

Finance Report Treasury and Financial Position

*for the month of
June 2009*

Treasury and Financial Position – June 2009

TABLE OF CONTENTS

	Page
1. Treasury	3
2. Financial Covenants and KPI's	4

Appendices

A. Financial Statements

1. Treasury

Debt

The organisations current facilities and its borrowing against those facilities for June 2009 were:

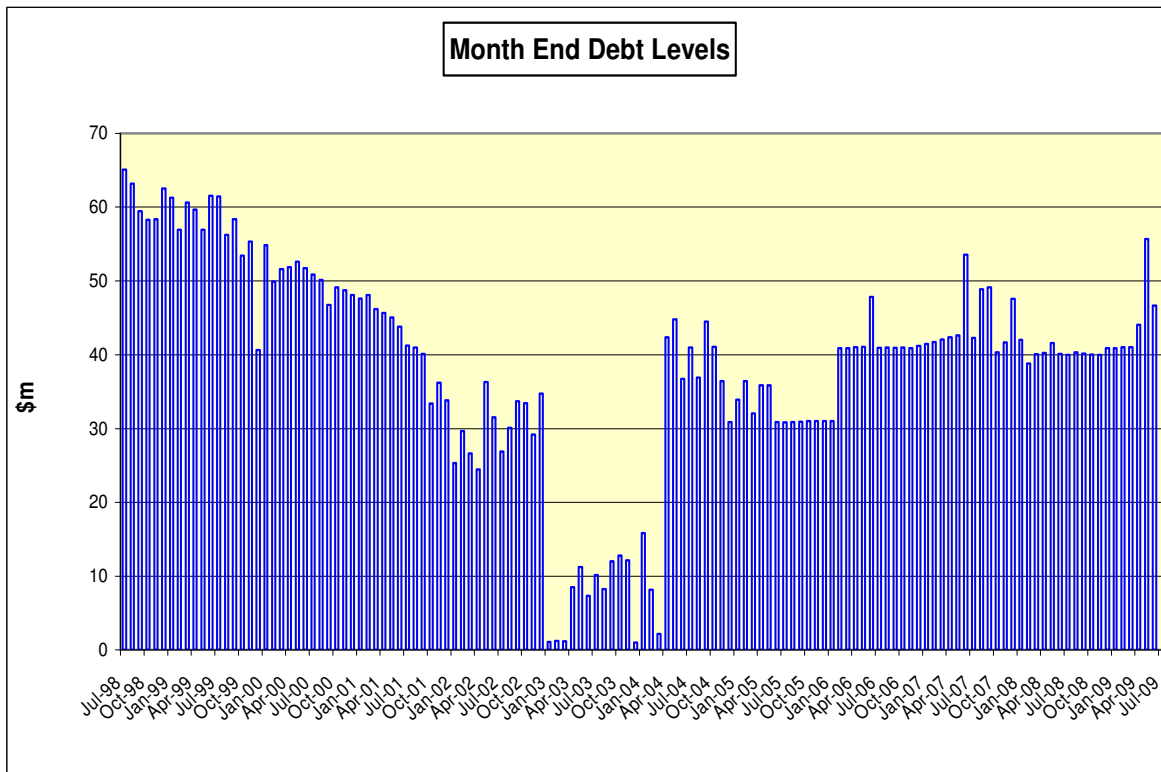
	Facility \$,000	Owing \$,000	Month Ave \$,000
Long-term Debt			
(Mental Health Building) Deutsche Bank AG	-	-	-
Medium-term Debt			
Crown Financing Agency	165,000	40,000	40,000
WHT advance	857	857	857
HSL		73	112
Short-term Debt			
BNZ various	5,000	2,293	-
WPT various	35,000	5,034	7,683
TOTAL	205,857	48,257	48,652

At 30 June the organisation's operating borrowings were \$7.3m at 3.675%.

Medium term debt with Crown Agencies is currently at 5.9%. Other medium term debt is from Waikato Health Trust (\$0.9m) and Healthshare (\$0.1m). Healthshare borrowings is for investment that Waikato DHB has done on Healthshare's behalf.

Cash outflow for capital expenditure was \$4,9m for June 2009. This is forecasted to increase to 8,5m in June 2009.

The historical trend in month end debt levels is summarised in the graph below. After a period of significant growth in debt levels in 1997/1998, the debt levels have been managed downwards in order to create increased capacity for borrowing to support future capital expenditure. As from January 2003, the Ministry has introduced accelerated crown funding payments for Waikato DHB, which resulted in a reduction in the level of borrowing. April 2004 saw an increase in debt levels which resulted from an advantageous debt/equity swap. The timing of funding and payments saw a downward trend since that time with month-end debt levels having been static for several months. In February 2006 the \$10m balance of the CHFA facility was drawn down.



Financial Covenants and KPI's

	YTD Actual	YTD Target	
Net Surplus/(Deficit) (\$m)	(3.1)	15.8	☐
Earnings before interest and tax (\$m)	(0.4)	21.7	☐
Total ftes	4,759	4,695	☐
Equity to total assets	41.78%	38.74%	☐
Return on Equity	-2.22%	11.02%	☐
Debt to debt and equity (Group)	0.26	0.41	☐
Interest covered (Group)	10.64	8.09	☐

The organisation has recorded year to date deficit of \$3.1m that was \$18.9m unfavourable to YTD planned surplus \$15.8m resulting in a lower return on Equity.

The Funder recorded a surplus of \$23.0m for YTD that was \$2.6m favourable to the YTD planned surplus of \$20.4m. Mainly due to lower than planned external provider payments.

This was offset by the Provider Arm's deficit of \$27.3m for YTD that was \$22.1 unfavourable to the YTD planned deficit of \$5.1m.

Governance reported a surplus of \$1.1m for the year that was \$0.6m favourable to the YTD planned surplus of \$0.5m.

Appendix A

Financial Statements

WAIKATO DISTRICT HEALTH BOARD
CONSOLIDATED OPERATING STATEMENT
FOR THE MONTH ENDED 30 June 2009

Current Month			Var %		Year To Date			Var %	Prior YTD \$000's	Full Year Budget \$000's
Actual \$000's	Budget \$000's	Variance \$000's			Actual \$000's	Budget \$000's	Variance \$000's			
				<u>Operating Income</u>						
78,048	68,668	9,380	14%	MoH Revenue	840,428	824,282	16,146	2%	767,104	824,282
10,597	8,540	2,057	24%	Other DHB Revenue	103,711	101,892	1,819	2%	98,419	101,892
5,717	1,596	4,121	258%	Other Govt Revenue	24,495	19,150	5,345	28%	18,456	19,150
258	61	197	323%	Donations Income	1,320	735	585	80%	496	735
9	200	(191)	-96%	Interest Income	2,119	2,400	(281)	-12%	4,193	2,400
2,254	1,820	434	24%	Other Income	21,426	22,090	(664)	-3%	18,986	22,090
96,883	80,885	15,998	20%	Total Operating Income	993,499	970,549	22,950	2%	907,654	970,549
				<u>Operating Expenses</u>						
33,560	30,930	(2,630)	-9%	Personnel Costs	376,658	362,019	(14,639)	-4%	342,335	362,019
31,413	15,654	(15,759)	-101%	Other Operating Costs	217,154	189,813	(27,341)	-14%	172,528	189,848
33,787	30,027	(3,760)	-13%	External Provider Payments	359,150	360,324	1,174	0%	324,517	360,324
249	644	395	61%	Interest and Finance Costs	2,649	5,934	3,285	55%	2,787	5,346
941	867	(74)	-9%	Capital Charge	12,356	10,400	(1,956)	-19%	10,925	10,953
2,934	2,394	(540)	-23%	Depreciation	22,749	26,248	3,499	13%	23,869	26,248
102,884	80,516	(22,368)	-28%	Cost of Services Provided	990,716	954,738	(35,978)	-4%	876,960	954,737
(6,001)	369	(6,370)	-1726%	<u>Operating Surplus(Deficit)</u>	2,783	15,812	(13,029)	-82%	30,695	15,812
				<u>Extraordinary Costs</u>						
(17)	0	(17)	0%	Gain(Loss) on Disposal of Assets	(5,867)	0	(5,867)	0%	44	0
(17)	0	(17)	0%	Total Extraordinary Costs	(5,867)	0	(5,867)	0%	44	0
(6,018)	369	(6,387)	-1731%	<u>Net Operating Result</u>	(3,084)	15,812	(18,896)	-120%	30,739	15,812

WAIKATO DISTRICT HEALTH BOARD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE MONTH ENDED 30 June 2009

	Current		Prior Month Actual \$000's	As At 1/7/08 \$000's	Prior Year Actual \$000's	Full Year Budget \$000's
	Actual \$000's	Budget \$000's				
ASSETS EMPLOYED						
Current Assets						
Cash at Bank	19	25	19	19	1,826	25
Investments <1 Year	0	4,625	0	1,807	592	0
Debtors and Prepayments	30,530	26,634	26,669	39,506	39,139	26,634
Inventory	7,281	8,064	7,503	7,009	7,009	8,064
Total Current Assets	37,830	39,348	34,191	48,341	48,566	34,723
Less Current Liabilities						
Bank Facility	7,400	1,610	17,775	0	0	1,610
Trade Creditors & Accruals	125,764	109,365	105,961	111,399	111,052	109,365
Provisions	4,796	4,420	4,036	4,050	4,050	4,420
Total Current Liabilities	137,960	115,395	127,772	115,448	115,102	115,395
NET WORKING CAPITAL	-100,130	-76,047	-93,581	-67,107	-66,536	-80,672
Add: Term Assets						
Fixed Assets	294,531	331,162	292,427	263,341	263,342	331,162
Investments >1 Year	103	0	103	103	0	4,625
	294,634	331,162	292,530	263,443	263,342	335,787
Less: Term Liabilities						
Term Loans	40,857	99,862	40,857	40,984	40,984	99,862
Provisions & Accruals	14,753	11,709	11,066	11,299	11,298	11,709
	55,610	111,571	51,923	52,283	52,282	111,571
NET ASSETS EMPLOYED	138,894	143,544	147,026	144,053	144,523	143,544
EQUITY						
Equity	116,239	117,597	116,239	116,239	116,709	117,597
Equity Injection	-2,108	0	0	0	0	0
Revaluation Reserve	54,159	54,118	54,165	54,126	54,126	54,118
Accumulated Losses	-29,396	-28,171	-23,378	-26,312	-26,312	-28,171
TOTAL EQUITY	138,894	143,544	147,026	144,053	144,523	143,544
	0	0	0	0	0	0
Borrowing Facilities Available at Month End	156,743	103,528	21,368	39,016	39,015	103,528
Debt to Equity Ratio	0.35	0.71	0.40	0.28	0.28	0.71
Debt to Debt + Equity Ratio	0.26	0.41	0.29	0.22	0.22	0.41
Current Ratio	0.27	0.34	0.27	0.42	0.42	0.30
Equity to total assets	41.8%	38.7%	45.0%	46.2%	46.3%	38.7%
Return on Equity	-2.2%	11.0%	-2.1%	21.3%	21.3%	11.0%
Interest Covered Ratio	10.64	8.09	10.64	20.58	4.89	8.87

WAIKATO DISTRICT HEALTH BOARD
CONSOLIDATED CASH FLOW STATEMENT
FOR THE MONTH ENDED 30 June 2009

	Month Actual \$000's	Year To Date			Prior Yr. YTD Actual \$000's	Full Year Budget \$000's
		Actual \$000's	Budget \$000's	Variance \$000's		
CASH FLOW FROM OPERATING ACTIVITIES						
Cash was provided from:						
Revenue	89,185	977,146	943,712	33,434	868,518	943,712
Donations and Bequests	258	1,320	0	1,320	496	785
Other Income	2,254	21,525	24,843	(3,318)	27,231	24,058
	91,697	999,991	968,555	31,436	896,244	968,555
Cash was applied to:						
Employee Costs	31,317	373,512	359,122	(14,390)	338,008	359,122
Other Operating Costs	4,171	201,032	187,149	(13,883)	173,691	230,553
Payments to Providers	33,787	359,150	361,289	2,139	324,517	317,885
Finance Costs	204	2,461	5,895	3,434	2,979	5,895
Capital Charge	0	9,743	10,404	661	11,335	10,404
GST Net Movement	(1,263)	(1,627)	0	1,627	(2,300)	0
	68,216	944,272	923,859	(20,412)	848,230	923,859
NET CASH FLOW FROM OPERATING ACTIVITIES	23,481	55,720	44,696	11,024	48,014	44,696
CASH FLOW FROM INVESTING ACTIVITIES						
Cash was provided from:						
Interest receipts 3rd Party	9	2,119	544	1,575	0	544
Sale of Assets	0	0	363	(363)	116	363
Realisation of Investments	0	100,760	4,670	96,090	51,463	4,670
	9	102,879	5,577	97,302	51,579	5,577
Cash was applied to:						
Purchase of Assets	4,958	59,745	78,807	19,062	58,661	78,807
Purchase of Investments	0	100,760	0	(100,760)	26,907	0
	4,958	160,505	78,807	(81,698)	85,568	78,807
NET CASH FLOW FROM INVESTING ACTIVITIES	(4,949)	(57,626)	(73,230)	15,604	(33,989)	(73,230)
CASH FLOW FROM FINANCING ACTIVITIES						
Cash was provided from :						
Capital Injection / (Repayment)	(2,194)	(2,194)	0	(2,194)	(3,035)	0
Loans Raised	0	19,610	50,266	(30,656)	17,818	50,266
	(2,194)	17,416	50,266	(32,850)	14,783	50,266
Cash was applied to:						
Loans Repaid	4,910	19,609	22,542	2,933	32,949	22,542
	4,910	19,609	22,542	2,933	32,949	22,542
NET CASH FLOW FROM FINANCING ACTIVITIES	(7,104)	(2,193)	27,724	(29,917)	(18,166)	27,724
Overall increase(decrease) in cash	11,428	(4,099)	(810)	(3,289)	(4,141)	(810)
Add opening cash balance	(17,756)	1,825	(775)	2,600	5,966	(775)
CLOSING CASH BALANCE	(6,328)	(2,274)	(1,585)	(688)	1,825	(1,585)

**WAIKATO DISTRICT HEALTH BOARD
FORECAST CASH FLOW STATEMENT**

To 30 June 2010

	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	May-10
CASH FLOW FROM OPERATING ACTIVITIES													
Cash was provided from:													
MoH Revenue	89,185	86,145	86,164	86,135	85,968	86,005	85,827	85,737	85,911	86,257	86,051	86,087	86,383
Other Income	2,512	1,668	1,995	1,935	1,927	1,896	2,064	1,980	2,018	2,010	2,102	1,983	1,975
	91,697	87,813	88,159	88,070	87,895	87,901	87,891	87,717	87,929	88,267	88,153	88,070	88,358
Cash was applied to:													
Employee Costs	31,317	32,668	31,937	33,232	33,081	31,669	35,392	32,738	31,535	34,894	36,752	32,092	35,030
Other Operating Costs	4,171	15,942	38,848	15,881	17,932	18,478	18,509	15,489	17,674	13,575	17,446	12,618	12,398
Payments to Providers	33,787	33,320	33,320	33,320	33,320	33,320	33,320	33,320	33,320	33,320	33,320	33,320	33,320
Finance Costs	204	335	335	335	335	335	335	335	335	335	335	335	335
Capital Charge	0	3,758			3,349			3,349			3,349		
GST Net Movement	(1,263)	(55)											
	68,216	85,968	104,440	82,768	88,017	83,801	87,556	85,231	82,863	82,124	86,374	83,193	81,083
NET CASH FLOW FROM OPERATING ACTIVITIES	23,481	1,845	(16,281)	5,302	(122)	4,100	335	2,486	5,066	6,143	1,779	4,877	7,275
CASH FLOW FROM INVESTING ACTIVITIES													
Cash was provided from:													
Interest receipts 3rd Party	9	5	5	5	5	5	5	5	5	5	5	5	5
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Realisation of Investments	0	0	0	0	0	0	0	0	0	0	0	0	0
	9	5	5	5	5	5	5	5	5	5	5	5	5
Cash was applied to:													
Purchase of Assets	4,958	8,526	8,526	8,526	8,526	8,526	8,526	8,525	8,526	8,525	8,526	8,525	8,526
Purchase of Investments	0	0	0	0	0	0	0	0	0	0	0	0	0
	4,958	8,526	8,526	8,526	8,526	8,526	8,526	8,525	8,526	8,525	8,526	8,525	8,526
NET CASH FLOW FROM INVESTING ACTIVITIES	(4,949)	(8,521)	(8,521)	(8,521)	(8,521)	(8,521)	(8,521)	(8,520)	(8,521)	(8,520)	(8,521)	(8,520)	(8,521)
CASH FLOW FROM FINANCING ACTIVITIES													
Cash was provided from :													
Capital Injection\ (Repayment)	(2,194)	0	20,000	0	0	0	0	0	0	0	0	0	0
Loans Raised	4,930	8,950	4,802	3,219	8,643	4,421	8,186	6,034	3,456	2,377	6,742	3,643	1,246
	2,736	8,950	24,802	3,219	8,643	4,421	8,186	6,034	3,456	2,377	6,742	3,643	1,246
Cash was applied to:													
Loans Repaid	4,910	0	0	0	0	0	0	0	0	0	0	0	0
	4,910	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW FROM FINANCING ACTIVITIES	(2,174)	8,950	24,802	3,219	8,643	4,421	8,186	6,034	3,456	2,377	6,742	3,643	1,246
Overall increase(decrease) in cash	16,358	2,274	0	0	0	(0)	(0)	0	1	0	0	0	0
Add opening cash balance	(18,632)	(2,274)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
CLOSING CASH BALANCE	(2,274)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	0	0	(0)	(0)
TOTAL BORROWINGS	40,857	49,807	54,609	57,828	66,471	70,892	79,078	85,112	85,112	81,455	85,820	88,755	86,358
BALANCE AVAILABLE	164,143	155,193	150,391	147,172	138,529	134,108	125,922	119,888	119,888	123,545	119,180	116,245	118,642