

MEMO

To: Board Members
From: Eric Sinclair, GM Finance, Performance & Facilities
Date: 22 August 2018
Subject: Financial Report for July 2018

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

Overview

The new financial year has started with a small favourable variance to the Plan of \$21k with a reported deficit of \$452k vs the planned \$473k deficit.

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

July 2018 \$Ms					Year to Date \$Ms			
Actual	Budget	Budget Variance	Last Year Actual		Actual	Budget	Budget Variance	Last Year Actual
40.54	40.42	0.12	39.08	Revenue	40.54	40.42	0.12	39.08
				Expenditure				
14.71	14.89	0.17	14.03	Workforce Costs	14.71	14.89	0.17	14.03
6.82	6.77	(0.05)	6.64	Other Operating Costs	6.82	6.77	(0.05)	6.64
13.70	13.48	(0.22)	12.81	External Provider Payments excluding IDFs	13.70	13.48	(0.22)	12.81
3.92	3.90	(0.02)	3.70	Inter District Flows	3.92	3.90	(0.02)	3.70
39.15	39.03	(0.12)	37.17	Total Expenditure before IDCC	39.15	39.03	(0.12)	37.17
1.38	1.38	0.00	1.90	Surplus/(Deficit) before IDCC	1.38	1.38	0.00	1.90
1.84	1.86	0.02	1.78	Capital Related Costs	1.84	1.86	0.02	1.78
(0.45)	(0.47)	0.02	0.13	Surplus/(Deficit)	(0.45)	(0.47)	0.02	0.13

Key messages for the month

- July generally has 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 finance team are reviewing the phasing across the financial year with a few adjustments being made for the remainder of the year.
 - The allowance for new investments for the year of \$1.7M allowed for \$140k in July which has been accrued to budget. The first tranche of new investments to be released has been allowed for within the primary and community space totalling \$775k (for the full year). This has been released in August and we are expecting to release further tranches in the coming months.
 - The nurses strike will have costs associated with payments to other staff offsetting the non-payment of the strike day to the nurses who were on strike. Some claims for payment are still being made so the final impact of the strike is still to be

calculated. We are also assessing the cost implications of the DHB/NZNO settlement, both budgeted and non-budgeted, and are awaiting the funding advice from the MOH as was promised by the Government.

Eric Sinclair
GM Finance Performance & Facilities

RECOMMENDATIONS:

THAT THE BOARD RECEIVES THE FINANCIAL REPORT.

Appendix A – Detailed Financial Statements

Statement of Financial Performance

July 2018 \$000s				Year to Date \$000s			
Actual	Budget	Budget Variance	Last Year Actual	Actual	Budget	Budget Variance	Last Year Actual
Revenue							
36,265	36,061	205	34,734	36,265	36,061	205	34,734
2,052	2,046	6	1,987	2,052	2,046	6	1,987
1,212	1,316	(104)	1,355	1,212	1,316	(104)	1,355
1,006	992	14	1,001	1,006	992	14	1,001
40,536	40,415	121	39,077	40,536	40,415	121	39,077
Expenditure							
14,347	14,751	404	13,817	14,347	14,751	404	13,817
368	137	(231)	210	368	137	(231)	210
14,715	14,888	173	14,028	14,715	14,888	173	14,028
1,386	1,361	(25)	1,341	1,386	1,361	(25)	1,341
2,851	2,844	(6)	2,710	2,851	2,844	(6)	2,710
2,583	2,561	(22)	2,585	2,583	2,561	(22)	2,585
13,702	13,477	(225)	12,807	13,702	13,477	(225)	12,807
3,915	3,900	(15)	3,703	3,915	3,900	(15)	3,703
39,152	39,032	(120)	37,175	39,152	39,032	(120)	37,175
1,384	1,384	0	1,902	1,384	1,384	0	1,902
28	19	(9)	29	28	19	(9)	29
1,080	1,109	29	965	1,080	1,109	29	965
728	728	0	782	728	728	0	782
1,836	1,856	20	1,777	1,836	1,856	20	1,777
(452)	(473)	21	125	(452)	(473)	21	125

Financial Performance by Division

July 2018 \$000s			
<i>Actual</i>	<i>Budget</i>	<i>Budget Variance</i>	<i>Last Year Actual</i>
37,068	36,863	205	35,519
326	330	(3)	375
23,003	22,637	366	22,248
(19,861)	(19,414)	(447)	(19,065)
40,536	40,415	121	39,077
37,478	36,792	(687)	35,734
342	282	(59)	371
23,029	23,228	199	21,911
(19,861)	(19,414)	447	(19,065)
40,988	40,888	(100)	38,951
(410)	72	(482)	(215)
(15)	47	(63)	4
(26)	(591)	565	336
(452)	(473)	21	125

Revenue

Funds	37,068	36,863	205	35,519
Governance and Funding Administration	326	330	(3)	375
Provider	23,003	22,637	366	22,248
Eliminations	(19,861)	(19,414)	(447)	(19,065)

Total Revenue

Expenditure

Funds	37,478	36,792	(687)	35,734
Governance and Funding Administration	342	282	(59)	371
Provider	23,029	23,228	199	21,911
Eliminations	(19,861)	(19,414)	447	(19,065)

Total Expenditure

Net Contribution

Funds	(410)	72	(482)	(215)
Governance and Funding Administration	(15)	47	(63)	4
Provider	(26)	(591)	565	336

Net Surplus/(Deficit)

Year to Date \$000s			
<i>Actual</i>	<i>Budget</i>	<i>Budget Variance</i>	<i>Last Year Actual</i>
37,068	36,863	205	35,519
326	330	(3)	375
23,003	22,637	366	22,248
(19,861)	(19,414)	(447)	(19,065)
40,536	40,415	121	39,077
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(410)	72	(482)	(215)
(15)	47	(63)	4
(26)	(591)	565	336
(452)	(473)	21	125

Statement of Financial Position

	June 2018	July	July		Annual
\$000s	Actual	Actual	Budget	Variance	Budget
Current Assets					
Bank	18,468	27,226	21,290	5,936	21,290
Deposits > 3 months	19,950	19,950	19,950	-	19,950
Debtors & Prepayments	18,436	17,417	18,636	(1,219)	18,636
Stock	2,715	2,649	2,715	(66)	2,715
Assets Held for Sale	465	465	-	465	-
Current Assets	60,034	67,707	62,591	5,116	62,591
Current Liabilities					
Creditors	27,437	35,484	32,571	(2,913)	32,571
Employee Entitlements	37,032	36,908	34,851	(2,057)	34,851
Term Debt - Current Portion	490	491	507	16	507
Current Liabilities	64,959	72,883	67,929	(4,954)	67,929
Working Capital	(4,925)	(5,176)	(5,338)	162	(5,338)
Non Current Assets					
Property Plant and Equipment	212,653	214,475	212,540	1,935	212,540
Other Non Current Assets	3,827	2,214	3,826	(1,612)	3,826
Non Current Assets	216,480	216,689	216,366	323	216,366
Employee Entitlements	9,406	9,406	9,406	-	9,406
Term Debt	8,172	8,130	7,692	(438)	7,692
Non Current Liabilities	17,578	17,536	17,098	(438)	17,098
Net Assets	193,977	193,977	193,930	47	193,930
Equity					
Crown Equity	82,467	82,467	81,921	546	81,921
Revaluation Reserve	90,867	90,866	90,866	-	90,866
Retained Earnings:					
General	20,272	19,492	20,340	(848)	20,892
DSS	108	108	432	(324)	17
Mental Health	263	1,044	371	673	234
Total Retained Earnings	20,643	20,644	21,143	(499)	21,143
Total Crown Equity	193,977	193,977	193,930	47	193,930

Statement of Cash Flows

	Year to Date		
	Actual	Budget	Variance
Operating Cash Flow			
Receipts			
Government & Crown Agency Received	479,588	481,490	(1,902)
Interest Received	1,745	2,000	(255)
Other Revenue Received	12,314	12,274	40
Total Receipts	493,647	495,764	(2,117)
Payments			
Personnel	181,248	182,783	1,535
Payments to Suppliers and Providers	289,660	283,292	(6,368)
Capital Charge	9,376	9,355	(21)
Interest Paid	1,475	252	(1,223)
Total Payments	481,759	475,682	(6,077)
Net Cash Inflow/(Outflow) from Operating Activities	11,888	20,082	(8,194)
Cash Flow from Investing Activities			
Receipts			
Sale of Fixed Assets	107	-	107
Total Receipts	107	-	107
Payments			
Capital Expenditure	15,126	17,550	2,424
Increase in Investments	(585)	-	585
Total Payments	14,541	17,550	3,009
Net Cash Inflow/(Outflow) from Investing Activities	(14,434)	(17,550)	3,116
Net Cash Inflow/(Outflow) from Financing Activities	(547)	(547)	-
Net Increase/(Decrease) in Cash Held	(3,093)	1,985	(5,078)
Plus Opening Balance	21,561	28,171	(6,610)
Closing Balance	18,468	30,156	(11,688)

12-Month Rolling Cash Forecast

Consolidated 12 Month Rolling Statement of Cash Flows \$000s	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Cash Flow												
Receipts												
Government & Crown Agency Received	40,690	40,690	40,690	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	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034	1,034
Total Receipts	41,891	41,891	41,891	41,891	41,891	41,891	41,891	41,891	41,891	41,891	41,891	41,891
Payments												
Personnel	15,515	15,515	15,515	17,515	15,515	15,515	15,515	15,515	15,515	15,515	17,515	15,515
Payments to Suppliers and Providers	24,043	24,043	24,043	24,043	24,043	24,043	24,043	24,043	24,043	24,043	24,043	24,043
Capital Charge	-	-	-	-	-	4,677	-	-	-	-	-	4,677
Interest Paid	32	32	32	32	32	32	32	32	32	32	32	32
Total Payments	39,590	39,590	39,590	41,590	39,590	44,267	39,590	39,590	39,590	39,590	41,590	44,267
Net Cash Inflow/(Outflow) from Operating Activities	2,301	2,301	2,301	301	2,301	(2,376)	2,301	2,301	2,301	2,301	301	(2,376)
Cash Flow from Investing Activities												
Receipts												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital Expenditure	100	500	600	700	650	600	850	2,800	1,000	2,850	600	500
Increase in Investments	100	500	600	700	650	600	850	2,800	1,000	2,850	600	500
Total Payments	(100)	(500)	(600)	(700)	(650)	(600)	(850)	(2,800)	(1,000)	(2,850)	(600)	(500)
Net Cash Inflow/(Outflow) from Investing Activities	-	-	-	-	-	-	-	-	-	-	-	(547)
Net Cash Inflow/(Outflow) from Financing Activities												
Net Increase/(Decrease) in Cash Held	2,201	1,801	1,701	(399)	1,651	(2,976)	1,451	(499)	1,301	(549)	(299)	(3,423)
Plus Opening Balance	18,468	20,669	22,470	24,171	23,772	25,423	22,447	23,898	23,399	24,700	24,151	23,852
Closing Balance	20,669	22,470	24,171	23,772	25,423	22,447	23,898	23,399	24,700	24,151	23,852	20,429