

# MEMO

## Status

This report contains:

- For decision
- Update
- Regular report
- For information

**To:** Board Members  
**From:** Eric Sinclair, GM Finance Performance & Facilities  
**Date:** 22 November 2017  
**Subject:** Financial Report for October 2017

## Overview

Financial Result



Budget Variance



Forecast Position



Cash Position



Capital Expenditure

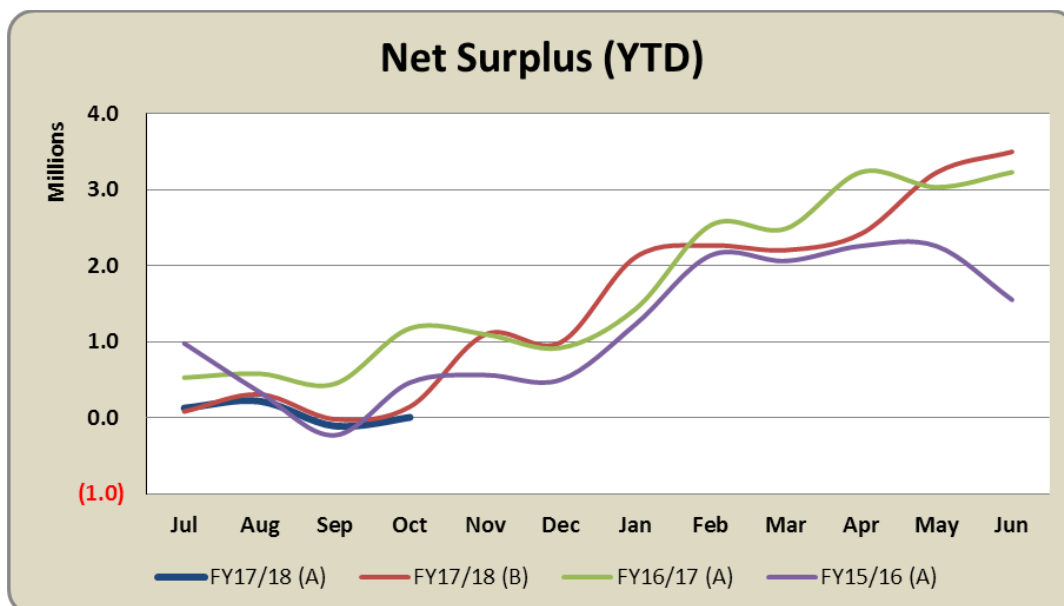


## Commentary

It is pleasing to report that after a very busy first third of the year we have been able to return a small surplus of \$4k YTD, which is \$140k adverse to the plan.

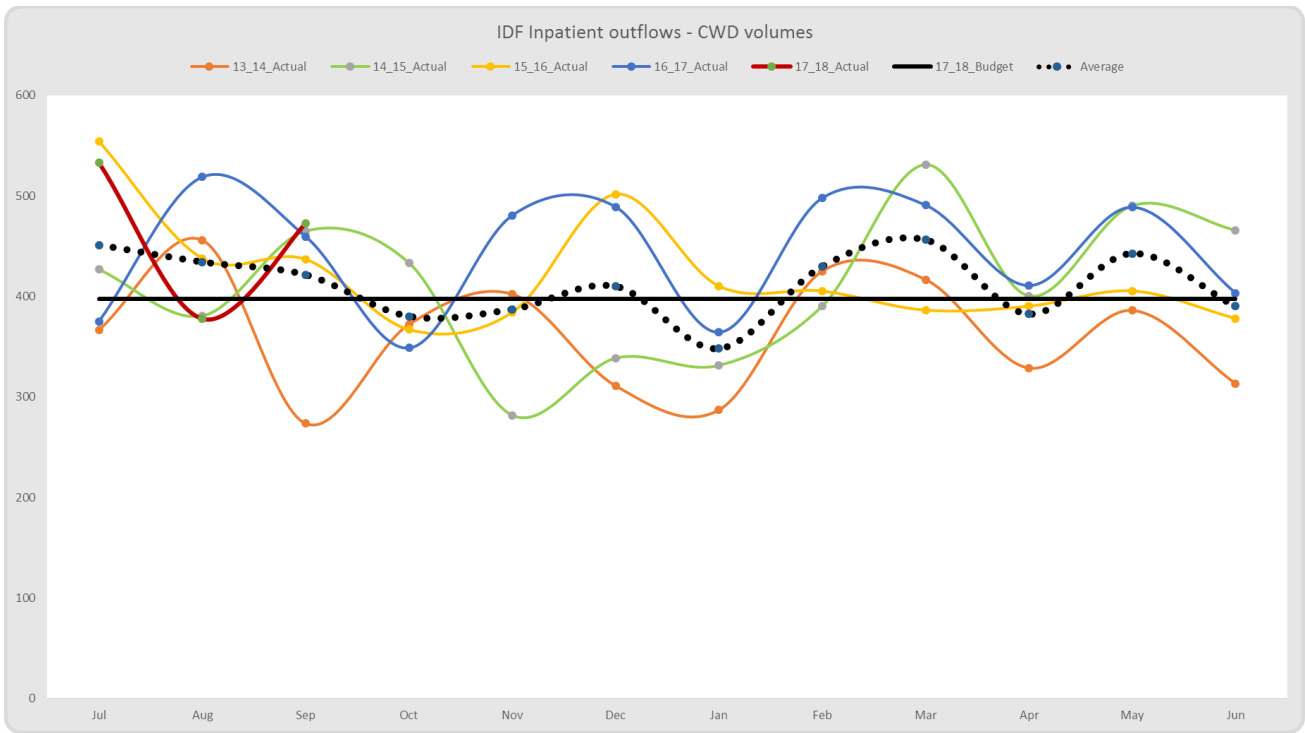
Detailed financial statements are included in the Appendix attached to this report.

October 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
39.22	39.02	0.20	37.96	162.39	161.55	0.84	155.74	493.82	468.24
<b>Revenue</b>				<b>Expenditure</b>					
14.00	13.95	(0.05)	12.92	59.92	59.83	(0.09)	55.34	184.19	175.32
6.68	6.31	(0.37)	5.59	27.96	26.55	(1.41)	24.43	80.32	72.90
13.01	13.07	0.07	13.04	52.70	52.81	0.11	52.21	159.11	153.41
3.64	3.69	0.06	3.78	14.74	14.77	0.03	15.25	44.32	43.41
<b>37.33</b>	<b>37.03</b>	<b>(0.30)</b>	<b>35.33</b>	<b>155.32</b>	<b>153.96</b>	<b>(1.36)</b>	<b>147.23</b>	<b>467.95</b>	<b>445.04</b>
<b>1.90</b>	<b>1.99</b>	<b>(0.09)</b>	<b>2.62</b>	<b>7.07</b>	<b>7.59</b>	<b>(0.52)</b>	<b>8.51</b>	<b>25.86</b>	<b>23.19</b>
1.78	1.82	0.04	1.89	7.07	7.45	0.38	7.33	22.36	19.96
<b>0.11</b>	<b>0.17</b>	<b>(0.05)</b>	<b>0.73</b>	<b>0.00</b>	<b>0.14</b>	<b>(0.14)</b>	<b>1.18</b>	<b>3.50</b>	<b>3.23</b>



### Key messages for the month

- The key areas that place pressure on achievement against the budgeted results, and for which we continue to monitor closely, are the workforce costs, pharmaceuticals (both within the hospital and in the community), patient transfers (road and air), outsourced radiology and clinical supplies
- Activity within the hospital abated somewhat through October, however the impacts of the busy winter months can be seen within the year-to-date financial results. What we are seeing within the October results is an increase in the patient transport costs which would be expected given the rules around how the national travel assistance (NTA) programme operates on a reimbursement basis
- Inter district flows (IDFs) continue to be monitored closely, and we are aware that coding in a couple of our tertiary serving DHBs is running behind. The official MOH results are, therefore, showing a more favourable position than the true position. At this point we have kept the IDF position on budget. I have included a graph that shows the pattern of IDF inpatient flows (from the formal MOH advice) across the last four fiscal years and the current year position
- It is noted that the costs associated with aged residential care (ARC) are tracking favourably to budget, and are reflective of a lower occupancy than we have budgeted
- A forecast was due to the MOH following the first quarter, which projected a year end surplus in line with the plan.



Eric Sinclair  
**GM Finance, Performance & Facilities**

**RECOMMENDATION:**

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

## Appendix A – Detailed Financial Statements

### Statement of Financial Performance

October 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>									
34,790	34,681	109	33,913	145,211	144,181	1,030	139,115	442,001	418,471
2,132	2,097	35	1,966	7,789	7,976	(186)	7,305	23,530	22,090
1,412	1,273	140	1,092	5,470	5,344	126	5,265	16,007	15,243
887	966	(79)	985	3,919	4,049	(129)	4,057	12,278	12,433
<b>39,221</b>	<b>39,017</b>	<b>205</b>	<b>37,957</b>	<b>162,390</b>	<b>161,550</b>	<b>840</b>	<b>155,741</b>	<b>493,817</b>	<b>468,237</b>
<b>Total Revenue</b>									
<b>Expenditure</b>									
13,646	13,850	204	12,557	58,743	59,397	654	54,123	182,887	171,259
355	102	(253)	367	1,175	429	(746)	1,222	1,306	4,060
<b>14,001</b>	<b>13,952</b>	<b>(49)</b>	<b>12,925</b>	<b>59,917</b>	<b>59,826</b>	<b>(91)</b>	<b>55,344</b>	<b>184,193</b>	<b>175,319</b>
<b>Total Workforce</b>									
1,351	1,304	(47)	868	5,316	5,295	(22)	3,561	15,875	10,561
2,919	2,668	(251)	2,499	12,087	11,038	(1,049)	11,393	34,028	35,623
2,412	2,338	(74)	2,224	10,555	10,215	(340)	9,477	30,421	26,718
13,007	13,073	66	13,040	52,697	52,810	113	52,207	159,115	153,409
3,636	3,693	57	3,778	14,743	14,774	31	15,250	44,321	43,412
<b>37,325</b>	<b>37,028</b>	<b>(297)</b>	<b>35,334</b>	<b>155,316</b>	<b>153,958</b>	<b>(1,358)</b>	<b>147,233</b>	<b>467,953</b>	<b>445,043</b>
<b>Total Expenditure before IDCC</b>									
<b>1,896</b>	<b>1,988</b>	<b>(92)</b>	<b>2,622</b>	<b>7,074</b>	<b>7,592</b>	<b>(518)</b>	<b>8,508</b>	<b>25,864</b>	<b>23,194</b>
<b>Surplus/(Deficit) before IDCC</b>									
29	19	(10)	237	117	83	(34)	958	252	1,914
970	1,020	50	1,000	3,824	4,247	423	3,754	12,757	11,631
782	780	(3)	655	3,128	3,118	(10)	2,621	9,355	6,418
1,782	1,819	37	1,892	7,069	7,448	378	7,332	22,364	19,964
<b>Total IDCC</b>									
<b>115</b>	<b>169</b>	<b>(54)</b>	<b>730</b>	<b>4</b>	<b>144</b>	<b>(140)</b>	<b>1,177</b>	<b>3,500</b>	<b>3,230</b>
<b>Surplus/(Deficit) after IDCC</b>									

### Financial Performance by Division

October 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>									
35,766	35,474	292	34,699	148,669	147,359	1,310	142,142	451,541	427,945
354	363	(10)	360	1,436	1,433	2	1,442	4,281	4,270
22,354	22,781	(426)	21,897	89,323	91,161	(1,839)	88,149	273,208	262,585
(19,252)	(19,601)	349	(19,000)	(77,038)	(78,404)	1,366	(75,990)	(235,212)	(226,563)
<b>39,221</b>	<b>39,017</b>	<b>205</b>	<b>37,957</b>	<b>162,390</b>	<b>161,550</b>	<b>840</b>	<b>155,741</b>	<b>493,817</b>	<b>468,237</b>
<b>Total Revenue</b>									
<b>Expenditure</b>									
35,896	36,367	472	35,819	144,478	145,987	1,509	143,447	438,646	423,385
271	304	33	385	1,176	1,268	92	1,414	3,852	4,385
22,192	21,777	(415)	20,022	93,769	92,554	(1,215)	85,694	283,032	263,800
(19,252)	(19,601)	(349)	(19,000)	(77,038)	(78,404)	(1,366)	(75,990)	(235,212)	(226,563)
<b>39,107</b>	<b>38,848</b>	<b>(259)</b>	<b>37,226</b>	<b>162,385</b>	<b>161,405</b>	<b>(980)</b>	<b>154,565</b>	<b>490,317</b>	<b>465,006</b>
<b>Total Expenditure</b>									
<b>Net Contribution</b>									
(130)	(894)	764	(1,120)	4,192	1,372	2,820	(1,306)	12,895	4,560
82	59	23	(24)	260	165	95	27	429	(115)
162	1,003	(842)	1,875	(4,447)	(1,393)	(3,054)	2,455	(9,824)	(1,215)
<b>115</b>	<b>169</b>	<b>(54)</b>	<b>730</b>	<b>4</b>	<b>144</b>	<b>(140)</b>	<b>1,177</b>	<b>3,500</b>	<b>3,230</b>
<b>Net Surplus/(Deficit)</b>									

**Statement of Financial Position**

	June 2017	Oct	Oct		Annual
\$000s	Actual	Actual	Budget	Variance	Budget
<b>Current Assets</b>					
Bank - National Sweep	21,561	29,130	29,689	(559)	30,156
Deposits - Self-Invested	19,301	19,886	18,950	936	18,950
Debtors & Prepayments	18,140	17,632	15,000	2,632	15,000
Stock	2,700	2,650	2,770	(120)	2,770
Assets Held for Sale	465	465	191	274	465
<b>Current Assets</b>	<b>62,167</b>	<b>69,762</b>	<b>66,600</b>	<b>3,162</b>	<b>67,341</b>
<b>Current Liabilities</b>					
Creditors	28,534	32,922	29,804	(3,118)	29,804
Employee Entitlements	33,201	36,346	32,000	(4,346)	32,000
Term Debt - Current Portion	477	479	500	21	500
<b>Current Liabilities</b>	<b>62,212</b>	<b>69,747</b>	<b>62,304</b>	<b>(7,443)</b>	<b>62,304</b>
<b>Working Capital</b>	<b>(46)</b>	<b>15</b>	<b>4,296</b>	<b>(4,281)</b>	<b>5,037</b>
<b>Non Current Assets</b>					
Property Plant and Equipment	171,589	171,331	166,212	5,119	168,227
Other Non Current Assets	3,881	3,921	3,948	(27)	3,998
<b>Non Current Assets</b>	<b>175,470</b>	<b>175,252</b>	<b>170,160</b>	<b>5,092</b>	<b>172,225</b>
<b>Non Current Liabilities</b>					
Employee Entitlements	9,923	9,923	10,200	277	10,200
Term Debt	8,663	8,501	7,300	(1,201)	7,300
<b>Non Current Liabilities</b>	<b>18,586</b>	<b>18,424</b>	<b>17,500</b>	<b>(924)</b>	<b>17,500</b>
<b>Net Assets</b>	<b>156,838</b>	<b>156,843</b>	<b>156,956</b>	<b>(113)</b>	<b>159,762</b>
<b>Equity</b>					
Crown Equity	83,015	83,015	83,014	1	82,467
Revaluation Reserve	53,213	53,213	53,213	0	53,213
Retained Earnings:					
General	19,789	18,883	19,654	(771)	23,831
DSS	(52)	359	398	(39)	17
Mental Health	873	1,373	677	696	234
Total Retained Earnings	20,611	20,615	20,729	(114)	24,082
<b>Total Crown Equity</b>	<b>156,838</b>	<b>156,843</b>	<b>156,956</b>	<b>(113)</b>	<b>159,762</b>

### Statement of Cash Flows

Oct			Year to Date			Full Year
Actual	Budget	Variance	Actual	Budget	Variance	AP
<b>Operating Cash Flow</b>						
<b>Receipts</b>						
44,449	38,051	6,398	160,316	157,502	2,814	481,490
148	167	(19)	544	667	(123)	2,000
768	966	(198)	3,354	4,047	(693)	12,274
45,365	39,184	6,181	164,214	162,216	1,998	495,764
<b>Payments</b>						
14,031	13,837	(194)	55,600	59,385	3,785	182,783
29,576	23,313	(6,263)	97,216	95,712	(1,504)	283,291
-	780	780	-	3,118	3,118	9,355
69	19	(50)	863	83	(780)	252
43,676	37,949	(5,727)	153,679	158,298	4,619	475,681
<b>1,689</b>	<b>1,235</b>	<b>454</b>	<b>10,535</b>	<b>3,918</b>	<b>6,617</b>	<b>20,083</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>						
<b>Cash Flow from Investing Activities</b>						
<b>Receipts</b>						
5	-	5	51	-	51	-
5	-	5	51	-	51	-
<b>Payments</b>						
935	1,300	365	3,602	2,400	(1,202)	17,550
-	-	-	(585)	-	585	-
935	1,300	365	3,017	2,400	(617)	17,550
<b>(930)</b>	<b>(1,300)</b>	<b>370</b>	<b>(2,966)</b>	<b>(2,400)</b>	<b>(566)</b>	<b>(17,550)</b>
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>						
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>						
759	(65)	824	7,569	1,518	6,051	1,986
28,371	29,754	(1,383)	21,561	28,171	(6,610)	28,171
<b>29,130</b>	<b>29,689</b>	<b>(559)</b>	<b>29,130</b>	<b>29,689</b>	<b>(559)</b>	<b>30,157</b>

### 12-Month Rolling Cash Forecast

Consolidated 12 Month Rolling Statement of Cash Flows	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>\$000s</b>												
<b>Operating Cash Flow</b>												
<b>Receipts</b>												
Government & Crown Agency Received	45,488	36,394	36,394	36,394	45,488	36,394	45,488	36,341	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	1,106	982	982	982	1,106	982	1,106	982	1,034	1,034	1,034	1,034
Total Receipts	46,761	37,543	37,543	37,543	46,761	37,543	46,761	37,490	41,891	41,891	41,891	41,891
<b>Payments</b>												
Personnel	17,449	13,944	17,412	13,944	13,944	13,944	17,449	13,944	15,348	15,348	15,348	15,348
Payments to Suppliers	26,474	21,784	21,784	21,784	22,475	21,783	26,449	21,506	23,876	23,876	23,876	23,876
Capital Charge	-	4,677	-	-	-	-	-	4,677	-	-	-	-
Interest Paid	21	21	21	21	21	21	21	21	32	32	32	32
Total Payments	43,944	40,426	39,217	35,749	36,440	35,748	43,919	40,148	39,256	39,256	39,256	39,256
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>2,817</b>	<b>(2,883)</b>	<b>(1,674)</b>	<b>1,794</b>	<b>10,321</b>	<b>1,795</b>	<b>2,842</b>	<b>(2,658)</b>	<b>2,635</b>	<b>2,635</b>	<b>2,635</b>	<b>2,635</b>
<b>Cash Flow from Investing Activities</b>												
<b>Receipts</b>												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Capital Expenditure	150	600	300	2,900	4,400	3,400	1,900	300	100	500	500	700
Total Payments	150	600	300	2,900	4,400	3,400	1,900	300	100	500	500	700
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(150)</b>	<b>(600)</b>	<b>(300)</b>	<b>(2,900)</b>	<b>(4,400)</b>	<b>(3,400)</b>	<b>(1,900)</b>	<b>(300)</b>	<b>(100)</b>	<b>(500)</b>	<b>(500)</b>	<b>(700)</b>
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>												
Net Increase/(Decrease) in Cash Held	2,667	(3,483)	(1,974)	(1,106)	5,921	(1,605)	942	(3,505)	2,535	2,135	2,135	1,935
Plus Opening Balance	28,545	31,212	27,729	25,755	24,649	30,570	28,965	29,907	26,402	28,937	31,072	33,207
<b>Closing Balance</b>	<b>31,212</b>	<b>27,729</b>	<b>25,755</b>	<b>24,649</b>	<b>30,570</b>	<b>28,965</b>	<b>29,907</b>	<b>26,402</b>	<b>28,937</b>	<b>31,072</b>	<b>33,207</b>	<b>35,142</b>