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**HOSPITAL HIGHLIGHTS REPORT
For Year Ended June 2001**

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November 7, 2001

Hospital Highlights Report 2000-01

Executive Summary

Introduction:

This Report is designed to provide a summary of the financial results for the hospital sector for the financial year 2000-01. It is based, in part on financial statements that have been prepared by individual Metropolitan Health Services or hospitals and have been audited by the Auditor General. Some audited financial statements have not yet been completed or delivered to the Department, and the results included here are based on preliminary material provided to the Department, or draft financial statements. The final annual reports of each Metropolitan Health Service or hospital, including the full audited end of year financial statements, are due to be tabled in Parliament by the end of October 2001. This Report gives an overview of the financial position of the hospital sector, prior to all annual reports and audited financial statements becoming available.

Financial Performance 2000-01

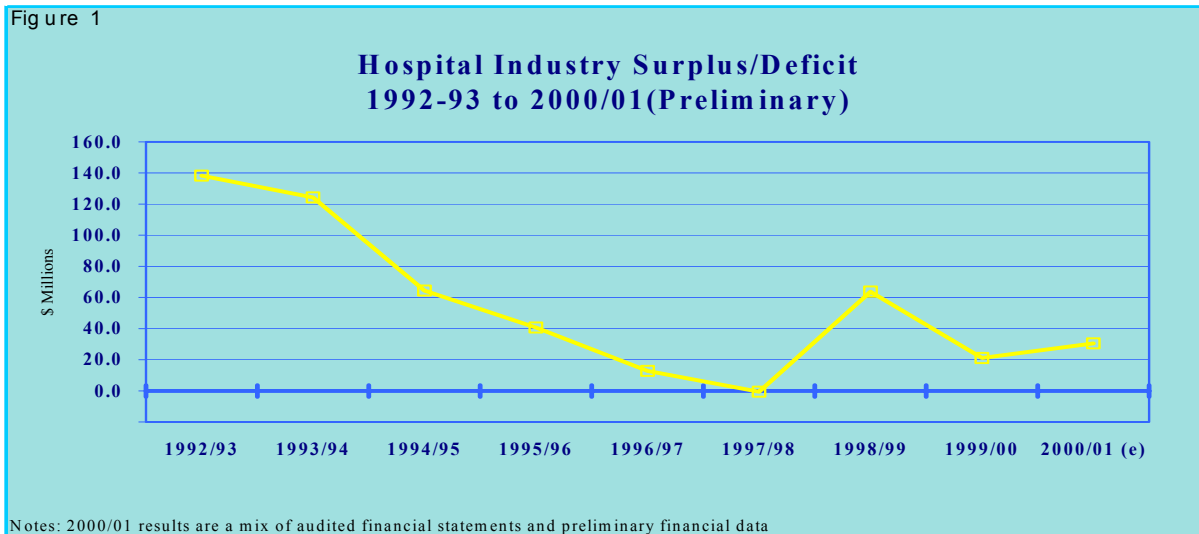
Statewide Hospital Financial Result

The overall hospital sector, including metropolitan and rural hospitals and Multi Purpose Services, is currently reporting a surplus of \$34m for 2000-01. This is an increase on the surplus of \$21m reported by the sector (which included metropolitan networks, rural hospitals and Multi Purpose Services) in the previous year. The surplus reported is the operating surplus, which excludes capital income and capital expenses (depreciation) and abnormal items. The improved result can be attributed to additional funds provided by the Government in the 2000-01 State budget, together with a major management effort by all hospital staff. It ends an eight year period of deteriorating financial results from hospitals, other than an increase in 1998-99 which was due to an increase in funding upon the signing of a new health care agreement with the Commonwealth, but which was not sustained (see Figure 1).

The State Budget for 2000-01

The State Budget for 2000-01 provided a significant increase in funding for acute services over the previous year's budget. In total, additional funding of \$176m for growth and new initiatives was provided. A total of \$44m was provided to treat extra inpatients, comprising \$28m from growth funds and \$16m from the extra beds opened under the Integrated Elective and Emergency Services Strategy. The balance of growth funds (\$22m) funded additional non inpatient services. Some \$53m was also added to the base budget of hospitals by boosting the WIES price, increased sub-acute bedday rates and extra funding for rural hospitals. Hospitals were also required to make the normal 1.5% productivity savings and savings due to the abolition of network bureaucracy.

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Other Influences on hospitals in 2000-01

During the year there was a major shift in the mix of inpatients in Victoria's public hospitals, particularly in the metropolitan area. There was a significant increase in demand from emergency patients, particularly emergency patients needing admission to the 12 major metropolitan hospitals.

The number of emergency patients admitted increased by 8% over the previous year in the major metropolitan hospitals. The complexity of emergency patients also increased. In addition, the lack of aged care residential facilities means that patients who are ready to be discharged from hospital are unable to be discharged, and prevent beds being used for additional patients. This is a rapidly growing problem.

In May 2001 some 558 patients remained in hospitals or subacute facilities, only because aged care facilities were not available – an increase of 60% over 6 to 8 months earlier.

There were significant increases in employee long service and annual leave entitlements as a result of the implementation of enterprise bargaining agreements for medical and nursing staff and the Department agreed to fund increased annual leave liabilities and guarantee payment of increased long service leave.

Other factors which have had an influence on the financial results of hospitals over the year have included increases in WorkCover premiums; additional nurse agency costs; a decrease in revenue for treating veterans as there has been a continuing drift of DVA patients to private hospitals; and increases in the cost of pharmaceuticals and other items (particularly medical equipment) influenced in part by the falling value of the Australian dollar. Having regard for these factors, the improved overall financial result was creditable. At the same time as this result was achieved, a significant restructuring of metropolitan health services occurred and additional services in both metropolitan and rural areas and improved cleaning standards were achieved.

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Metropolitan Hospitals

The results for all metropolitan providers for 2000-01 was a surplus of \$11m compared with a surplus of \$3m in the previous year. Most metropolitan providers (which include Metropolitan Health Services, denominational hospitals and Barwon Health) reported a surplus on operations. Larger health services, such as ARMC, Southern Health and Bayside Health, all recorded increases over the previous year when compared with the comparable parts of the former metropolitan networks, and both Barwon Health and Eastern Health reported improved results following reviews of hospital operations.

Two metropolitan agencies reported a deficit on operations, with the financial results poorer than for the previous year of 1999-2000. These were Women's and Children's Health and Peninsula Health. The Women's and Children's Health Board and management have been active in preparing a financial recovery plan which has included a thorough review of activities, costings and revenue generation at the hospital. Peninsula Health reported a small deficit in 2000-01. Peninsula Health incurred most of this deficit in the first half of the year, but operated at a break even position in the second half of the year, and is projecting a balanced result for 2001-02.

Rural Hospitals

The 67 Rural Hospitals reported an operating surplus for 2000-01 of \$22m. This result is still preliminary as this result is derived from a mix of annual report and preliminary reports. This financial result compares with a surplus reported in 1999-2000 of \$18m. The overall surplus for rural hospitals masks a difference in results for different activities. Acute activities were reported as earning a small surplus, while Aged Care activities in a number of rural hospitals reported a deficit.

Major Provider Commentary

Comments on major provider performance are shown in Appendix A.

Reporting Issues

Capital related items represented by capital purpose grants, depreciation, profit or loss from sale of non – current assets and asset revaluations are excluded from the full year surplus and deficit figures contained in this report. The exclusion is made on the basis that the replacement of assets is primarily funded by capital allocations from Government, although it is acknowledged that some capital acquisitions are sourced from donations and other revenue streams raised by the MHS/hospitals. Where donations are provided to hospitals for capital purpose only, these donations are also excluded from the surplus and deficit figures. Adjustments have also been made for income received in advance where funds have been expensed in the current year related to income received in previous years, and where funds have been received in the current year with expenditure expected to occur in future years.

Exclusions of abnormal items are also made to provide a better understanding of the underlying operating results of the MHS/hospitals. Some of the circumstances that may give rise to these specific abnormal revenue and expenses include the write down of non – current assets,

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litigation settlements and restructuring of operations. For a detailed understanding of the financial statements of each individual MHS or hospital, reference should be made to the annual report of the particular hospital together with the detailed audited financial statements and explanatory notes to the financial statements.

Liquidity

Cash and Short Term Investments

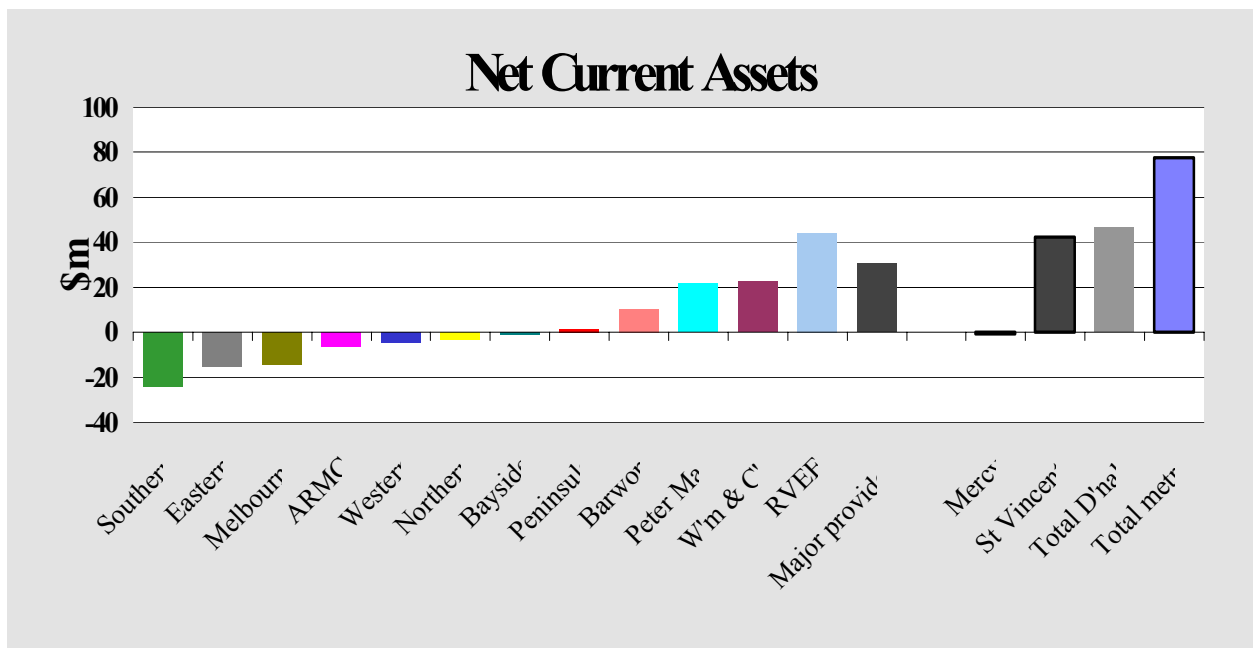
At the end of June 2001 major providers had cash and short term investments of \$345m, a significant improvement on the level held at 1 July 2000 of \$267m.

Stemming from the Ministerial Review of Health Care Networks (the Duckett Report), the Government announced at the end of June 2000 a one-off injection of \$34.6m, which was paid in September 2000 to address the liquidity concerns at five newly created MHS's.

Net current assets (or the level of working capital) is the difference between current assets and current liabilities and is a key indicator of an organisation's liquidity. It measures the ability of a hospital to pay its creditors, staff entitlements and other short term obligations in the coming year.

The distribution of liquid assets between the major providers is very unequal, as shown in the following graph. The Department considers that MHSs can operate at a minimum net current asset ratio of 0.7 and with cash sufficient to pay at least two months of creditors.

Since June 1993, net current assets available to Major providers excluding denominationals reduced from a surplus of \$76m to a surplus of only \$9m in June 2000. This has increased to a surplus of \$33m as at June 2001.



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Throughput

Most admitted throughput measures for 2000/01 were above last year's levels except for DVA. The key statistics in 2000-01 statewide admitted throughput is shown in the following table. The following commentary is generally based on provisional VAED data, not the F1 data from the hospitals.

	99/00 Actual	00/01 Actual	% change over prior year
Public WIES	658,700	670,800	1.8%
Public separations	864,000	890,540	3.1%
Public bed days	2,535,100	2,569,858	1.4%
Private WIES	78,600	81,800	4.0%
DVA WIES	29,800	28,160	-5.5%
Total WIES (1)	767,100	780,700	1.8%

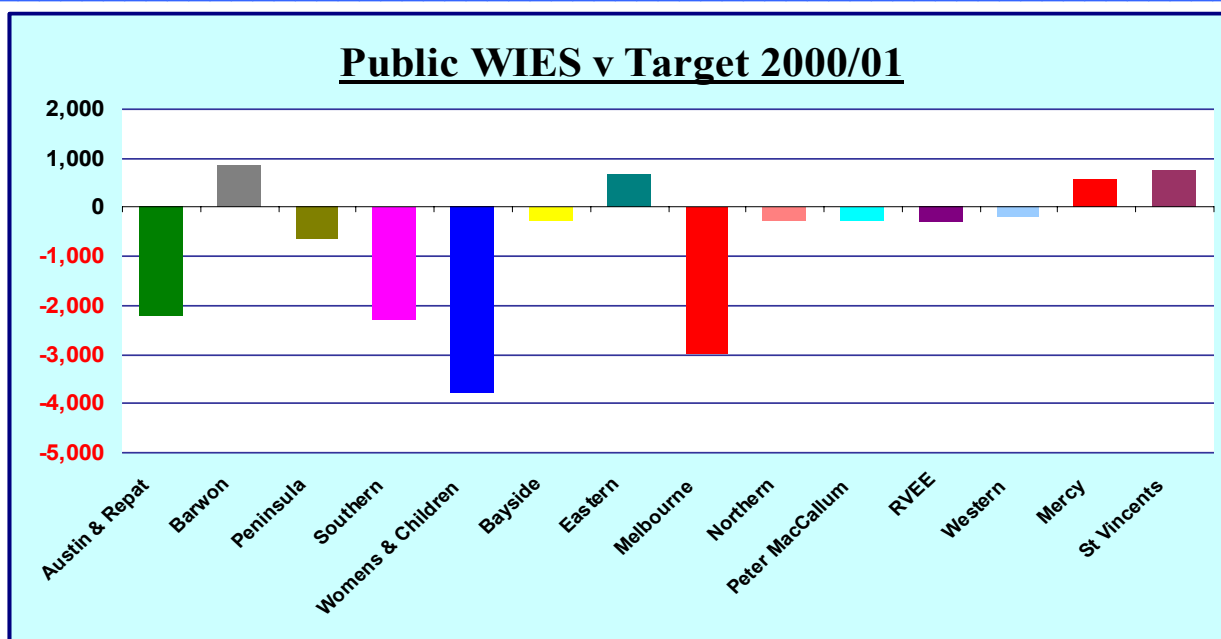
Preliminary 22/9 VAED data, 2000/01 WIES includes coding adjustment, but excludes WIES equivalents and special funding e.g. for Road Trauma Unit. Total WIES including all factors was 788,800 WIES.

Public WIES Performance

Overall public WIES was 1.8% higher in 2000-01 than the previous year, while the number of patients treated increased by 3.1%. The growth was greatest in the metropolitan area (where WIES increased by 3.1% and the number of patients treated increased by 4.6%) as services responded to the increased emergency demand. However metropolitan hospitals were some 1.8% below their WIES targets, and statewide, hospitals were some 2.0% under hospital WIES targets. (Note that these figures are still provisional and exclude WIES equivalents such as renal and the Road Trauma Unit.)

The ANF dispute was a cause of under target WIES performance early in the year but the key driver of the below target performance has been the increased emphasis given in 2000/01 to treating emergency admissions, particularly in the metropolitan area. Emergency separations increased by 8.9% in the metropolitan area, while elective separations increased by 4.1%. The WIES value of an emergency patient is on average about 30% lower than a patient admitted for complex elective surgery, so despite the increases in patients treated and bed days occupied in hospitals, this is not fully reflected in the WIES statistic. Non WIES funded bed days were 2% higher than last year, with GEM (Geriatric Evaluation and Monitoring) in particular increasing. These influences increased the average length of stay for non same day patients at major providers to 5.09 days in 2000-01, up from 5.05 days in 1999-2000.

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The effect of these factors upon the individual health services has been varied. Southern, A&RMC St Vincent's and Melbourne have been most impacted but it has had a smaller impact upon Bayside and Western.

Workforce

Workforce numbers increased significantly during 2000/01 from 48,700 in June 2000 to 52,800 in June 2001. The nurse's recruitment and retention strategy was the main factor in this increase with nurse numbers increasing from 21,700 to 24,000 over this period.

Many hospitals are in the process of changing payroll suppliers, making analysis of workforce numbers difficult at present.

2000/2001 Financial Position as at June 2001

	Full Year 1999/00 Surplus / Deficit (1)	YTD Surplus / Deficit for June 2001 (1)	Net Current Assets June 2001	Fundable WIES (2)	Target vs Actual Variation (2)
	\$M	\$M	\$M		%
Major Providers					
Austin & Repatriation (8)	0.1	2.9	(6.4)	50,602	(2.9%)
Barwon	(0.9)	3.5	10.3	36,304	(0.8%)
Peninsula	0.2	(1.1)	2.3	32,614	(3.3%)
Southern (3)	(3.7)	1.0	(21.8)	83,947	(2.2%)
Womens & Childrens (7)	3.7	(10.2)	21.7	49,257	(5.3%)
Bayside(6)	(4.3)	1.8	(1.2)	62,473	(1.5%)
Eastern(6)	(5.7)	0.4	(15.5)	58,530	(0.7%)
Melbourne (4)	7.0	0.1	(14.4)	54,695	(3.3%)
Northern (4)	na	0.9	(3.1)	24,102	(1.7%)
Peter MacCallum(6)	3.6	2.5	22.2	11,684	0.9%
RVEE (6)	4.0	3.0	44.3	8,580	1.5%
Western (4)	na	0.6	(5.2)	48,248	(0.7%)
Total Major Provider	4.0	5.5	33.4	521,036	(2.1%)
Denominational					
Mercy Hospital	(1.9)	0.0	(0.6)	26,136	(1.8%)
St Vincent Hospital (5)	0.8	2.7	38.7	37,863	0.8%
St Georges	1.8	2.2	1.7	-	0.0%
Total Denominational (including other denominational)	(0.6)	6.0	45.1	63,999	0.1%
Total Metropolitan	3.4	11.5	78.5	585,035	(1.9%)
Regional Base Hospitals	5.7	12.6	(5.6)	136,788	(0.5%)
Other Rurals	10.6	8.3	56.8	55,147	0.0%
MPS	1.5	1.5		3,700	
Total Industry (9)	21.1	33.9	129.8	780,670	(1.6%)

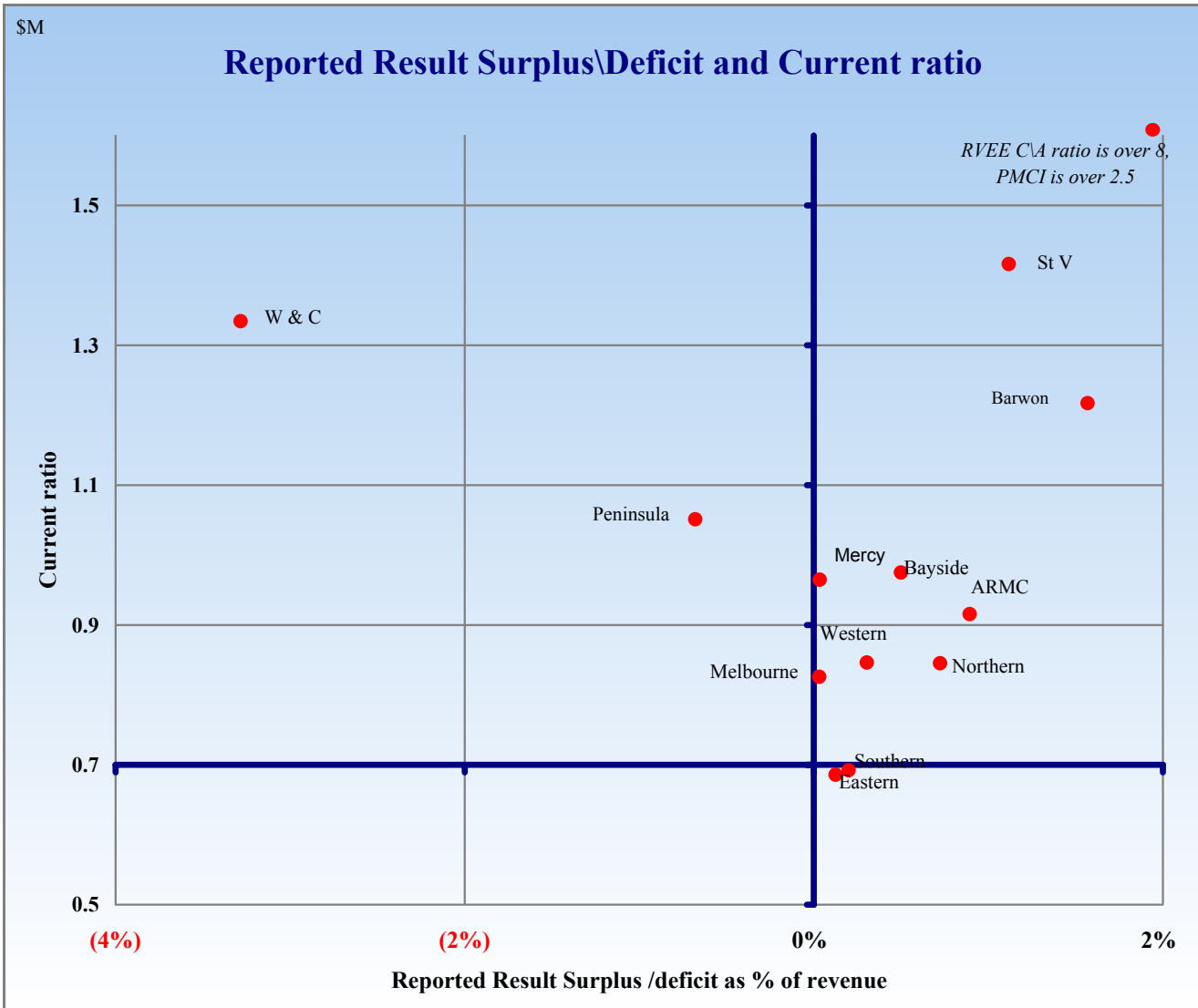
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2000/2001 Financial Position as at June 2001

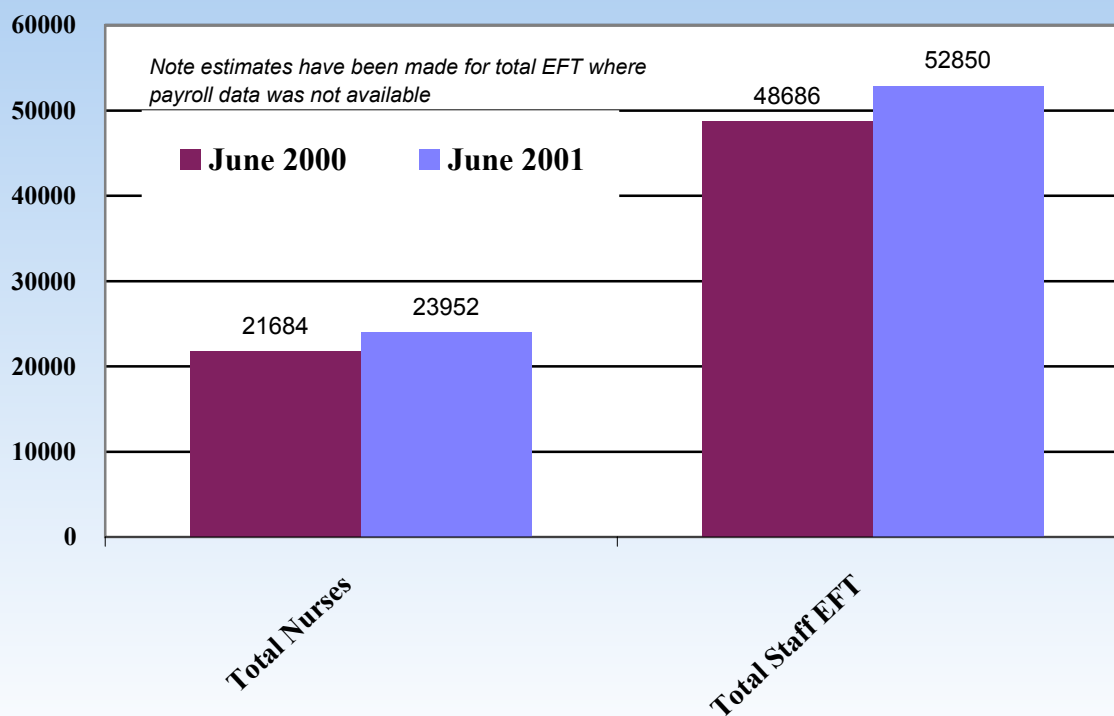
Notes :

- (1) Data are for the whole hospital entity. Capital revenue, depreciation and abnormal items are excluded.
1999/00 figures are based on adjusted audited annual accounts
2000/2001 figures are adjusted annual report or F1 results (refer Appendix B).
- (2) WIES is the total YTD fundable Public, Private and DVA WIES, YTD targets are from the hospital F1 return,
Some agencies data is incomplete at time of preparation of this report.
Excludes WIES equivalents and some special funding funding arrangements
Bayside has been adjusted to include approximately 5000 special funding arrangement WIES at RTU\TAC unit
Total of all WIES and all agencies is 788,800 WIES
- (3) 1999-00 includes Sandringham campus which in 2000/01 is part of Bayside
- (4) Melbourne operating result for 1999/00 is North Western network reported result as at 30 June 2000
- (5) St Georges now part of St Vincents from 1 July 2000, however financial results are reported separately
- (6) The 1999/00 results for the MHS's from the old Inner & Eastern network are based on the result published in the Annual Report for 1999/2000, adjusted for the reallocation of cash within the Network.
- (7) The W&CHN 1999/00 results include some adjustments from information provided after the annual report
- (8) This report uses the A&RMC internal DVA WIES target which is far less than the HSA target.
All other targets should be based on HSA annual targets
- (9) Other totals in this report do not include MPS agencies

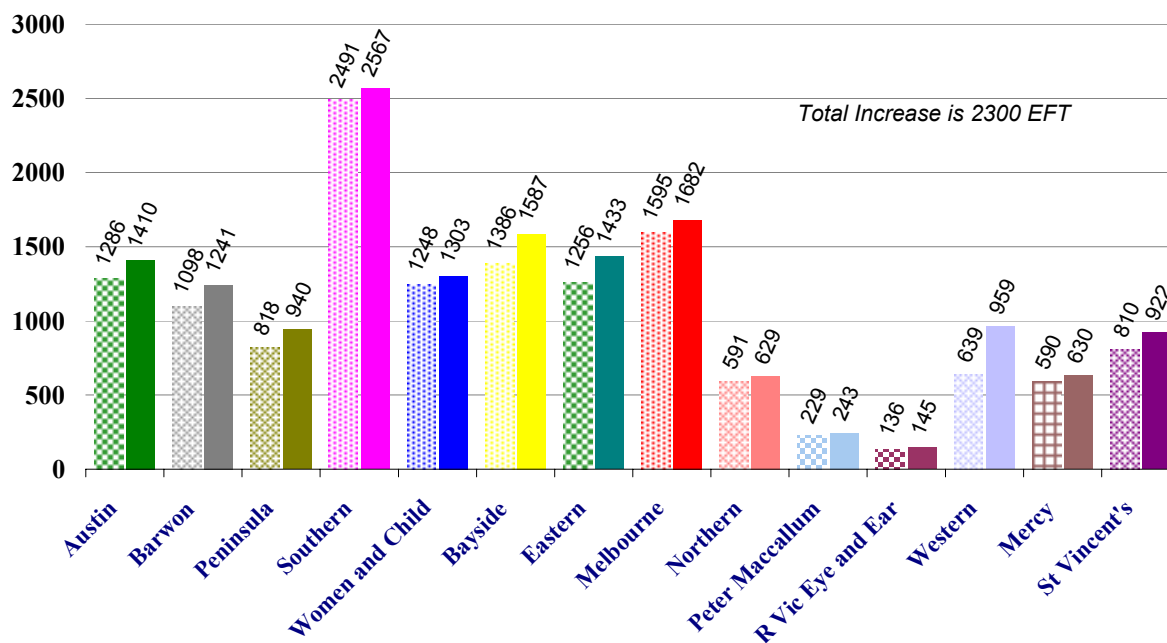
NA - Not Available due to incomplete data



Sector Workforce numbers



Nursing EFT June 2000 compared to June 2001



Source: Data based on returns required by Financial & Administrative Services Branch to monitor Nurses EBA.

Commentary on Major Providers**Southern Health (SH)**

1999-2000 result: Deficit \$3.7m (includes Sandringham)

June 2001 result: Surplus \$1.0m

Southern Health reported a surplus of \$1.0m for the year, comprising a deficit of \$8.6m (\$9.4m in 1999-00) on HSA activities and a surplus of \$9.6m (\$5.7m in 1999-00) on non HSA activities.

The finalisation of the 1999-00 WorkCover and a net increase in the premium in 2000-01 over the previous year affected HSA results, as did the non DVA WIES target shortfall, and additional nurse agency costs.

The non DVA WIES target shortfall is largely attributed by the Health Service to the August nursing industrial dispute and the decision in September to curtail elective activity. The movement of services between Clayton, Moorabbin and the commencement of day surgery at Cranbourne resulted in an improvement in WIES activity compared to target levels over the last quarter of the financial year.

An increased surplus occurred in SPF's and business units. The increased surplus in SPF's reflects the cash flow timing of receipt and expenditure of the funds.

SH has reported a net current asset ratio of 0.69 a significant improvement on the 0.60 recorded in May. The improvement is primarily due to a change in June (\$8m) in the classification of Long Service Leave between current and non current. The change uses payment experience over recent years rather than Allegiance reports which has significantly overstated the current liability.

At the end of June, SH had cash holdings of \$44.2m, a significant improvement on the \$32.1m at the beginning of the financial year. As at the end of June \$12.1m is recorded as income in advance and is therefore committed to be spent in 2001-02.

Peninsula Health***1999-2000 result:******Deficit \$0.2m******June 2001 YTD result:******Deficit \$1.1m***

Peninsula reported a deficit of \$1.1m comprising a deficit of \$2.7m (\$2.1m in 1999-00) on HSA activities and a surplus of \$1.6m (\$1.9m in 1999-00) on non HSA activities.

As reported during the year, increases in emergency demand pressures, a reduction in the number of veterans treated, increases in WorkCover costs and nurse agency costs impacted Peninsula financial results. At the end of June, Peninsula Health is about 1,070 WIES below target for non DVA patients and 43 DVA WIES below target. Throughput has generally been on target since November 2000 when Peninsula Health has opened an

Emergency Medical unit and taken other measures to improve the flow of emergency medical patients.

Peninsula Health has reported a net current asset ratio of 1.05, and cash holdings of \$27.4m, a significant improvement on the \$20.2m on 1 July.

A program of actions to improve financial performance was initiated in the second half of 2000-01. These include the opening of an Emergency Medical Unit and other measures to improve the flow of emergency patients. Access to private rehabilitation beds has been used, but this was blocked during June due to a pricing dispute. Staffing levels were also reviewed during the year.

Austin and Repatriation Medical Centre(A&RMC)

1999-2000 result: Surplus \$0.1m

June 2001 YTD result: Surplus \$2.9m

A&RMC reported a surplus of \$2.9m for the year comprising of a deficit of \$4.2m (\$6.1m in 1999/2000) in the HSA Fund and a surplus of \$7.1m (\$6.2m in 1999/2000) in non –HSA initiatives.

The surplus reported for the year is attributable to additional revenue accrued on net LSL liability assumed by DHS, DHS cash contribution on annual leave liability, New Technology Funding, and improved interest income earned from liquidity injection. The operating result was also affected by higher premium incurred on WorkCover and revenue foregone arising from under achieved Non DVA WIES. The underlying causes for the below target throughput performance are due to industrial dispute, lack of nursing home beds and focus of resources on emergency demand.

At the end of the year A&RMC has a cash position, inclusive of all liquid investments, of \$40.2m. The cash holding is more than adequate in meeting its obligations and operating requirements as and when these are due. The current ratio has improved during year to 0.92 in June. The improvement is due to receipt of liquidity injection during the year and the reported operating surplus.

The \$325m redevelopment of the Austin campus was officially launched by the Premier and Health Minister on 18.5.2001. The demolition of Jenner House marks the commencement of this redevelopment project. The next phase of the development is the appointment of a main contract and the commencement of structural works. The entire project is scheduled for completion in September 2004.

Royal Victorian Eye and Ear Hospital (RVEEH)

1999-2000 result: Surplus \$4.0m

June 2001 YTD result: Surplus \$3.0m

RVEEH reported an adjusted year end operating surplus of \$3.0m.

The HSA year end result was a deficit of \$0.6m. Factors which impacted on the year end results included the impact of changes in DVA throughput on net income, the casemix adjustment and DHS funding of employee liabilities.

The year end non HSA result was a surplus of \$3.6m. The key contributor to the surplus was interest and dividends, and donations.

RVEEH ended the year 120 non DVA WIES (1.5%) over target and 3 DVA WIES over target.

RVEEH ended the year with a cash holding of \$1.5m, but strong financial assets. RVEEH continues to have a strong liquidity position with net current assets of \$44.1m and a net current asset ratio of 6.9.

Peter McCallum Cancer Institute (PMCI)

1999-2000 result: Surplus \$3.6m

June 2001 YTD result: Surplus \$2.5m

PMCI reported an adjusted year end operating surplus of \$2.5m.

The HSA year end result was a surplus of \$0.7m. An improvement in results in the last quarter of the financial year is due to DHS funding of employee liabilities.

The non HSA year end result was a surplus of \$1.8m. This is largely attributed to donations and interest income partially offset by a net outflow in specific purpose funds.

PMCI ended the year 120 non DVA WIES (1.1%) over target and 17 DVA WIES (2.5%) under target.

Variably funded VACS clinics deteriorated in June bringing the under target performance to 4% year to date. Allied Health VACS was 6% below target.

PMCI ended the year with an increase in cash of \$2.2m. PMCI continues to have a strong liquidity position with net current assets of \$21.9m and a net current asset ratio of 2.47.

Eastern Health

<i>1999-2000 result:</i>	<i>Deficit \$5.7m (estimate of 5 campuses)</i>
<i>June 2001 YTD result:</i>	<i>Surplus \$0.4m</i>

Eastern Health reported an adjusted year end operating surplus of \$0.4m.

The year end HSA deficit was \$2.1m. Factors impacting on Eastern's HSA financial performance for the year included increased WorkCover premium costs offset by DHS revenue for the increase in LSL and Annual Leave provision.

The year end non HSA surplus was \$2.5m.

Eastern is 509 non DVA WIES under target (455 of these are private WIES which are not subject to recall) and 79 DVA WIES over target.

Eastern's net current asset ratio year end was 0.69 compared to 0.63 at 31 August 2000 following the equity injection by the government.

Eastern's cash position improved by \$1.2m to an end of year cash balance of \$6.5m compared to its beginning cash position of \$5.3m.

Eastern's result improved from an operating deficit of \$5.7m in 1999/2000 to a operating surplus of \$0.4m in 2000/2001. Eastern's improved performance can in part be attributed to a review earlier in the year of Eastern's management and cost effectiveness. Prior to the review, Eastern forecasted an operating deficit of \$8.7m for the financial year. One prime aim of the consultancy was to improve the financial position of the health service. Implementation of the review's recommendations together with additional funding from DHS in response to the consultant's report, has assisted Eastern in generating an improved performance in the second half of the financial year, achieving a stable financial and Consultants commenced in October 2000 reviewing cash position at year end.

Melbourne Health

<i>1999-2000 result:</i>	<i>Surplus \$3.4m</i>
<i>June 2001 YTD result:</i>	<i>Surplus \$0.1m</i>

Melbourne Health estimates a YTD surplus of \$0.1m, although its annual report is yet to be completed.

Items that had a positive impact on the result included additional bonus income but these were offset by additional WorkCover premiums, additional nurse agency costs, additional expenditure on medical and surgical, and disaggregation costs.

The Service finished the year 3.4% or 1927 WIES under target for non DVA WIES, while DVA WIES were 80 above target. In part this was impacted by industrial disputation and the limiting of elective throughput earlier in the year to concentrate on emergency throughput. A major contributing factor was limited access to nursing home care that affected this health service more severely than others.

The current asset ratio at end June 2001 is 0.83.

Melbourne Health has identified that it faced a challenging year, which was characterised by changes in senior staff and management structures over the period.

Action has recently been taken to implement a revised management structure to focus on the continuum of care across the acute and sub acute facilities to improve patient flows, reduce length of stay and improve efficiency. Other initiatives to improve performance are the development of a short stay unit, and the provision of interim care beds - to manage patients awaiting nursing home placement.

*Western Health**1999-2000 result:**Deficit \$0.1m**June 2001 YTD result:**Surplus \$0.6m*

Western Health reported an adjusted surplus of \$0.6m.

Items that impacted on the financial result during the year were, on the income side, additional premium income from increased veteran throughput, and income for marginal funding for the under target WIES. On the expenditure side, losses were incurred in residential care, and additional WorkCover expenditure.

During the year the health service successfully commissioned the new services at Sunshine Hospital that opened on 1 July 2001. The commissioning expenses were met by the Department, but there were significant capital purchases funded by the service. An additional theatre was commissioned at the Williamstown campus during the year. Opening of this facility improved elective throughput and overall the service finished the year about 391 WIES (1%) below target for non DVA WIES while DVA WIES were above target by 63 (6.0%).

The current asset ratio is 0.85 at June 2001.

Bayside Health

1999-2000 result: **Deficit \$4.3m**
(estimate of former campuses, excluding Sandringham)

June 2001 Result: **Surplus \$1.8m**

Bayside Health reported an adjusted year end operating surplus of \$1.8m.

The year end HSA deficit was \$4.0m. Factors impacting on Bayside's HSA financial performance for the year included reduction in the notional allocation for new technology, overrun on drugs expenditure, retrospective HAP bonus adjustments related to 1999/2000, offset by DHS revenue resulting from the \$15 increase in WIES price for emergency/elective demand issues and for the increase in LSL and Annual Leave provision. The HSA result in 2000/2001 was an improvement of \$6.7m compared to 1999/2000.

The year end non HSA surplus was \$5.8m. Factors impacting on Bayside's non HSA financial performance included an overrun in pathology services and a shortfall in interest income.

Bayside was under target on non DVA throughput by 904 WIES (753 of these are private WIES which are not subject to recall). DVA WIES were on target.

Bayside's current asset ratio year end was 0.97 as at 30 June 2001 compared to 1.07 at 30 June 2000.

The cash balance of \$34.7m as at 30 June 2001 remains unchanged from 30 June 2000.

Barwon Health***1999-2000 result :******Deficit \$0.8m******2000-01 result:******Surplus \$3.5m***

The estimated 2000-2001 operating result for Barwon Health is a surplus of \$3.5m, comprising a surplus of \$1.4m on HSA activities and a surplus of \$2.1m on non HSA activities. Barwon Health expects to end the year some 552 non DVA WIES over target – a significant improvement from a level of more than 200 WIES under target at end January. This figure disguises that private WIES are still below target (-481) and that public WIES are some 1040 WIES over target. DVA WIES numbers fell this year over last by 648 WIES to 1359 WIES, reducing the revenue earned from this work.

The financial result significantly improved over the year through operational improvements in Barwon Health in the second half after Barwon Health undertook, together with consultants, a major review of its Acute Health activities. The review's findings form a template for improved performance through improved patient management.

Over the fifteen months from April 2000 to June 2001, staff numbers at Barwon Health have increased by 159 EFT to 2557 EFT, with the increase split between nursing numbers and other staff. Barwon Health's net current asset ratio at the end of June is 1.22, and the end of June cash holding is \$46.2m, a satisfactory level, some \$8m higher than the beginning of the year.

Northern Health (NH)

1999-2000 result: Surplus \$1.2m

June 2001 YTD result: Surplus \$0.9m

NH reported an adjusted surplus for the year of \$0.9m, comprising a deficit of \$0.9m on HSA activities and a surplus of \$1.8m on non HSA activities.

Several factors have significantly impacted NH's annual result. The HSA result has been impacted by the non DVA WIES target shortfall of 423 WIES and additional nurse agency costs incurred in 2000-01 to meet ratio's and maintain emergency department staffing and acute bed availability. An improvement in results in the last quarter of the financial year is due to DHS funding of employee liabilities.

The Non HSA Result includes a surplus in SPF's and in business units.

NH has reported a net current asset ratio of 0.85.

At the end of June, NH had cash and other short term investment holdings of \$13.7m.

As at the end of June \$1.5m is recorded as income in advance and is therefore committed to be spent in 2001-02. Cash holdings in 2001-02 will be affected by the fact that \$1.8m in funds has been received to be spent on capital items in 2001-02.

Women's and Children's

1999-2000 result: Surplus \$3.7m

Estimated 2000-01 result: Deficit \$10.2m

Women's and Children's Health Services recorded a consolidated loss of \$10.2m, comprising a deficit of \$18.4m for HSA and a \$7.8m surplus on non-HSA.

This HSA result has been impacted by factors including:–

- * Under target activity in WIES, VACS and Paediatric Heart Transplant.
- * Loss on hub and spoke contract at Sunshine campus on a full cost recovery basis
- * Losses incurred by other non-Acute programs.

The Board and Management have been active in undertaking a thorough review of activities and costs with consultants, together with revenue generation and the review of contracts. WCH is preparing a financial recovery plan with the aim of a balanced result over the next two or three years.

At the end of June WCH held \$12.3m in cash at bank and on hand, compared with \$19.3m in the previous corresponding year. Operating activities accounted for \$4m of the outflow, with investing activities responsible for a further \$2.4m as a result of funding acquisition of property, plant and equipment in excess of capital grants. In the last twelve months WCH also repaid \$0.9m in outstanding loans.

WCH consolidated cash holding and investments (including \$5.8m classified as non-current assets) in June totalled \$74.3m as against \$54m in funds held for restricted purposes and in perpetuity. It also complied with the minimum liquidity indicator set down by DTF.