



**To:** Mayor & Councillors, Waitaki District Council  
**From:** Keith Marshall, Chief Executive, WDHSL  
**Date:** 8<sup>th</sup> March 2023

**Subject:** WDHSL: Financial results to 31 December 2022

Firstly, we wish to highlight the fact that WDHSL is presenting to Council financial results that **exceed** our budgeted FY22/23 projections. This is the first occasion in 7 years that WDHSL has been on-track to actually do better than budget !

#### Financial results to 31 December 2022

The table below details the financial result for the six months to 31 December 2022, which shows a loss of \$1,666,000 which is around \$420,000 ahead of the budgeted position.

Profit & Loss Summary	Dec-22	Dec-21
NZ\$'000	WDHSL	WDHSL
Income	7,161	6,855
Staff Costs	(5,944)	(5,575)
Medical Contractors	(229)	(284)
Other Operating Costs	(1,134)	(1,132)
Overheads	(1,014)	(702)
<b>Normalised EBITDA</b>	<b>(1,160)</b>	<b>(838)</b>
Donations & Interest Received	43	47
Interest	(102)	(51)
Depreciation/Amortisation	(447)	(236)
<b>Net Profit (Reported)</b>	<b>(1,666)</b>	<b>(1,078)</b>

Of course, this result still needs to be put in the context of the \$4m deficit that was anticipated for FY22/23. So, while it is pleasing to see for the first time in many years that WDHSL is meeting its budget, the reality is that our budgeted position is still not where we would like it to be. As reported previously, WDHSL has been running deficits for several years.

What is a substantive improvement on any time in the recent past, is that both our financial reporting information is now considerably more robust and that we finally have a detailed understanding of our underlying cost structures and revenues.

Ultimately though, current budgets and finances merely reflect the terrible position that our staff have found themselves in for far too long: WDHSL is chronically understaffed as a result of nearly 2 years of closed borders due to covid and because of major health workforce shortages facing the country as a whole. Pay gaps do not help that situation. As at Christmas, for the first time in quite a while, we have a full complement of Drs on staff; but even that temporary relief will change shortly.

Our short staffing is **NOT** because of budget pressures. In fact, having more staff would ease the financial situation as we are currently filling far too many overtime and penal shifts due to simply not having the people we need to fill those roles.

Right now, Oamaru Hospital has been able to remain open as a result of a group of dedicated and capable folk who have continued to strive to deliver a high quality of health service; all the while being chronically short staffed. Our staff have been, and are, amazing !!

Further, as indicated in our most recent financial updates, we have succeeded in progressing a new funding contract with Te Whatu Ora. We are anticipating that the formalisation of that new contract will ease most (but not all) of the current financial burdens facing WDHSL. We will continue to keep you updated on that situation as matters progress.

### **Balance Sheet**

Due to the ongoing losses being incurred, the equity position of the organisation has continued to decline. To an extent, that erosion of balance sheet value had been arrested at the end of the previous financial year primarily through an updated asset valuation.

On request last year, Council provided a further loan of \$1,950,000 for cashflow support purposes for FY22/23 to enable WDHSL to conduct its funding contract negotiations. It was made clear in approving that cashflow support, that Council would be unlikely to provide any further funding support. That financial support facility was drawn down in October and is currently being used to underpin our ongoing operations.

### **Summary**

Financial management approaches have been tightened considerably in the past year. While much still remains to be done, the prospects are looking increasingly promising. After all, this is the first time in a long time that WDHSL has been able to say that it is on-track to meet its budget (even if that budget is too high a loss !).

Lastly, this half-year result is, of course, presented in the context of a substantially increased new funding contract arrangement with Te Whatu Ora which will make a substantive change in the fortunes of WDHSL; on every front, including addressing pay gaps for all our staff !



# Waitaki District Health Services Limited



## Monthly Summarised Statement of Financial Performance

For the month ended December 2022

	This Month			Year to Date			Full Year
	Actual	Budget	Variance	Comparative	Actual	Budget	Budget
<b>Operating Income</b>							
DHB Revenue	943,552	944,077	(525)	915,277	5,744,236	5,664,462	11,328,924
ACC Revenue	107,050	124,634	(17,584)	104,631	786,812	747,804	1,495,608
Other Revenue	117,820	80,838	36,982	97,512	629,831	494,028	979,060
<b>Total Income</b>	<b>1,168,422</b>	<b>1,149,549</b>	<b>18,873</b>	<b>1,117,420</b>	<b>7,160,879</b>	<b>6,906,294</b>	<b>13,803,592</b>
<b>Operating Expenditure</b>							
Staff Costs	1,081,005	1,108,304	27,299	1,044,551	6,226,242	6,391,466	12,754,431
Clinical Costs	166,510	206,416	39,906	158,091	1,081,037	1,245,411	2,483,680
Non-Clinical Costs	128,431	157,323	28,892	114,853	1,013,827	962,496	1,865,802
<b>Total Expenditure</b>	<b>1,375,946</b>	<b>1,472,043</b>	<b>96,097</b>	<b>1,317,495</b>	<b>8,321,106</b>	<b>8,599,373</b>	<b>17,103,913</b>
<b>Net Operating Surplus (Deficit)</b>	<b>(207,524)</b>	<b>(322,494)</b>	<b>114,970</b>	<b>(200,075)</b>	<b>(1,160,228)</b>	<b>(1,693,079)</b>	<b>(3,300,321)</b>
<b>Non-Operating Income</b>							
Donation Revenue	-	-	-	-	39,528	-	50,000
Interest Revenue	1,517	-	1,517	1	3,211	-	-
<b>Total Non-Operating Income</b>	<b>1,517</b>	<b>-</b>	<b>1,517</b>	<b>1</b>	<b>42,739</b>	<b>-</b>	<b>50,000</b>
<b>Non-Operating Expenditure</b>							
Interest	20,615	2,470	(18,145)	11,304	101,750	12,388	46,851
Depreciation	73,801	63,422	(10,379)	48,000	447,004	387,952	758,421
<b>Total Non-Operating Expenditure</b>	<b>94,416</b>	<b>65,892</b>	<b>(28,524)</b>	<b>59,304</b>	<b>548,754</b>	<b>400,340</b>	<b>805,272</b>
<b>Net Surplus (Deficit)</b>	<b>(300,422)</b>	<b>(388,386)</b>	<b>87,964</b>	<b>(259,378)</b>	<b>(1,666,243)</b>	<b>(2,093,419)</b>	<b>(4,055,593)</b>



# Waitaki District Health Services Limited



## Monthly Summarised Statement of Financial Position For the month ended December 2022

## Monthly Summarised Statement of Cash Flows For the month ended December 2022

	This Month Actual	This Month Budget	Last Year End Actual
<b>Shareholders Equity</b>			
Share Capital	100	100	100
Retained Earnings	(2,595,531)	(3,294,591)	(929,288)
Reserves	11,641,093	8,301,075	11,641,093
<b>Total Shareholders Equity</b>	<b>9,045,662</b>	<b>5,006,584</b>	<b>10,711,905</b>
<b>Current Assets</b>			
Cash and Bank	1,610,756	-	1,125,073
Trade and Other Receivables	1,685,158	1,466,312	2,159,298
Inventory	129,911	128,010	129,911
Prepayments	152,327	16,697	130,847
Other Current Assets	8,520	5,770	3,475
<b>Total Current Assets</b>	<b>3,586,671</b>	<b>1,616,789</b>	<b>3,548,603</b>
<b>Current Liabilities</b>			
Bank overdraft	-	180,634	-
Trade and Other Payables	1,450,543	1,373,371	1,836,154
Current Employee Entitlements	1,931,603	1,837,072	1,836,397
Current Finance Leases	100,420	-	152,917
Goods and Services Tax	135,867	248,241	158,299
Loans (Insurance)	52,668	24,894	-
IRD Arrears - GST	340,416	332,377	327,361
IRD Arrears - Payroll	906,244	1,054,839	1,258,674
<b>Total Current Liabilities</b>	<b>4,917,761</b>	<b>5,051,428</b>	<b>5,569,802</b>
<b>Net Working Capital</b>	<b>(1,331,089)</b>	<b>(3,434,639)</b>	<b>(2,021,199)</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12,960,955	9,224,625	13,343,799
Intangible Assets	32,661	46,269	38,840
<b>Total Non-Current Assets</b>	<b>12,993,616</b>	<b>9,270,894</b>	<b>13,382,639</b>
<b>Non-Current Liabilities</b>			
Employee Entitlements	35,070	89,647	33,436
Finance Leases	617,570	459,336	616,099
Loans	1,964,224	280,688	-
<b>Total Non-Current Liabilities</b>	<b>2,616,865</b>	<b>829,671</b>	<b>649,535</b>
<b>Net Assets</b>	<b>9,045,662</b>	<b>5,006,584</b>	<b>10,711,905</b>

	This Month Actual	This Month Budget	Year to Date Actual	Year to Date Budget
<b>Operating Cashflow</b>				
Customer Receipts	1,282,166	1,322,153	8,799,297	7,950,275
Interest Received	1,517	-	3,211	-
Donations Received	-	-	39,528	-
Supplier & Employee Payments	(1,374,756)	(1,475,797)	(8,884,027)	(9,236,268)
Net GST Received/(Paid)	(106,243)	-	(813,325)	(570,479)
<b>Total Operating Cashflow</b>	<b>(197,316)</b>	<b>(153,644)</b>	<b>(855,317)</b>	<b>(1,856,472)</b>
<b>Investing Cashflow</b>				
PPE Sale Proceeds	2,031	-	35,669	-
PPE Purchases	(11,242)	(1,150)	(91,591)	(6,900)
Bond Paid	-	-	-	-
<b>Total Investing Cashflow</b>	<b>(9,211)</b>	<b>(1,150)</b>	<b>(55,922)</b>	<b>(6,900)</b>
<b>Financing Cashflow</b>				
Loan Proceeds	-	200,000	1,950,000	280,000
Loan Repayments	(83,122)	(64,804)	(553,079)	(422,049)
<b>Total Financing Cashflow</b>	<b>(83,122)</b>	<b>135,196</b>	<b>1,396,921</b>	<b>(142,049)</b>
<b>Increase/(Decrease) in Cash</b>	<b>(289,648)</b>	<b>(19,598)</b>	<b>485,682</b>	<b>(2,005,421)</b>
<b>Opening Cash</b>	<b>1,900,404</b>	<b>(161,036)</b>	<b>1,125,073</b>	<b>1,824,787</b>
<b>Closing Cash</b>	<b>1,610,756</b>	<b>(180,634)</b>	<b>1,610,756</b>	<b>(180,634)</b>