	<b>38,215</b>	<b>564</b>	<b>37,651</b>
(1,235)	(680)	(555)	(1,235)
54	(31)	85	54
1,375	483	892	1,375
0	108	(108)	0
<b>193</b>	<b>(120)</b>	<b>314</b>	<b>193</b>

### Revenue

Funds	427,945	427,790	155	427,945
Governance and Funding Administration	4,270	4,281	(11)	4,270
Provider	262,585	265,986	(3,401)	262,585
Eliminations	(226,563)	(227,530)	967	(226,563)

### Total Revenue

### Expenditure

Funds	423,385	425,571	2,186	423,385
Governance and Funding Administration	4,385	4,471	87	4,385
Provider	263,800	264,985	1,185	263,800
Eliminations	(226,563)	(227,530)	(967)	(226,563)

### Total Expenditure

### Net Contribution

Funds	4,560	2,219	2,341	4,560
Governance and Funding Administration	(115)	(191)	76	(115)
Provider	(1,215)	1,001	(2,217)	(1,215)
Additional MOH Efficiency Target	0	970	(970)	0

### Net Surplus/(Deficit)

Year to Date \$000s				Full Year \$000s	
Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
427,945	427,790	155	427,945	427,790	427,945
4,270	4,281	(11)	4,270	4,281	4,270
262,585	265,986	(3,401)	262,585	265,986	262,585
(226,563)	(227,530)	967	(226,563)	(227,530)	(226,563)
<b>468,237</b>	<b>470,526</b>	<b>(2,290)</b>	<b>468,237</b>	<b>470,526</b>	<b>468,237</b>
423,385	425,571	2,186	423,385	425,571	423,385
4,385	4,471	87	4,385	4,471	4,385
263,800	264,985	1,185	263,800	264,985	263,800
(226,563)	(227,530)	(967)	(226,563)	(227,530)	(226,563)
<b>465,006</b>	<b>467,496</b>	<b>2,490</b>	<b>465,006</b>	<b>467,496</b>	<b>465,006</b>
4,560	2,219	2,341	4,560	2,219	4,560
(115)	(191)	76	(115)	(191)	(115)
(1,215)	1,001	(2,217)	(1,215)	1,001	(1,215)
0	970	(970)	0	970	0
<b>3,230</b>	<b>4,000</b>	<b>(770)</b>	<b>3,230</b>	<b>4,000</b>	<b>3,230</b>

**Statement of Financial Position**

\$000s	June 2016 Actual	June Actual	June Budget	Variance	Annual Budget
<b>Current Assets</b>					
Bank - National Sweep	24,774	21,561	30,457	(8,896)	30,457
Deposits - Self-Invested	18,950	19,301	18,950	351	18,950
Debtors & Prepayments	14,740	18,140	14,123	4,017	14,123
Stock	2,723	2,700	2,723	(23)	2,723
Assets Held for Sale	487	465	487	(22)	487
<b>Current Assets</b>	<b>61,675</b>	<b>62,167</b>	<b>66,740</b>	<b>(4,573)</b>	<b>66,740</b>
<b>Current Liabilities</b>					
Creditors	31,445	28,037	31,247	3,210	31,247
Employee Entitlements	33,350	33,696	33,350	(346)	33,350
Term Debt - Current Portion	6,000	382	21,000	20,618	15,000
<b>Current Liabilities</b>	<b>70,795</b>	<b>62,115</b>	<b>85,597</b>	<b>23,482</b>	<b>79,597</b>
<b>Working Capital</b>	<b>(9,120)</b>	<b>51</b>	<b>(18,857)</b>	<b>18,908</b>	<b>(12,857)</b>
<b>Non Current Assets</b>					
Property Plant and Equipment	171,303	171,068	168,638	2,430	168,638
Other Non Current Assets	3,847	3,881	4,462	(581)	4,462
<b>Non Current Assets</b>	<b>175,151</b>	<b>174,949</b>	<b>173,100</b>	<b>1,849</b>	<b>173,100</b>
<b>Non Current Liabilities</b>					
Employee Entitlements	10,405	9,923	10,405	482	10,405
Term Debt	56,968	8,238	41,728	33,490	47,728
<b>Non Current Liabilities</b>	<b>67,373</b>	<b>18,161</b>	<b>52,133</b>	<b>33,972</b>	<b>58,133</b>
<b>Net Assets</b>	<b>98,657</b>	<b>156,839</b>	<b>102,110</b>	<b>54,729</b>	<b>102,110</b>
<b>Equity</b>					
Crown Equity	28,062	83,015	27,514	55,501	27,514
Revaluation Reserve	53,213	53,213	53,214	(1)	53,214
Retained Earnings:					
General	16,580	19,017	20,246	(1,229)	20,963
DSS	(87)	(87)	621	(708)	427
Mental Health	889	1,681	515	1,166	(8)
Total Retained Earnings	17,382	20,611	21,382	(771)	21,382
<b>Total Crown Equity</b>	<b>98,657</b>	<b>156,839</b>	<b>102,110</b>	<b>54,729</b>	<b>102,110</b>

### Statement of Cash Flows

June			Year to Date			Full Year
Actual	Budget	Variance	Actual	Budget	Variance	AP
<b>Operating Cash Flow</b>						
<b>Receipts</b>						
40,456	36,891	3,565	462,192	457,847	4,345	457,847
179	188	(9)	1,849	2,250	(401)	2,250
808	1,121	(313)	10,653	12,673	(2,020)	12,673
41,443	38,200	3,243	474,694	472,770	1,924	472,770
<b>Payments</b>						
14,289	16,098	1,809	171,396	173,223	1,827	173,223
30,506	15,989	(14,517)	286,727	271,919	(14,808)	271,919
2,977	4,037	1,060	6,418	7,937	1,519	7,937
80	249	169	700	2,986	2,286	2,986
47,852	36,373	(11,479)	465,241	456,065	(9,176)	456,065
<b>(6,409)</b>	<b>1,827</b>	<b>(8,236)</b>	<b>9,453</b>	<b>16,705</b>	<b>(7,252)</b>	<b>16,705</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>						
<b>Cash Flow from Investing Activities</b>						
<b>Receipts</b>						
9	-	9	274	150	124	150
9	-	9	274	150	124	150
<b>Payments</b>						
1,135	821	(314)	10,582	9,850	(732)	9,850
-	-	-	-	-	-	-
1,135	821	(314)	10,582	9,850	(732)	9,850
<b>(1,126)</b>	<b>(821)</b>	<b>(305)</b>	<b>(10,308)</b>	<b>(9,700)</b>	<b>(608)</b>	<b>(9,700)</b>
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>						
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>						
(7,535)	439	(7,974)	(3,213)	5,682	(8,895)	5,682
29,096	30,018	(922)	24,774	24,775	(1)	24,775
<b>21,561</b>	<b>30,457</b>	<b>(8,896)</b>	<b>21,561</b>	<b>30,457</b>	<b>(8,896)</b>	<b>30,457</b>
<b>Closing Balance</b>						

### Statement of rolling 12-month cash flows

Consolidated 12 Month Rolling Statement of Cash Flows \$000s	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Operating Cash Flow</b>												
<b>Receipts</b>												
Government & Crown Agency Received	36,033	36,033	45,036	36,033	45,036	36,033	36,033	36,033	45,036	36,033	45,036	36,033
Interest Received	167	167	167	167	167	167	167	167	167	167	167	167
Other Revenue Received	1,023	1,023	1,148	1,023	1,148	1,023	1,023	1,023	1,148	1,023	1,148	1,023
Total Receipts	37,223	37,223	46,351	37,223	46,351	37,223	37,223	37,223	46,351	37,223	46,351	37,223
<b>Payments</b>												
Personnel	13,837	13,839	17,282	13,839	17,319	13,839	17,282	13,839	13,839	13,839	17,319	13,835
Payments to Suppliers	22,394	21,915	26,011	21,916	26,010	21,916	21,916	21,916	22,011	21,915	26,011	21,923
Capital Charge	-	-	-	-	-	3,000	-	-	-	-	-	3,000
Interest Paid	60	60	60	60	60	60	60	60	60	60	60	60
Total Payments	36,291	35,814	43,353	35,815	43,389	38,815	39,258	35,815	35,910	35,814	43,390	38,818
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>932</b>	<b>1,409</b>	<b>2,998</b>	<b>1,408</b>	<b>2,962</b>	<b>(1,592)</b>	<b>(2,035)</b>	<b>1,408</b>	<b>10,441</b>	<b>1,409</b>	<b>2,961</b>	<b>(1,595)</b>
<b>Cash Flow from Investing Activities</b>												
<b>Receipts</b>												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Capital Expenditure	100	500	500	1,300	100	7,300	1,000	450	4,700	500	1,000	100
Total Payments	100	500	500	1,300	100	7,300	1,000	450	4,700	500	1,000	100
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(100)</b>	<b>(500)</b>	<b>(500)</b>	<b>(1,300)</b>	<b>(100)</b>	<b>(7,300)</b>	<b>(1,000)</b>	<b>(450)</b>	<b>(4,700)</b>	<b>(500)</b>	<b>(1,000)</b>	<b>(100)</b>
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>												
Net Increase/(Decrease) in Cash Held	832	909	2,498	108	2,862	(8,892)	(3,035)	958	5,741	909	1,961	(2,242)
Plus Opening Balance	21,561	22,393	23,302	25,800	25,908	28,770	19,878	16,843	17,801	23,542	24,451	26,412
<b>Closing Balance</b>	<b>22,393</b>	<b>23,302</b>	<b>25,800</b>	<b>25,908</b>	<b>28,770</b>	<b>19,878</b>	<b>16,843</b>	<b>17,801</b>	<b>23,542</b>	<b>24,451</b>	<b>26,412</b>	<b>24,170</b>