

THE CANBERRA HOSPITAL

Objectives

The Canberra Hospital, together with ACT Community Care, forms the ACT Health and Community Care Service Statutory Authority. The primary functions of the Service are to promote, protect and maintain the health of the residents of the Territory, provide health and community care services to residents of the surrounding region, provide training and education in the provision of health and community services and to encourage research in those fields.

The Canberra Hospital, as a major trauma and tertiary care facility, aims to continually provide high level, cost efficient and effective health and hospital services to the ACT and the South-Eastern Region of New South Wales. Services include all major medical, surgical, women's and children's health and mental health specialties on an inpatient and outpatient basis, accident and emergency, pathology and medical imaging services.

2000-01 Highlights

Strategic and operational issues to be pursued in 2000-01 include:

- continuing the development of The Canberra Hospital (TCH) as the major referral hospital for the ACT region, with the development of ACT Pathology as a supervising laboratory for the Southern Area Health Service in NSW;
- improving integration of patient care delivery through clinical streaming initiatives that will establish stronger organisational links between clinical specialities to facilitate improved continuity of care;
- continuing the development of mental health services toward community based support, accommodation and intervention under the Commonwealth's Second National Mental Health Strategy;
- re-orientating the Pathology, Imaging and Pharmacy services to operate as competitive and potentially contestable business units within their respective markets;
- continuing the implementation of the business re-engineering program aimed at reducing operating costs and improving the efficiency of underlying fixed cost structures over the medium to longer term;
- benchmarking clinical practices and costs at TCH to identify best practices;
- augmenting the Child and Adolescent Mental Health Services by increasing the number of specialist clinical staff in the community teams, improving child and adolescent psychiatric coverage and developing an in-house trainee program; and
- enhancing genetics Services to provide public education, client counselling and appropriate clinical services to reduce the impact of genetic disorders and birth defects on those individuals and their families at risk.

The Canberra Hospital Operating Statement

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
Revenue							
20 755	User Charges - Non ACT Government	18 220	23 170	27	23 170	23 169	23 320
176 169	User Charges - ACT Government	175 036	183 323	5	186 617	188 725	191 161
6 948	Grants from the Commonwealth	7 240	4 154	-43	4 154	4 154	4 258
118	Interest	420	118	-72	118	118	118
1 785	Other Revenue	2 200	1 786	-19	1 786	1 786	1 786
200	Resources Received free of charge	200	200	-	200	200	200
205 975	Total Revenue	203 316	212 751	5	216 045	218 152	220 843
Expenses							
114 564	Employee Expenses	124 273	121 366	-2	121 805	122 117	122 407
18 197	Superannuation Expenses	17 100	17 718	4	17 947	18 153	18 460
89 567	Administrative Expenses	85 762	86 730	1	87 848	89 713	91 553
8 934	Depreciation and Amortisation	8 800	10 108	15	10 269	9 896	9 661
231 261	Total Expenses	235 935	235 922	..	237 869	239 879	242 081
-25 286	Operating Result Before Abnormal Items	-32 619	-23 171	29	-21 824	-21 727	-21 238
4 560	Abnormal Expense	3 670	0	-100	0	0	0
-29 846	Operating Result Before Extraordinary Items	-36 289	-23 171	36	-21 824	-21 727	-21 238
12 952	Injection for Operating Requirements	18 452	11 295	-39	11 506	11 506	11 506
-16 894	Operating Result	-17 837	-11 876	33	-10 318	-10 221	-9 732
136 917	Accumulated Funds - Start of Period	138 479	133 540	-4	136 546	128 528	118 307
18 158	Capital Injections	10 726	14 882	39	2 300	0	0
2 071	Inc/Dec in Net Assets from Admin Restructure	2 173	0	-100	0	0	0
140 252	Accumulated Funds - End of Period	133 541	136 546	2	128 528	118 307	108 575

The Canberra Hospital Statement Of Financial Position

Budget as at 30/6/00 \$'000		Est.Outcome as at 30/6/00 \$'000	Planned as at 30/6/01 \$'000	Var %	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000
Current Assets							
813	Cash	352	164	-53	222	295	130
4 924	Receivables	5 099	5 950	17	5 897	5 886	5 902
0	Investments	5 732	3 895	-32	4 195	4 095	4 495
2 479	Inventories	2 769	2 769	-	2 769	2 769	2 769
830	Other	1 883	1 883	-	883	883	883
9 046	Total Current Assets	15 835	14 661	-7	13 966	13 928	14 179
Non Current Assets							
257 366	Property, Plant and Equipment	268 307	275 611	3	278 967	274 390	270 018
5 069	Capital Works in Progress	5 619	7 256	29	2 119	2 119	2 119
262 435	Total Non Current Assets	273 926	282 867	3	281 086	276 509	272 137
271 481	TOTAL ASSETS	289 761	297 528	3	295 052	290 437	286 316
Current Liabilities							
7 775	Creditors	11 649	11 747	1	11 747	11 747	11 748
29	Finance Leases	22	22	-	22	21	17
20 973	Employee Entitlements	19 825	20 753	5	22 346	23 958	25 593
1 740	Other	8 123	8 123	-	8 123	8 123	8 123
30 517	Total Current Liabilities	39 619	40 645	3	42 238	43 849	45 481
Non Current Liabilities							
68	Finance Leases	159	137	-14	114	91	68
15 604	Employee Entitlements	16 243	17 259	6	18 393	19 542	20 705
15 672	Total Non Current Liabilities	16 402	17 396	6	18 507	19 633	20 773
46 189	TOTAL LIABILITIES	56 021	58 041	4	60 745	63 482	66 254
225 292	NET ASSETS	233 740	239 487	2	234 307	226 955	220 062
REPRESENTED BY FUNDS EMPLOYED							
140 252	Accumulated Funds	133 541	136 546	2	128 528	118 307	108 575
85 040	Reserves	100 199	102 941	3	105 779	108 648	111 487
225 292	TOTAL FUNDS EMPLOYED	233 740	239 487	2	234 307	226 955	220 062

The Canberra Hospital Cashflow Statement

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
3 189	CASH AT BEGINNING OF REPORTING PERIOD	8 441	6 084	-28	4 059	4 417	4 390
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
209 875	User Charges	212 632	217 788	2	221 294	223 401	225 989
118	Interest Received	420	118	-72	118	118	118
6 948	Grants Received from the Commonwealth	7 240	4 154	-43	4 154	4 154	4 258
1 785	Other Revenue	4 393	12 331	181	12 599	12 425	12 599
218 727	Operating Receipts	224 685	234 391	4	238 165	240 098	242 964
	Payments						
137 136	Related to Employees	143 779	137 140	-5	137 025	137 509	138 071
89 366	Related to Administration	85 728	86 530	1	86 649	89 513	91 353
0	Other	0	11 298	#	10 760	10 628	10 828
226 502	Operating Payments	229 507	234 968	2	234 434	237 650	240 252
-7 775	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-4 822	-577	88	3 731	2 448	2 712
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Payments						
12 739	Purchase of Property, Plant and Equipment	8 226	16 308	98	5 650	2 450	2 450
12 739	Investing Payments	8 226	16 308	98	5 650	2 450	2 450
-12 739	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-8 226	-16 308	-98	-5 650	-2 450	-2 450
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
18 158	Capital Injection from Government	10 726	14 882	39	2 300	0	0
18 158	Financing Receipts	10 726	14 882	39	2 300	0	0
	Payments						
20	Repayment of Finance Lease	35	22	-37	23	25	27
20	Financing Payments	35	22	-37	23	25	27
18 138	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	10 691	14 860	39	2 277	-25	-27
-2 376	NET INCREASE/(DECREASE) IN CASH HELD	-2 357	-2 025	14	358	-27	235
813	CASH AT THE END OF THE REPORTING PERIOD	6 084	4 059	-33	4 417	4 390	4 625

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

In 2000-01, total revenue is budgeted to increase by \$9.435m over the estimated outcome for 1999-2000 primarily due to an increase in user charges – ACT Government. Total expenses are budgeted to remain largely unchanged with a reduction in employee expenses being offset by increases in other areas.

Comparing the 1999-2000 estimated outcome with budget, there was a reduction of \$2.659m in total revenue, due to largely a reduction in private patient income. Total expenses for 1999-2000 are \$4.674m above budget due to delays in achieving savings strategies and unbudgeted expenses.

- user charges – non ACT Government: the decrease of \$2.535m in 1999-2000 from the original budget is mainly due to a fall in private patient income. The increase of \$4.950m in 2000-01 is mainly due to:
 - a change in the treatment of outpatient revenue for Pathology services from 1 July 2000, Pathology services funded currently under the Health Program Grant will be funded by the Health Insurance Commission through Medicare. Because of this change, there will be an increase of \$2.794m in user charges – non-ACT Government and a corresponding reduction in Grants from the Commonwealth; and
 - an increase in private patient revenue (\$2.097m) resulting from the implementation of measures to attract more private patients to the hospital;
- user charges – ACT Government: the decrease of \$1.133m in 1999-2000 from the original budget is mainly due to variations to the purchase contract for a reduction in funding for employer superannuation expenses. These changes are offset or a similar reduction in these expenses. The increase of \$8.287m in 2000-01 is mainly due to:
 - an increase in funding for The Canberra Hospital's new Enterprise Bargaining Agreements (\$2.310m), indexation for administrative and other costs (\$1.972m), new initiatives (\$1.350m), an increase in revenue for employer superannuation expenses (\$0.694m), Careplus revenue (\$0.4m) and the transfer of the funding for the Rehabilitation Independent Living Unit (RILU) service from ACT Community Care (\$0.713m); partly offset by
 - the effect of several one-off payments in 1999-2000 (\$0.4m) and savings which are expected to result from the abolition of embedded wholesale sales tax (\$0.580m);
- employee expenses and superannuation expenses: the increase of \$8.612m in the estimated outcome for 1999-2000 from the original budget is mainly due to delays in implementing organisational improvement plans because of industrial disputes and to unachieved saving measures. In addition, the original budget was understated by \$2.4m due to an overestimation of the impact of savings strategies on employee expenses. The decrease of \$2.289m in 2000-01 from the 1999-2000 estimated outcome is mainly due to:
 - further savings cost reduction strategies (\$5.169m); offset by
 - enterprise bargaining increases (\$2.310m) and expenses in relation to further redundancies and organisation development (\$0.570m);

- administrative expenses: the decrease of \$3.805m in the 1999-2000 estimated outcome from the original budget is primarily due to an overestimation of the level of administrative expenses in the budget and to better management of resources (see employee expenses and superannuation expenses above). The increase of \$0.968m in 2000-01 is mainly due to:
 - price increases (\$1.972m) and the transfer of Rehabilitation Independent Living Unit (RILU) services from ACT Community Care to the hospital (\$0.713m); offset by
 - offsetting savings resulting from the abolition of wholesale sales tax (\$0.580m) and savings strategies (\$1.137m); and
- depreciation and amortisation expenses: the increase of \$1.308m in 2000-01 is mainly due to a re-assessment of useful lives and higher asset values as a result of revaluation.

Statement of Financial Position

- total assets: the increase of \$18.280m in the 1999-2000 estimated outcome compared with the original budget is mainly due to increases in investments (\$5.732m) and property plant and equipment (\$10.941m). The increase of \$7.767m in 2000-01 from the 1999-2000 estimated outcome is primarily due to:
 - property, plant and equipment increase of \$7.304m, relating to the completion of the refurbishment of Building 7 (Alcohol and Drug Rehabilitation), Building 10 (Pathology), Building 15 (Psychiatry), and the purchase of additional plant and equipment and the cookchill facility;
 - capital works in progress will increase by \$1.637m due to works in progress on the e-Services, clinical school refurbishment, secure extended care and Energy Management projects, offset by the transfer of completed projects to property, plant and equipment;
 - cash and investments decrease of \$2.025m due to net cash outflows from investing activities of \$16.308m and operating activities of \$0.577m, offset by net cash inflows from financing activities of \$14.860m;

Cashflow Statement

- net cash flows from operating activities: the reduction of \$2.953m in net cash outflows in the 1999-2000 estimated outcome from the original budget is mainly due to an increase in the injection for operations (\$5.5m), an increase in other receipts (\$2.608m) and a reduction in the payment for administrative expenses (\$3.638m) offset by a reduction in patient receipts (\$2.150m) and an increase in payments related to employees (\$6.643m). The decrease of \$4.245m in net cash outflows in 2000-01 is mainly due to:
 - increased operating receipts of \$9.706m, mainly as a result of increased user charges (\$12.313m) and cash receipts from GST refunds and collections (\$10.545m), offset by a reduction in the injection for operations (\$7.157m), a reduction in grants from the Commonwealth (\$3.086m) and in miscellaneous revenue (\$2.909m); and
 - increased operating payments of \$5.461m, predominantly as a result of an increase in administrative payments (\$0.802m) and the introduction of GST payments on goods and services purchased (\$11.298m), offset by a reduction in payments relating to employees including redundancy payments (\$6.639m);

- net cash outflows from investing activities: the reduction of \$4.513m in the 1999-2000 estimated outcome from the original budget is due to delays in completing capital projects. The increase of \$8.082m in 2000-01 is due to increased expenditure on capital works in the year.
- net cash flows from financing activities: the decrease of \$7.447m in 1999-2000 compared to the original budget is mainly due to a decrease in the capital injections as a result of a capital works roll-over because of incompleting projects. The increase of \$4.169m in 2000-01 is mainly due to an increase in the capital injection for the capital works program including roll-over (\$7.956m) offset by a reduction of funding for anticipated voluntary redundancies (\$3.8m).

Capital Works

Departmental

	Estimated Total Cost \$'000	Expenditure Previous Years \$'000	2000-2001 Estimated Expenditure \$'000	2000-2001 Financing \$'000	Expected Completion Date
New Capital Works					
Minor New Works	1 178		1 178	1 178	Jun 2001
Clinical School Refurbishment	3 100		1 200	1 200	Jun 2002
Total New Capital Works	4 278		2 378	2 378	
Works in Progress					
Refurbishment of Pathology Building	7 525	4 826	2 699	2 299	Sep 2000
Building 7 – Refurbishment	2 558	400	2 158	2 158	Dec 2000
Energy Management Project	2 600	10	1 490	1 490	Dec 2001
Psychiatric Building Refurbishment	2 700	850	1 850	700	Nov-2000
Day Surgery Modifications	850	20	830	830	Apr-2001
Secure Extended Care	2 000	60	1 600	940	Jul-2001
Medi Hotel Development	150	150	150	150	Jul-2001
Cookchill Project	1 357		1 357	1 357	Feb-2001
Total Works in Progress	19 740	6 316	12 134	9 924	
Total Departmental Capital Works	24 018	6 316	14 512	12 302	

2000-01 Supplementary Capital Works Program

	Estimated Total Cost \$'000
New Capital works	
Minor New Works	250
Total Supplementary Program	250

Commonwealth Grants

The major Commonwealth grants paid directly to The Canberra Hospital are as follows.

Name of Grant	Activities Funded by Grant	2000-01 Estimate (\$'000)
High Cost Drugs	Provision of highly specialised drug therapies under section 100 of the National Health Act.	4 154