

# TOTALCARE INDUSTRIES LIMITED

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## Objectives

Totalcare Industries Limited is a provider of integrated solutions and services in the areas of asset and infrastructure management and maintenance, and health services.

## 2001-02 Highlights

Strategic and operational issues to be pursued in 2001-02 include:

- increasing return on investment and revenue and decreasing risk for the Government as shareholder;
- building long term relationships with customers based on integrity, service excellence, and value for money;
- completing asset restructuring, including sale of the Fyshwick property and co-location of business at the Mitchell site;
- finalising licensing arrangements with Stericorp for the management and operation of Totalcare's medical waste business and establishment by Stericorp of its medical waste management technology at Mitchell; and
- seeking opportunities for business growth in existing markets and the pursuit of potential additional markets.

**Totalcare Industries Limited**  
**Statement Of Financial Performance**

<b>2000-01 Budget \$'000</b>		<b>2000-01 Est.Outcome \$'000</b>	<b>2001-02 Budget \$'000</b>	<b>Var %</b>	<b>2002-03 Estimate \$'000</b>	<b>2003-04 Estimate \$'000</b>	<b>2004-05 Estimate \$'000</b>
	<b>Revenue</b>						
22 030	User Charges - Non ACT Government	17 630	16 268	-8	14 361	14 790	15 538
73 266	User Charges - ACT Government	42 303	36 242	-14	34 221	32 540	33 910
560	Interest	133	290	118	398	508	520
<b>95 856</b>	<b>Total Ordinary Revenue</b>	<b>60 066</b>	<b>52 800</b>	<b>-12</b>	<b>48 980</b>	<b>47 838</b>	<b>49 968</b>
	<b>Expenses</b>						
27 879	Employee Expenses	24 143	16 631	-31	15 291	12 159	12 517
3 647	Superannuation Expenses	2 294	1 847	-19	1 591	1 374	1 413
6 000	Administrative Expenses	6 674	6 324	-5	6 075	5 525	5 669
3 866	Depreciation and Amortisation	3 866	3 298	-15	3 188	3 200	3 226
382	Borrowing Costs	555	384	-31	90	92	95
48 584	Cost of Goods Sold	19 952	21 846	9	19 824	21 317	22 082
1 800	Other Expenses	2 034	1 841	-9	1 882	1 924	1 969
<b>92 158</b>	<b>Total Ordinary Expenses</b>	<b>59 518</b>	<b>52 171</b>	<b>-12</b>	<b>47 941</b>	<b>45 591</b>	<b>46 971</b>
<b>3 698</b>	<b>Operating Result Before Extraordinary Items</b>	<b>548</b>	<b>629</b>	<b>15</b>	<b>1 039</b>	<b>2 247</b>	<b>2 997</b>
1 407	Income Tax Equivalent	175	200	14	332	719	959
<b>2 291</b>	<b>Operating Result</b>	<b>373</b>	<b>429</b>	<b>15</b>	<b>707</b>	<b>1 528</b>	<b>2 038</b>
0	Increase/(Decrease) in asset revaluation reserve	-600	-3 611	-502	0	0	0
<b>0</b>	<b>Change In Equity Other Than Those Resulting From Transactions With Owners As Owners</b>	<b>-600</b>	<b>-3 611</b>	<b>-502</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>32 088</b>	<b>Total Equity From Start of Period</b>	<b>34 282</b>	<b>34 905</b>	<b>2</b>	<b>31 723</b>	<b>32 430</b>	<b>33 958</b>
0	Inc/Dec in Net Assets from Admin Restructure	850	0	-100	0	0	0
-2 800	Dividend Declared	0	0	-	0	0	0
<b>31 579</b>	<b>Total Equity At The End of Period</b>	<b>34 905</b>	<b>31 723</b>	<b>-9</b>	<b>32 430</b>	<b>33 958</b>	<b>35 996</b>

**Totalcare Industries Limited**  
**Statement Of Financial Position**

Budget as at 30/6/01 \$'000		Est.Outcome as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Var %	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000	Planned as at 30/6/05 \$'000
<b>Current Assets</b>							
1 420	Cash	348	4 690	#	4 479	4 354	5 197
13 552	Receivables	17 156	15 317	-11	15 419	15 692	15 762
8 000	Investments	0	0	-	0	0	0
1 531	Inventories	1 215	1 265	4	715	715	715
1 832	Other	1 832	1 832	-	1 832	1 832	1 832
<b>26 335</b>	<b>Total Current Assets</b>	<b>20 551</b>	<b>23 104</b>	<b>12</b>	<b>22 445</b>	<b>22 593</b>	<b>23 506</b>
<b>Non Current Assets</b>							
4 500	Investments	4 615	4 615	-	6 615	8 615	10 615
36 686	Property, Plant and Equipment	35 119	20 110	-43	17 422	15 736	14 010
0	Tax Assets	2 009	2 203	10	2 131	3 245	4 165
0	Other	1 474	1 474	-	1 474	1 474	1 474
<b>41 186</b>	<b>Total Non Current Assets</b>	<b>43 217</b>	<b>28 402</b>	<b>-34</b>	<b>27 642</b>	<b>29 070</b>	<b>30 264</b>
<b>67 521</b>	<b>TOTAL ASSETS</b>	<b>63 768</b>	<b>51 506</b>	<b>-19</b>	<b>50 087</b>	<b>51 663</b>	<b>53 770</b>
<b>Current Liabilities</b>							
11 543	Creditors	9 971	9 505	-5	9 481	9 744	9 983
0	Interest Bearing Liabilities	3 200	0	-100	0	0	0
230	Finance Leases	1 112	882	-21	882	882	882
4 093	Employee Entitlements	2 756	2 100	-24	2 048	2 116	2 234
0	Other Provisions	170	170	-	170	170	170
12 500	Other	0	0	-	0	0	0
<b>28 366</b>	<b>Total Current Liabilities</b>	<b>17 209</b>	<b>12 657</b>	<b>-26</b>	<b>12 581</b>	<b>12 912</b>	<b>13 269</b>
<b>Non Current Liabilities</b>							
0	Interest Bearing Liabilities	3 300	0	-100	0	0	0
696	Finance Leases	3 590	3 552	-1	3 073	2 893	2 708
4 539	Employee Entitlements	2 000	2 023	1	2 003	1 900	1 797
2 341	Other Provisions	2 764	1 551	-44	0	0	0
<b>7 576</b>	<b>Total Non Current Liabilities</b>	<b>11 654</b>	<b>7 126</b>	<b>-39</b>	<b>5 076</b>	<b>4 793</b>	<b>4 505</b>
<b>35 942</b>	<b>TOTAL LIABILITIES</b>	<b>28 863</b>	<b>19 783</b>	<b>-31</b>	<b>17 657</b>	<b>17 705</b>	<b>17 774</b>
<b>31 579</b>	<b>NET ASSETS</b>	<b>34 905</b>	<b>31 723</b>	<b>-9</b>	<b>32 430</b>	<b>33 958</b>	<b>35 996</b>
<b>REPRESENTED BY FUNDS</b>							
<b>EMPLOYED</b>							
-8 594	Accumulated Funds	-3 478	-3 049	12	-2 342	-814	1 224
40 173	Reserves	38 383	34 772	-9	34 772	34 772	34 772
<b>31 579</b>	<b>TOTAL FUNDS</b> <b>EMPLOYED</b>	<b>34 905</b>	<b>31 723</b>	<b>-9</b>	<b>32 430</b>	<b>33 958</b>	<b>35 996</b>

**Totalcare Industries Limited  
Cashflow Statement**

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
8 745	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	10 519	348	-97	4 690	4 479	4 354
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
178 812	User Charges	86 091	62 510	-27	58 582	57 330	59 448
560	Interest Received	275	290	5	398	508	520
<b>179 372</b>	<b>Operating Receipts</b>	<b>86 366</b>	<b>62 800</b>	<b>-27</b>	<b>58 980</b>	<b>57 838</b>	<b>59 968</b>
	<b>Payments</b>						
31 577	Related to Employees	26 423	18 478	-30	16 882	13 533	13 930
5 113	Related to Administration	6 673	6 324	-5	6 075	5 525	5 669
320	Borrowing Costs	755	384	-49	90	92	95
137 302	Other	55 025	34 604	-37	33 165	35 119	35 746
<b>174 312</b>	<b>Operating Payments</b>	<b>88 876</b>	<b>59 790</b>	<b>-33</b>	<b>56 212</b>	<b>54 269</b>	<b>55 440</b>
<b>5 060</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>-2 510</b>	<b>3 010</b>	<b>220</b>	<b>2 768</b>	<b>3 569</b>	<b>4 528</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
	<b>Receipts</b>						
4 060	Proceeds from Sale of Property, Plant & Equipment	914	2 800	206	0	0	0
3 410	Proceeds of Sale of Land and Intangibles	3 000	5 800	93	0	0	0
<b>7 470</b>	<b>Investing Receipts</b>	<b>3 914</b>	<b>8 600</b>	<b>120</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Payments</b>						
4 203	Purchase of Property, Plant and Equipment	3 075	500	-84	500	1 514	1 500
4 500	Purchase of Investments	1 895	0	-100	2 000	2 000	2 000
<b>8 703</b>	<b>Investing Payments</b>	<b>4 970</b>	<b>500</b>	<b>-90</b>	<b>2 500</b>	<b>3 514</b>	<b>3 500</b>
<b>-1 233</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-1 056</b>	<b>8 100</b>	<b>867</b>	<b>-2 500</b>	<b>-3 514</b>	<b>-3 500</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
	<b>Receipts</b>						
0	Borrowings Received	1 600	0	-100	0	0	0
0	Finance Lease	3 214	0	-100	0	0	0

**Totalcare Industries Limited  
Cashflow Statement**

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
0	<b>Financing Receipts</b>	4 814	0	-100	0	0	0
	<b>Payments</b>						
2 700	Repayment of Borrowings	0	6 500	#	0	0	0
452	Repayment of Finance Lease	132	268	103	479	180	185
0	Payments of Transferred Cash Balances	11 287	0	-100	0	0	0
3 152	<b>Financing Payments</b>	11 419	6 768	-41	479	180	185
-3 152	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	-6 605	-6 768	2	-479	-180	-185
675	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	-10 171	4 342	143	-211	-125	843
9 420	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	348	4 690	#	4 479	4 354	5 197

**Notes to the Budget Statements**

Totalcare has experienced the loss of a number of contracts in the 2000-01, with the potential for further contract losses in the 2001-02 budget and forward years. ACT Housing Facilities Management was the main contract lost in 2000-01. This will have a rising impact across the forward years. Totalcare is also reviewing a number of contracts within Linen Services that are not profitable, with the aim to increase overall profitability and efficiency. This is reflected in the increase in revenues in 2004-05. Totalcare also anticipates the loss of a portion of the Roads Maintenance contract given that in the tender process DUS will divide Canberra into regions. The expectation is that DUS will seek separate contractors for each region.

Significant variations are as follows:

*Statement of Financial Performance*

- user charges – ACT Government: the decrease of \$30.963m in 2000-01 from the original budget is due to the transfer of ACT projects to the Department of Urban Services (\$4.1m) coupled with a change in accounting policy, resulting in the exclusion of agency revenues and cost of goods sold which are directly attributable back to agencies (\$25m). The decrease of \$6.061m in 2001-02 from the 2000-01 estimated outcome relates primarily to the loss of the ACT Housing contract within the Facilities Management division. Further decreases in revenues in 2002-03 are forecast within this division and a reduction in ACT Government revenues within the Engineering Maintenance division as

a result of further contract restructuring. Long term growth is forecast within the Fleet Management and Health Services markets;

- user charges – non ACT Government: the decrease of \$4.4m in 2000-01 compared to the original budget is due to the non-realisation of a budgeted increase in revenue from the Linen Division;
- employee expenses: the decrease of \$3.736m in 2000-01 compared to original budget is due to the transfer of ACT Projects to the Department of Urban Services. The decrease of \$7.512m in 2001-02 compared to the 2000-01 estimated outcome is directly linked to the decrease in user charges as outlined above;
- depreciation and amortisation: the decrease of \$0.568m in 2001-02 compared to the 2000-01 estimated outcome is due to the sale of surplus assets in 2000-01 and the forecast sale of the Fyshwick property during 2001-02;
- cost of goods sold: the decrease of \$28.632m in 2000-01 compared to the original budget is due mainly to the change in accounting policy, as outlined above in the note to user charges. The increase in 2001-02 of \$1.894m relates to changes in the business mix within Engineering Maintenance; and
- other expenses: a reduction of \$0.193m in 2001-02 compared to 2000-01 estimated outcome is due to the downsizing of Facilities Management, Engineering Maintenance and Linen divisions resulting in a corresponding downsizing within Corporate Services.

#### *Statement of Financial Position*

- non-current investments: the increase across each of the forward years is due to the pursuit of business partnership and joint venture opportunities such as the Williamsdale Quarry joint venture entered into in 2000-01;
- property, plant and equipment: the decrease of \$15m in 2001-02 compared to the 2000-01 estimated outcome is related to the sale of the Fyshwick property, forecast during 2001-02 (\$9.4m), the sale of linen assets currently used on a contract to expire in July 2001 (\$2.8m) and depreciation of \$3.0m;
- current and non-current interest bearing liabilities: the decrease of \$6.5m in 2001-02 for these liabilities relates to the expectation that ACT Government borrowings will be repaid by the end of the financial year, principally from the proceeds of the sale of the Fyshwick property; and
- non current - other provisions: the decrease of \$1.213m in 2001-02 compared to the 2000-01 estimated outcome is the part realisation of the provision for deferred income tax equivalents.