

# MEMO

**To:** Board Members  
**From:** Eric Sinclair, GM Finance, Performance & Facilities  
**Date:** 18 July 2018  
**Subject:** Financial Report for June 2018

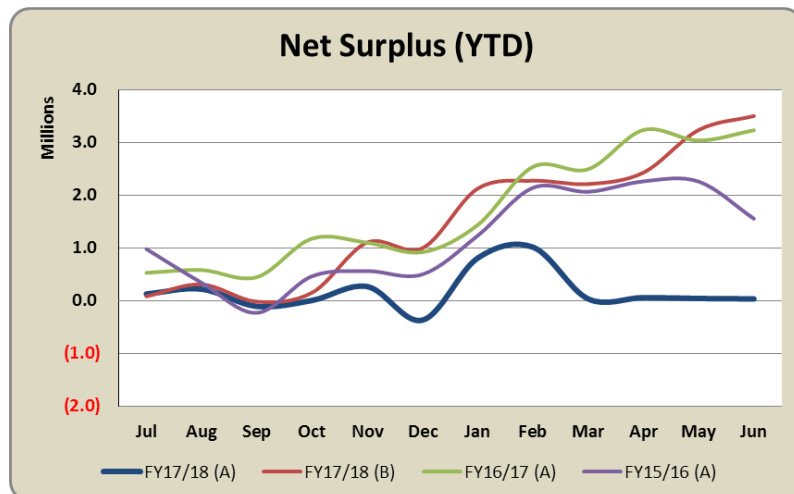
**Status**  
 This report contains:  
 For decision  
 Update  
 Regular report  
 For information

## Overview

A breakeven result for the month means we have a full year result (remains subject to audit) to a surplus of \$33k (against the planned surplus of \$3.5M). This gives an adverse variance to the plan for the year of \$3.47M.

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

June 2018 \$Ms					Year to Date \$Ms			
Actual	Budget	Budget Variance	Last Year Actual		Actual	Budget	Budget Variance	Last Year Actual
42.85	39.70	3.14	37.84	<b>Revenue</b>	498.25	493.82	4.44	468.24
16.67	14.56	(2.10)	14.12	<b>Expenditure</b>	188.70	184.32	(4.38)	175.32
5.28	6.31	1.03	5.25	Workforce Costs	82.45	80.29	(2.16)	72.90
15.31	13.00	(2.31)	13.30	Other Operating Costs	160.24	159.02	(1.21)	153.41
3.73	3.69	(0.03)	3.51	External Provider Payments excluding IDFs	45.33	44.32	(1.01)	43.41
<b>40.99</b>	<b>37.57</b>	<b>(3.42)</b>	<b>36.17</b>	Inter District Flows	<b>476.71</b>	<b>467.95</b>	<b>(8.76)</b>	<b>445.04</b>
<b>1.86</b>	<b>2.13</b>	<b>(0.28)</b>	<b>1.68</b>	<b>Total Expenditure before IDCC</b>	<b>21.54</b>	<b>25.86</b>	<b>(4.32)</b>	<b>23.19</b>
1.87	1.86	(0.01)	1.48	Surplus/(Deficit) before IDCC	21.51	22.36	0.86	19.96
<b>(0.01)</b>	<b>0.28</b>	<b>(0.28)</b>	<b>0.19</b>	Capital Related Costs	<b>0.03</b>	<b>3.50</b>	<b>(3.47)</b>	<b>3.23</b>
				<b>Surplus/(Deficit)</b>				



**Key messages for the month**

- A number of adjustments relating to year end have been made and are allowed for within the result. These include:
  - An additional allowance for the NZNO MECA to align with the latest offer made by the DHBs of \$751k
  - A significant increase in the allowance for unpaid days (i.e. the days from the end of the last payroll period in June to 30 June) of \$644k
  - An impairment on the valuation of the National Oracle Solution asset as advised by NZ Health Partnerships of \$190k
  - The usual annual wash-up allowances for items such as IDFs, Pharmac rebates, National Haemophilia Management Group, etc have also contributed to the result.
  - We have recognised both a revenue item and an equivalent expenditure item for \$818k that relates to the pay equity settlement for mental health support workers recently approved by the Government. This agreement was back dated to 1 July 2017 in line with the legislation that came into effect that day.
- The areas where we have been tracking adverse to the Plan in previous months also occurred in June – namely medical workforce, nursing workforce, clinical supplies, hospital and community pharmaceuticals, air ambulance and inter district flows (IDFs).
- The results reflect the recognition of the post anaesthetic care unit at Wairau hospital that was completed by the Churchill Private Hospital Trust and donated to NMH. A further update on this is provided within the public excluded agenda of the Board meeting.

Eric Sinclair  
**GM Finance and Performance**

**RECOMMENDATIONS:**

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

## Appendix A – Detailed Financial Statements

### Statement of Financial Performance

June 2018 \$000s				Year to Date \$000s			
Actual	Budget	Budget Variance	Last Year Actual	Actual	Budget	Budget Variance	Last Year Actual
<b>Revenue</b>							
36,838	35,681	1,157	33,588	444,601	442,001	2,600	418,471
1,784	1,759	25	1,883	23,088	23,530	(443)	22,090
1,299	1,282	17	1,338	16,109	16,007	102	15,243
2,924	979	1,946	1,036	14,456	12,278	2,177	12,433
<b>42,845</b>	<b>39,701</b>	<b>3,144</b>	<b>37,844</b>	<b>498,254</b>	<b>493,817</b>	<b>4,436</b>	<b>468,237</b>
<b>Expenditure</b>							
16,178	14,461	(1,716)	13,863	184,566	183,011	(1,555)	171,259
488	101	(386)	253	4,131	1,306	(2,824)	4,060
<b>16,666</b>	<b>14,563</b>	<b>(2,103)</b>	<b>14,116</b>	<b>188,697</b>	<b>184,317</b>	<b>(4,380)</b>	<b>175,319</b>
1,493	1,280	(214)	567	16,352	15,875	(476)	10,561
3,536	2,720	(816)	3,400	38,606	34,028	(4,578)	35,623
253	2,309	2,056	1,279	27,493	30,387	2,894	26,718
15,312	13,002	(2,310)	13,297	160,237	159,025	(1,212)	153,409
3,727	3,693	(34)	3,509	45,330	44,321	(1,009)	43,412
<b>40,987</b>	<b>37,567</b>	<b>(3,420)</b>	<b>36,167</b>	<b>476,715</b>	<b>467,953</b>	<b>(8,761)</b>	<b>445,043</b>
<b>1,858</b>	<b>2,134</b> <sup>█</sup>	<b>(276)</b>	<b>1,677</b>	<b>21,539</b>	<b>25,864</b> <sup>█</sup>	<b>(4,325)</b>	<b>23,194</b>
28	19	(9)	27	346	252	(94)	1,914
1,057	1,058	1	960	11,784	12,757	973	11,631
780	780	(1)	496	9,376	9,355	(21)	6,418
1,865	1,857	(9)	1,483	21,506	22,364	858	19,964
<b>(7)</b>	<b>277</b> <sup>█</sup>	<b>(284)</b>	<b>193</b>	<b>33</b>	<b>3,500</b> <sup>█</sup>	<b>(3,467)</b>	<b>3,230</b>

**Financial Performance by Division**

June 2018 \$000s			
<i>Actual</i>	<i>Budget</i>	<i>Budget Variance</i>	<i>Last Year Actual</i>
37,625	36,474	1,152	34,429
354	354	0	354
25,087	22,474	2,613	21,919
(20,221)	(19,601)	(620)	(18,858)
<b>42,845</b>	<b>39,701</b>	<b>3,144</b>	<b>37,844</b>
39,260	36,296	(2,964)	35,664
336	319	(17)	300
23,476	22,409	(1,068)	20,545
(20,221)	(19,601)	620	(18,858)
<b>42,852</b>	<b>39,423</b>	<b>(3,429)</b>	<b>37,651</b>
(1,635)	178	(1,812)	(1,235)
17	34	(17)	54
1,611	66	1,545	1,375
<b>(7)</b>	<b>277</b>	<b>(284)</b>	<b>193</b>

**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>
454,673	451,541	3,132	427,945
4,266	4,281	(14)	4,270
278,635	273,208	5,427	262,585
(239,321)	(235,212)	(4,109)	(226,563)
<b>498,254</b>	<b>493,817</b>	<b>4,436</b>	<b>468,237</b>
444,888	438,556	(6,332)	423,385
3,816	3,942	126	4,385
288,838	283,031	(5,807)	263,800
(239,321)	(235,212)	4,109	(226,563)
<b>498,221</b>	<b>490,317</b>	<b>(7,904)</b>	<b>465,006</b>
9,785	12,985	(3,199)	4,560
451	339	112	(115)
(10,203)	(9,823)	(380)	(1,215)
<b>33</b>	<b>3,500</b>	<b>(3,468)</b>	<b>3,230</b>

**Statement of Financial Position**

\$000s	June 2017 Actual	June Actual	June Budget	Variance	Annual Budget
<b>Current Assets</b>					
Bank	21,561	18,468	30,156	(11,688)	30,156
Deposits > 3 months	19,301	19,950	18,950	1,000	18,950
Debtors & Prepayments	18,140	18,436	15,000	3,436	15,000
Stock	2,700	2,715	2,770	(55)	2,770
Assets Held for Sale	465	465	465	(0)	465
<b>Current Assets</b>	<b>62,167</b>	<b>60,034</b>	<b>67,341</b>	<b>(7,307)</b>	<b>67,341</b>
<b>Current Liabilities</b>					
Creditors	28,534	27,437	29,804	2,367	29,804
Employee Entitlements	33,201	37,032	32,000	(5,032)	32,000
Term Debt - Current Portion	477	490	500	10	500
<b>Current Liabilities</b>	<b>62,212</b>	<b>64,958</b>	<b>62,304</b>	<b>(2,654)</b>	<b>62,304</b>
<b>Working Capital</b>	<b>(46)</b>	<b>(4,924)</b>	<b>5,037</b>	<b>(9,961)</b>	<b>5,037</b>
<b>Non Current Assets</b>					
Property Plant and Equipment	171,589	175,000	168,227	6,773	168,227
Other Non Current Assets	3,881	3,827	3,998	(171)	3,998
<b>Non Current Assets</b>	<b>175,470</b>	<b>178,826</b>	<b>172,225</b>	<b>6,601</b>	<b>172,225</b>
Employee Entitlements	9,923	9,406	10,200	794	10,200
Term Debt	8,663	8,172	7,300	(872)	7,300
<b>Non Current Liabilities</b>	<b>18,586</b>	<b>17,578</b>	<b>17,500</b>	<b>(78)</b>	<b>17,500</b>
<b>Net Assets</b>	<b>156,838</b>	<b>156,324</b>	<b>159,762</b>	<b>(3,438)</b>	<b>159,762</b>
<b>Equity</b>					
Crown Equity	83,015	82,467	82,467	-	82,467
Revaluation Reserve	53,213	53,213	53,213	0	53,213
Retained Earnings:					
General	19,789	20,272	23,279	(3,007)	23,831
DSS	(52)	108	432	(324)	17
Mental Health	873	263	371	(108)	234
Total Retained Earnings	20,611	20,643	24,082	(3,439)	24,082
<b>Total Crown Equity</b>	<b>156,838</b>	<b>156,324</b>	<b>159,762</b>	<b>(3,438)</b>	<b>159,762</b>

**Statement of Cash Flows**

	Year to Date		
	Actual	Budget	Variance
<b>Operating Cash Flow</b>			
<b>Receipts</b>			
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
<b>Total Receipts</b>	<b>493,647</b>	<b>495,764</b>	<b>(2,117)</b>
<b>Payments</b>			
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)
<b>Total Payments</b>	<b>481,759</b>	<b>475,682</b>	<b>(6,077)</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>11,888</b>	<b>20,082</b>	<b>(8,194)</b>
<b>Cash Flow from Investing Activities</b>			
<b>Receipts</b>			
Sale of Fixed Assets	107	-	107
<b>Total Receipts</b>	<b>107</b>	<b>-</b>	<b>107</b>
<b>Payments</b>			
Capital Expenditure	15,126	17,550	2,424
Increase in Investments	(585)	-	585
<b>Total Payments</b>	<b>14,541</b>	<b>17,550</b>	<b>3,009</b>
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(14,434)</b>	<b>(17,550)</b>	<b>3,116</b>
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>(547)</b>	<b>(547)</b>	<b>-</b>
Net Increase/(Decrease) in Cash Held	(3,093)	1,985	(5,078)
Plus Opening Balance	21,561	28,171	(6,610)
<b>Closing Balance</b>	<b>18,468</b>	<b>30,156</b>	<b>(11,688)</b>

## 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
<b>Operating Cash Flow</b>												
<b>Receipts</b>												
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
<b>Total Receipts</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>	<b>41,891</b>
<b>Payments</b>												
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
<b>Total Payments</b>	<b>39,590</b>	<b>39,590</b>	<b>39,590</b>	<b>41,590</b>	<b>39,590</b>	<b>44,267</b>	<b>39,590</b>	<b>39,590</b>	<b>39,590</b>	<b>39,590</b>	<b>41,590</b>	<b>44,267</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>2,301</b>	<b>2,301</b>	<b>2,301</b>	<b>301</b>	<b>2,301</b>	<b>(2,376)</b>	<b>2,301</b>	<b>2,301</b>	<b>2,301</b>	<b>2,301</b>	<b>301</b>	<b>(2,376)</b>
<b>Cash Flow from Investing Activities</b>												
<b>Receipts</b>												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Payments</b>												
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
<b>Total Payments</b>	<b>(100)</b>	<b>(500)</b>	<b>(600)</b>	<b>(700)</b>	<b>(650)</b>	<b>(600)</b>	<b>(850)</b>	<b>(2,800)</b>	<b>(1,000)</b>	<b>(2,850)</b>	<b>(600)</b>	<b>(500)</b>
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(547)</b>
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>												
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
<b>Closing Balance</b>	<b>20,669</b>	<b>22,470</b>	<b>24,171</b>	<b>23,772</b>	<b>25,423</b>	<b>22,447</b>	<b>23,898</b>	<b>23,399</b>	<b>24,700</b>	<b>24,151</b>	<b>23,852</b>	<b>20,429</b>