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AHS releases Consolidated Financial Statements

EDMONTON – Alberta Health Services (AHS) today released its Consolidated Financial Statements for its fiscal year ended March 31, 2015. The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards and financial directives issued by Alberta Health. The report has been audited by the Office of the Auditor General of Alberta.

AHS continues to direct financial and other resources to support [three strategic directions](#) that are intended to significantly improve health care delivery in Alberta:

- Bringing appropriate care to the community.
- Partnering for better health outcomes.
- Achieving health system sustainability.

In 2014-15, AHS recorded revenues of \$13.797 billion, expenses of \$13.800 billion and a resulting operating deficit of \$3 million. AHS invested an average of \$38 million per day in 2014-15 for the provision of health care services for Albertans. The operating deficit is equivalent to about two hours of operating expenses.

2014-15 revenue

Total revenue increased by \$608 million, or 4.6 per cent, from the previous fiscal year. Alberta Health funding increased \$482 million, or 4.1 per cent, and other revenue increased by \$126 million, or 9.3 per cent. Total revenues were \$229 million higher than budget.

2014-15 expenses

Total expenses increased by \$767 million, or 5.9 per cent, from the previous fiscal year. This increase in expenses is consistent with AHS' average annual growth rate for expenses of 6.3 per cent since 2008. Total expenses were \$232 million higher than budget. The increased expenses are primarily due to costs related to collective agreements and overtime; increasing demand for services, including acute care and home care; and higher-than-anticipated amortization costs. Vacancies related to recruiting physician and staff positions, as well as timing delays in the implementation of new and ongoing initiatives, offset the overall above-budget expenses.

2014-15 administration expenses

Total administration expense was \$448 million, which represents 3.2 per cent of total AHS expenditures. According to the latest Canadian Institute for Health Information posting, Alberta is currently tied with B.C. for lowest percentage of administrative expenditures. Administration includes senior executive and administration functions such as patient safety, infection control, quality assurance, privacy, human resources, finance, legal and communications. We continue to look for ways to ensure our administrative systems and processes are as efficient and effective as possible, while at the same time investing in quality initiatives, infection prevention and control initiatives, including hand hygiene, research and innovation.

2014-15 salaries, benefits and executive compensation

Salaries and benefits amounted to \$7.532 billion compared to a budget of \$7.348 billion, a difference of \$184 million or 2.5 per cent. The above-budget expense is mainly due to unbudgeted costs (\$184 million) related to collective agreements, including the ratified collective agreements with the United Nurses of Alberta (UNA) and Health Sciences Association of Alberta (HSAA).

Total expenses for executive salaries and benefits amounted to \$6.621 million in 2014-15 compared to \$9.984 million the previous fiscal year – a 34 per cent decrease. AHS bases executive compensation on the median of Canada's public sector market.

Executive severance and termination benefits amounted to \$196,000 in 2014-15 compared to \$2.9 million the previous fiscal year – a 93 per cent decrease. A reduction in severance expenses was expected following an executive restructuring, review and reorganization process in 2013-14. Severance paid honours the contracts of the senior executives and legal requirements under legislation and common law.

Alberta Health Services is the provincial health authority responsible for planning and delivering health supports and services for more than four million adults and children living in Alberta. Its mission is to provide a patient-focused, quality health system that is accessible and sustainable for all Albertans.

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