

**Nganampa Health Council Financial Summary
2012/2013
Simon Rowbotham Chief Financial Officer**

FINANCIAL RESULTS

| Year Ended 30 June 2012 | 2013 | |
|--|-------------|-----------|
| Operating Surplus / (deficit) 1,861,232 | (914,442) | |
| Members Equity 16,898,126 | 15,983,685 | |
| Cash | 3,367,303 | 3,337,567 |
| <u>Working Capital Calculation</u> | | |
| Current Assets 4,533,059 | 4,488,804 | |
| Current Liabilities | 4,007,847 | 4,092,913 |
| Working Capital | 480,958 | 440,146 |

Commentary

In 2012 one of our larger funding bodies required Nganampa Health Council to report its finances as General Purpose Financial Reports (GPFR). GPFR do not reflect the realities of our funding and as a result, the reported surplus or deficit can be misleading and prone to large fluctuations. We are not funded for replacement buildings currently and buildings are only built when once-off capital grants are provided.

In 2012 a large surplus was reported as a result of a housing construction project. In 2013 a sizeable deficit is reported due to the absence of any capital works projects. Both of these results are caused by a lack of consistency between our funding and recognised accounting standards. They do not reflect the financial management or financial position of the organisation.

The challenge for Nganampa Health Council is to convey to its stakeholders that despite the reported operating deficit in the 2012/13 year, the organisation's underlying financial wellbeing - as reflected in its cash balances and working capital, has marginally improved. At 30 June 2013 both working capital and cash are up slightly compared to the previous year - see the table above. Working capital is the most robust it has been in the organisation's recent history. In an environment of rising cost pressures, and improvements in our medical staffing levels, this is an excellent result and reflects the efforts that our Board and management put into ensuring that our finances are sound.

As always cost control has been a key focus. During the year we were able to establish a casual pool of nurses. Using these nurses on a rotational basis has enabled a substantial reduction in agency fees paid for recruitment.

LOOKING FORWARD

Maintaining existing service levels remains a significant challenge. Factors putting pressure on Nganampa Health Council finances include:

- The ongoing mismatch between grant inflation and the increase in Nganampa Health Council costs including the continued escalation of Government charges.
- Additional new costs which are largely unfunded and which must be absorbed by Nganampa Health Council include the increased costs associated with the higher standards expected in health service delivery and the cost of maintaining new as well as existing assets - which have a replacement value of \$50 million.

Additional income or the identification of further cost savings will be needed to ensure service delivery remains at the current level.